

Complex Case Scenarios

*Preventing Gaps in Health Care Coverage Mini-Series:
Transitioning from Medicaid Coverage to Other Health Coverage*



*Center for Consumer Information and Insurance Oversight
August 2015*

Transitioning from Medicaid Coverage to Other Health Coverage

Agenda

- Medicaid Coverage to a Marketplace Plan
- Medicaid Coverage to Employer-Sponsored Coverage
- Medicaid Coverage to Medicare Coverage
- Summary and Key Takeaways

Transitioning from Medicaid Coverage to Other Health Coverage

Wally, 59 years old, Single

- Wally worked as a part-time grocery store cashier. He lives in a state that expanded Medicaid coverage to single, non-disabled adults with annual incomes up to 138 % of the federal poverty level (FPL). Wally was earning \$14,124 a year, applied for coverage through the Marketplace, and was determined to be eligible for Medicaid. He has been enrolled in Medicaid coverage for almost a year now.
- In May 2015, Wally was promoted to store manager and now earns \$38,600 in 2015 (approximately \$3,208 per month); at this higher income level, Wally is no longer eligible for Medicaid.
- Wally is interested in learning more about his new health insurance options. He has an offer of employer-sponsored coverage through his employer, but he also wants to know more about Marketplace coverage.
- What health coverage options are available to Wally to avoid a gap in coverage?

Transitioning from Medicaid Coverage to Other Health Coverage

What health coverage options are available to Wally to avoid a gap in coverage?

- Marketplace Plan
- Employer-Sponsored Coverage

Option 1

Transitioning from Medicaid Coverage to a Marketplace Plan

Transitioning from Medicaid Coverage to a Marketplace Plan

Considerations When Transitioning to a Marketplace Plan

- Wally should immediately report his change in income to the state Medicaid agency. If the Medicaid agency determines him no longer eligible for Medicaid, he will receive a notice from the state Medicaid agency and his account will be transferred via secure transaction to the Marketplace. Wally will be notified by the Marketplace to come to the Marketplace and pick up his pre-populated application. He should complete the application, making any needed updates, including reporting that he has an offer of employer-sponsored coverage, and then continue through plan selection and enrollment, if otherwise eligible.

Transitioning from Medicaid Coverage to a Marketplace Plan

Considerations When Transitioning to a Marketplace Plan (continued)

- Consumers who lose minimum essential coverage (MEC), such as most Medicaid coverage, qualify for a 60-day special enrollment period to enroll in coverage on the Marketplace outside of the annual open enrollment period. This 60-day period begins the day consumers lose MEC. So if Wally became ineligible for Medicaid on May 15, but the state Medicaid agency didn't terminate his coverage until the end of the month (May 31), his 60-day SEP clock would begin on June 1.
- Since Wally also has an offer of employer-sponsored coverage, he won't be eligible for financial assistance through the Marketplace unless his employer's offer of coverage is either unaffordable or does not meet minimum value standards. We'll go into more detail on this later.
- If Wally's employer-sponsored health coverage is affordable, it is important to help him explore whether or not selecting a Marketplace plan without financial assistance is a good option.
- If he decides to select a Marketplace plan, Wally should make sure to consider benefits, costs, and a plan that includes his provider(s) in its network.

Option 2

Transitioning from Medicaid Coverage to Employer-Sponsored Coverage

Transitioning from Medicaid Coverage to Employer-Sponsored Coverage

Considerations When Transitioning to Employer-Sponsored Coverage

- An offer of employer-sponsored coverage does not affect Medicaid eligibility. In this scenario, Wally is losing eligibility for Medicaid coverage due to an increase in income. However, some consumers may be eligible for both Medicaid and employer-sponsored coverage depending on their income and household size.
- If consumers have an offer of employer-sponsored coverage that is either unaffordable or does not meet minimum value standards, the consumer (and spouse or dependents, if any) may be eligible to enroll in a Marketplace plan with financial assistance.
 - A plan is considered affordable if the employee's share of the annual premium for the lowest priced self-only plan is no greater than 9.56% of annual household income.
 - An employer plan is considered to meet the minimum value standard if the plan's share of the total allowed benefit costs covered by the plan is no less than 60% of such costs.
 - Consumers (including any spouse or dependent) are not eligible to receive a tax credit if they are eligible for employer-sponsored coverage that is deemed affordable and that meets minimum value.

Transitioning from Medicaid Coverage to Employer-Sponsored Coverage

Considerations When Transitioning to Employer-Sponsored Coverage (continued)

- Consumers can ask their employer to complete the Employer Coverage Tool to determine if their plan is affordable and meets minimum value standards:
<https://www.healthcare.gov/downloads/employer-coverage-tool.pdf>
- Medicaid beneficiaries may be unfamiliar with paying monthly premium payments, out-of-pocket expenses, and high annual deductibles for medical services and medications. You can help consumers like Wally understand what costs they are responsible for, what costs the employer is responsible for, and what costs the plan will cover.

