NHeLP
NATIONAL HEALTH LAW PROGRAM

From NHeLP's California Office
For Advocates Everywhere

Lessons from California

Annual Renewal of Medicaid for Non-MAGI Populations
February 2015

Under the Affordable Care Act, a new income methodology—called "Modified Adjusted Gross Income (MAGI)"—is now used to determine most individual's Medicaid eligibility; however, it is not the methodology used for all applicants and beneficiaries. Under federal Medicaid regulations (42 C.F.R. § 435.603(j)), there are certain individuals for whom MAGI-based income determination methods do not apply, including those who are age 65 or older and individuals who are evaluated for eligibility on the basis of their blindness or another qualifying disability. This includes individuals who have Medicare and Medicaid.
For those non-MAGI linked individuals, states still must use the "old" income rules (pre-ACA) to renew their eligibility once every 12 months, and must first rely on the information in the beneficiary's account or information obtained from accessible data bases (called "*ex-parte"* review) before requesting information from the beneficiary.

While California had federal approval to delay all annual Medi-Cal renewals between January and June 2014, the state failed to apply the correct income rules to most of the non-MAGI population once renewals began. Instead of applying the non-MAGI income rules, the state required these beneficiaries to provide extensive MAGI tax-based income documents in order to remain on Medi-Cal. As a result of this illegal policy, tens of thousands of eligible beneficiaries were terminated from Medi-Cal when they failed to complete and turn in this tax-based income paperwork to county Medi-Cal eligibility workers.

ADDITIONAL RESOURCES

42 C.F.R. § 435.603
(Medicaid annual renewal)

MC 201RV
(Non-MAGI renewal form)

MC 604 IPS
(Non-MAGI renewal Property Supp. Form)

STRATEGY AND ACTIONS:

In November 2014, the Health Consumer Alliance (HCA) wrote a letter to the state Medicaid agency—Department of Health Care Services (DHCS)—demanding that the state apply the correct income rules for the non-MAGI Medi-Cal population, and requesting the counties stop terminating these non-MAGI beneficiaries at annual renewal when the beneficiaries fail to respond to requests by the county for tax-based income information (or forms) required under the new MAGI rules. In December 2014, lawyers from NHeLP and the Legal Aid Society of San Mateo County negotiated a resolution with the state to address this illegal policy and practice starting in 2015.

In January 2015, DHCS issued a policy letter to counties instructing them to (1) immediately halt Medi-Cal terminations of non-MAGI individuals who failed to turn in MAGI tax-based income information at their annual Medi-Cal renewal, and (2) restore eligibility to tens of thousands of beneficiaries who were terminated at their annual renewal date when they failed to turn in the MAGI income information or forms during 2014 or 2015. NHeLP is working with DHCS to ensure that these beneficiaries are no longer being terminated and to ensure the state and counties apply the correct eligibility rules and use the non-MAGI renewal forms (the MC 201RV and MC 604IPS - Property Supplement) moving forward. NHeLP is also monitoring progress to restore eligibility to those beneficiaries who were improperly terminated.

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