

Issue Alert
14-01-06

Program Area: Medicaid (MA)

Issue Summary: The Michigan Department of Human Services (DHS) has delayed the transition to a simplified application for Medicaid, MICHild and Marketplace insurance subsidies. DHS also has delayed the transition to use of Modified Adjusted Gross Income (MAGI) in determining Medicaid eligibility -- two changes that were scheduled to go into effect on January 1, 2014 under the Affordable Care Act (ACA).

Persons Affected: Children, Young Adults (under age 21), Parents and other Caretaker Relatives acting as parents for minor children, and Pregnant Women

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BACKGROUND

Under the Affordable Care Act (ACA), states are required to begin using a different method for calculating income eligibility for MICHild and for all Medicaid categories except the categories that are related to disability, blindness, or old age (age 65+), effective January 1, 2014. The new method is based on IRS rules and is called the "Modified Adjusted Gross Income (MAGI) methodology". As part of the change to MAGI methodology, the state must set new income limits for the categories that are being switched to MAGI methodology. In Michigan, the "MAGI Medicaid categories" have been known as the "FIP-related" categories. They cover some low income families, children, pregnant women, young adults under age 21, and parents or other caretaker relatives acting as parents for minor children.

The ACA also required states to begin using a single, simplified application for Medicaid, MICHild, and the Marketplace insurance subsidies, beginning January 1, 2014. The single application allows individuals or families to get help paying for health coverage either through an application at the Marketplace or at DHS. With the simplified application, only individuals seeking Medicaid based on disability or senior status (age 65+) would have to answer additional questions.

Michigan's single application has been in use since October 1, 2013 for people applying for help

through the federal Marketplace. As part of the “no wrong door” requirement, the ACA requires that applications submitted by individuals to the Marketplace will be transferred to DHS/DCH if they are assessed as being Medicaid eligible, and applications submitted by individuals to the state will be transferred to the Marketplace if they have too much income to qualify for Medicaid but might be eligible for a subsidy to purchase private insurance through the Marketplace. Final determinations of Medicaid eligibility are made by DHS and final determinations of subsidy eligibility and amounts are made by the federal Marketplace.

WHAT'S HAPPENING?

Because of technology problems, Michigan did not begin using MAGI methodology on January 1, 2014. It is not clear yet when those problems will be resolved. Michigan’s “Bridges” computer system, which is used by DHS to determine eligibility and manage Medicaid cases, is not able to communicate or interface as needed with the computer system that determines MAGI income levels for applicants and recipients.

In addition, DHS and the Department of Community Health (DCH) have not begun using the simplified application for Medicaid and MICHild applications submitted to the state departments rather than to the Marketplace. Apparently there are difficulties with the transfer of applications between the federal Marketplace and the state.

The federal government has given states the option of requesting a waiver from the federal government that would allow the state to temporarily (for 90 days or perhaps more) provide Medicaid to individuals assessed as Medicaid eligible by the federal Marketplace. This would allow additional time for the state to obtain the entire file and to make a final determination of Medicaid eligibility. It is not clear yet whether Michigan will apply for a waiver under this option.

Advocates are trying to get answers about what information will be provided to individuals who are denied assistance during this delay in implementation of the ACA, and whether their applications will be reconsidered and transferred between the state and federal entities after the technology has been repaired or improved.

The income limits that the state will use when it begins using MAGI methodology are included at the end of this Alert. Note that the federal poverty level for 2014 will be published soon, so the dollar amounts will change somewhat.

Some individuals may be caught in a Catch 22 during this delay in Michigan’s implementation of MAGI methodology. The Marketplace may determine that an individual is eligible for Medicaid or MICHild based on the new MAGI methodology and income limits, which would make the individual ineligible for premium tax credits to assist with the costs of purchasing private insurance.

WHAT SHOULD ADVOCATES DO?

