CHRT

Medicaid Eligibility in Michigan: 40 Ways

TODAY

Under current federal rules governing the Medicaid program, individual states have broad discretion to expand Medicaid eligibility beyond federally-mandated categories. In Michigan, there are no fewer than 40 different ways to qualify for Medicaid or other government-supported medical assistance. Eligibility requirements vary widely among the eligibility categories, and eligibility determinations are made based on a complex matrix of policies that specify income and asset standards, categorical definitions, group compositions, benefit limits, and exclusions. Asset tests apply; that is, there are limits to the amount of assets an individual may own to be eligible. With the exception of some very limited programs (e.g. the Adult Medical Program), childless adults who are not pregnant or disabled are not eligible for Medicaid coverage.

See **Appendix 2** for descriptions of the 40 eligibility categories shown above.

2014

Under the Patient Protection and Affordable Care Act (ACA), states have the option to expand eligibility to non-elderly citizens and qualified resident immigrants with incomes at or below 138 percent of poverty including those who are not pregnant, disabled, under 21, or parents of dependent children—and there are no asset tests. To ensure there are no gaps in coverage, the ACA also preserves eligibility at different income levels for parents with dependent children, pregnant women, children under age 19, and those who receive Supplemental Security Income (SSI) or qualify as "medically needy" (high medical expenses relative to income).

The Center for Healthcare Research & Transformation (CHRT) illuminates best practices and opportunities for improving health policy and practice. Based at the University of Michigan, CHRT is a non-profit partnership between U-M and Blue Cross Blue Shield of Michigan to promote evidence-based care delivery, improve population health, and expand access to care.

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Introduction

Under current federal rules, the Medicaid program provides coverage to those at or below a certain income level who also fit within certain categories. These categories are defined by characteristics of individuals or families other than income level, for example age, pregnancy, blindness, or disability. Under current federal law, less than half of those who are at or below the federal poverty level are covered by Medicaid. The national average is 43 percent; in Michigan, 47 percent of those in poverty are covered by Medicaid.

Current federal rules define the following eligibility categories for all states:

- Children under age six with family incomes under 133 percent of the federal poverty level (FPL)
- Children between ages 6 and 18 with family incomes under 100 percent of the FPL
- Pregnant women with incomes under 133 percent of the FPL
- Parents with incomes below their state's July 1996 welfare eligibility levels (which were often below 50 percent of the FPL)
- Those who receive SSI (primarily the aged, disabled, and blind with incomes up to 75 percent of the FPL)[1]

The federal rules also give individual states broad discretion to expand Medicaid eligibility beyond the federally-mandated categories. In Michigan, there are no fewer than 40 different ways (i.e., eligibility categories or programs[2]) to qualify for Medicaid or other government-supported medical assistance.

This picture will change dramatically in 2014 under the Patient Protection and Affordable Care Act (ACA). The ACA gives states the option to extend Medicaid eligibility to all non-elderly citizens and eligible resident immigrants with incomes at or below 138 percent of the federal poverty level[2], regardless of categorical eligibility.

This paper is intended to provide the public and policy makers with insight into the processes behind Medicaid in Michigan and the challenges faced by everyone involved: those who apply for coverage, those who help people qualify for benefits, and those who seek to streamline eligibility or expand access to care. It is intended to show the difference between Medicaid eligibility in Michigan as we know it today and in the future when the ACA is implemented in 2014.

Medicaid in Michigan Today

In Michigan, there are no fewer than 40 different ways (i.e., eligibility categories or programs) to qualify for Medicaid or other government-supported medical assistance. Eligibility requirements vary widely among the eligibility categories, and eligibility determinations are made based on a complex matrix of policies that specify income and asset standards, categorical definitions, group compositions, and exclusions.

The following descriptions are intended to provide a basic understanding of the fundamental criteria and standards embodied in Michigan's medical assistance policies.