Option 3

Transitioning from Medicaid Coverage to Medicare Coverage

Transitioning from Medicaid Coverage to Medicare Coverage

Considerations When Transitioning to Medicare Coverage

- Even though Wally qualified for Medicaid because his state expanded coverage, once he turns 65, he may no longer be eligible. The new Medicaid eligibility group only covers adults up to age 65. Wally's eligibility for Medicaid will be reevaluated shortly before his 65th birthday to see if he may qualify for another Medicaid eligibility group. When Wally turns 65, he will become eligible for Medicare.
- Depending on Wally's income and assets, he may be eligible for continued coverage under Medicaid in addition to his new Medicare coverage. If he continues to be eligible for Medicaid, he will be considered a "dual-eligible." Medicaid coverage offers access to services that Medicare may not cover including nursing facility care beyond the 100-day limit or skilled nursing facility care that Medicare covers, prescription drugs, eyeglasses, and hearing aids. Services covered by both programs are first paid by Medicare, and Medicaid will pay for the difference up to the state's payment limit.

Transitioning from Medicaid Coverage to Medicare Coverage

Considerations When Transitioning to Medicare Coverage (continued)

- If Wally is not eligible for full Medicaid coverage, he may be eligible for one of the Medicare Savings Programs that help consumers pay Medicare premiums and/or out-of-pocket costs:
 - Qualified Medicare Beneficiary (QMB). Monthly income limit is 100% FPL.
 - Specified Low-Income Medicare Beneficiary (SLMB). Monthly income limit is 120% FPL.
 - Qualifying Individual (QI). Monthly income limit is 135% FPL.

Transitioning from Medicaid Coverage to Medicare Coverage

Considerations When Transitioning to Medicare Coverage (continued)

- Every state Medicaid program must provide Medicare Savings Program assistance. For more information, please see: <http://www.medicare.gov/your-medicare-costs/help-paying-costs/medicare-savings-program/medicare-savings-programs.html>.
- Wally may call 1-800-MEDICARE or visit Medicare.gov for the Medicare Ombudsman Center and other Medicare-approved resource assistance (which may be found online at: <https://www.cms.gov/Center/Special-Topic/Ombudsman-Center.html>) for specific details about changes in Medicaid coverage when an individual becomes eligible for Medicare.
- When Wally turns 65, he will need to apply and enroll into Medicare. He can do this by visiting Medicare.gov.

Transitioning from Medicaid Coverage to Medicare Coverage

Considerations When Transitioning to Medicare Coverage (continued)

- Consumers can also enroll in a Medigap plan to cover gaps in services covered by Parts A and B. To see what Medigap plans are available in a specific state, please contact your state Department of Insurance.
- Consumers can see any Medicare provider and may be able to continue seeing their preferred provider under Medicaid if their provider is also a Medicare provider. To find a Medicare provider, consumers can use the following search tool:
<http://www.medicare.gov/PhysicianCompare/search.html>.

Transitioning from Medicaid Coverage to Medicare Coverage

Considerations When Transitioning to Medicare Coverage (continued)

- Prescription drugs will have different costs under Medicare. Beneficiaries should enroll in a Medicare Part D plan for prescription drug coverage and other services that are not covered by traditional Medicare (Parts A and B). Through a program called “Extra Help,” financial assistance may be available for low-income Medicare beneficiaries to help with their prescription drug costs (see <http://www.medicare.gov/your-medicare-costs/help-paying-costs/extra-help/level-of-extra-help.html>).
- If consumers want more information about the different Medicare coverage options that are available, they can call 1-800-Medicare (1-800-633-4227) or use the Medicare plan search tool: <https://www.medicare.gov/find-a-plan/questions/home.aspx>.

Key Takeaways

Transitioning from Medicaid Coverage to Other Coverage Options

Transitioning from Medicaid Coverage to Other Coverage Options

Key Takeaways: Transitioning from Medicaid Coverage

- Consumers who lose Medicaid coverage are eligible for a 60-day special enrollment period for Marketplace coverage, which begins the day a consumer is determined ineligible (most likely due to changes in employment or income). Consumers can use this special enrollment period to enroll in a Marketplace plan outside of the annual open enrollment period.
- To avoid a gap in coverage, consumers should report changes as soon as they occur and learn about effective dates and different coverage options.
- Consumers who lose Medicaid coverage may be eligible for financial assistance with a Marketplace plan if their annual household income is between 100% and 400% FPL and they are otherwise eligible.
- Some consumers who qualify for Medicaid because their state expanded coverage may no longer qualify for Medicaid at the expansion levels once they turn 65. However, they may be eligible for Medicare and a Medicare Savings Program.
- For consumers who qualify for both Medicare and Medicaid, Medicaid covers services beyond those provided under Medicare.