1. Encourage low income clients to apply for Medicaid or MICHild using the current Medicaid applications if they have income below the new MAGI limits and are in a group covered by Michigan's current Medicaid categories or MICHild (under age 21, age 65 or older, a parent or kinship caregiver raising a minor child, a pregnant woman, or a person with disabilities). Remember that the MICHild/Healthy Kids application is only effective for children under age 19 and pregnant women. Anyone seeking Medicaid under other categories (parents, kinship caregivers, people with disabilities, and seniors) must use the DHS Assistance Application.
 - a. The DHS-1171 Assistance Application is available in DHS offices or at http://michigan.gov/dhs/0,4562,7-124-5455_7338-69226--,00.html. The online Assistance Application is the MIBridges application available at www.mibridges.michigan.gov/access/.
 - b. The DCH-0373 MICHild and Healthy Kids application is available at http://www.michigan.gov/mdch/0,1607,7-132-2943_4845_4931-20628--,00.html. You can apply online for MICHild and Healthy Kids at www.healthcare4mi.org.
2. Encourage clients who have income over 100% of the federal poverty level who will not qualify for Medicaid to apply for subsidies through the Marketplace, by going to www.healthcare.gov or calling 1-800-318-2596 (TTY: 1-855-889-4325), in addition to applying for Medicaid.
3. Advise clients to seek legal help right away if they are denied Medicaid or subsidies to purchase private health insurance.
4. Help clients find legal advice if they need it.

WHAT SHOULD CLIENTS DO?

1. If you are low income and in a group covered by Michigan Medicaid or MICHild, and you think you will qualify for Medicaid under the MAGI income limits (see below), apply for Medicaid or MICHild using the current Medicaid applications. Remember that the MICHild/Healthy Kids application is only effective for children under age 19 and pregnant women. Anyone seeking Medicaid under other categories (parents, kinship caregivers, people with disabilities, and seniors) must use the DHS Assistance Application. Groups who may be eligible for Medicaid in Michigan right now are children/youth under age 21, seniors age 65 or older, parents or kinship caregivers raising a minor child, pregnant women, and people with disabilities.
 - a. The DHS-1171 Assistance Application is available in DHS offices or at http://michigan.gov/dhs/0,4562,7-124-5455_7338-69226--,00.html. The online Assistance Application is the MIBridges application available at www.mibridges.michigan.gov/access/.

b. The DCH-0373 MICHild and Healthy Kids application is available at http://www.michigan.gov/mdch/0,1607,7-132-2943_4845_4931-20628--,00.html. You can apply online for MICHild and Healthy Kids at www.healthcare4mi.org.

2. If you do not think you will qualify for Medicaid or MICHild, and you have income over 100% of the federal poverty level, apply for subsidies through the Marketplace, by going to www.healthcare.gov or calling 1-800-318-2596 (TTY: 1-855-889-4325), in addition to applying for Medicaid.

3. Seek legal help advice right away if you are denied Medicaid or subsidies to purchase private health insurance.

FINDING HELP

Most legal aid and legal services offices handle these types of cases, and they do not charge a fee. You can locate the “free” legal services or legal aid office that serves your county on the Michigan Legal Help Web Site <http://www.michiganlegalhelp.org/>, look in the yellow pages under “attorneys,” or call the toll-free lawyer referral number, (800) 968-0738.

Monthly Income Limits for MAGI-Related Categories

	54% FPL	100% FPL	160% FPL	195% FPL	212% FPL	236% FPL
Group Size	Maximum Income Limit for Low Income Families with Children	Minimum Income for Premium Subsidy thru Marketplace	Maximum Income Limit for Children Age 1 through 18	Maximum Income Limit for Pregnant Women and Infants < 1	Maximum Income Limit for MICHild	Maximum Income Limit for Plan First
1	517	958	1533	1868	2031	2261
2	698	1293	2069	2521	2741	3051
3	879	1628	2605	3175	3451	3842
4	1060	1963	3141	3828	4162	4633
5	1241	2298	3677	4481	4872	5423
6	1422	2633	4213	5134	5582	6214

* Using SSI methodology, not MAGI methodology