Eligibility Categories in Michigan

Current policy for government-funded medical assistance in Michigan defines two major sets of eligibility categories, one relating to the Temporary Assistance for Needy Families program (TANF; also known in Michigan as the Family Independence Program, or FIP), and the other relating to the Social Security Income (SSI) program[3].

TANF/FIP-Related Eligibility

There are 23 ways for people in Michigan to qualify for Medicaid under TANF/FIP policy. Generally speaking, those eligible for Medicaid under TANF/FIP policy are children, foster children, low-income families, pregnant women, those caring for dependent children, and childless adults who meet the eligibility requirements of the Adult Medical Program (Adult Benefits Waiver).

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[1] "Medicaid: A Primer. Key Information of Our Nation's Health Coverage Program for Low-Income People." The Kaiser Commission on Medicaid and the Uninsured. June 2010.

[2] Under the law, the first 5 percent of income is not counted. The practical effect of this income "disregard" is to make the eligibility threshold 138 percent of poverty.

[3] Michigan is a "1634(a)" state, which means that the state contracts with the Social Security Administration to determine eligibility for Medicaid as it determines eligibility for SSI benefits. For this reason, all individuals in the Michigan who receive SSI benefits automatically qualify for Medicaid.

SSI-Related Eligibility

There are 16 ways for people in Michigan to qualify for Medicaid under SSI policy. Generally speaking, those eligible under SSI-related categories include the aged (65 and older), those who are blind or disabled, children with disabilities or serious medical conditions, and Medicare recipients who meet income standards (for help with medical costs not covered by Medicare).

Non-TANF/SSI Eligibility

One final eligibility category applies only to legal immigrants. Because the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 prohibited most legal immigrants from receiving Medicaid (with the exception of emergency treatment) during their first five years of residence in the U.S., Michigan offers non-Medicaid "emergency-only" coverage for individuals who are ineligible for Medicaid due to immigration status.

Income Standards in Michigan

Income standards for Medicaid eligibility vary by category, and Michigan policy defines two types of income standards, known as Group 1 and Group 2.

In Group 1 categories, net income must be at or below a certain limit. The income limit, which varies by category, is the amount needed to meet non-medical needs, such as food and shelter. Medical expenses are not deducted from income when determining eligibility.

In Group 2 categories, medical expenses are considered when determining eligibility, therefore eligibility is possible even when the applicant's income exceeds the income limit. Individuals are deemed eligible for Group 2 Medicaid based on their status as "medically needy"—that is, they have high healthcare-related expenses relative to their incomes. Enrollees remain eligible by meeting an assigned deductible for medical expenses each month (formerly known as a "spend down").

Changes Coming in the Affordable Care Act

The Patient Protection and Affordable Care Act (ACA) gives states the option to extend Medicaid eligibility to all non-elderly citizens and eligible resident immigrants with incomes at or below 138 percent of the federal poverty level, beginning in 2014.[4] This is often referred to as the "Medicaid expansion." States that accept this option will receive a 100 percent federal match for this newly eligible population for the first three years. This federal matching rate will then phase down to 90 percent in 2020, where it will remain.

The ACA simplifies Medicaid eligibility with a new income definition for most populations, known as modified adjusted gross income (MAGI). MAGI is a standardized method for determining income—based largely on an income tax definition—and eliminates assets test, along with special deductions and disregards. States are required to convert nearly all their existing Medicaid income standards to MAGI-equivalent standards to simplify enrollment processes.

On March 16, 2012, the Centers for Medicare and Medicaid Services (CMS) released final and interim final rules for states on how to implement the Medicaid eligibility and enrollment changes mandated in the ACA. As of January 1, 2014, these rules:

- Establish a new Medicaid eligibility category for nonelderly individuals with incomes up to 138 percent of poverty (including the 5 percent income disregard), who are not otherwise eligible for Medicaid based on the federal mandate. Specifically, this group will include adults (ages 19 to 64) who meet the income standard and are not pregnant, not entitled to Medicare, and not eligible for Medicaid under a mandated categorical group. HHS specified that this new adult group will also include individuals currently eligible for Medicaid under an optional coverage group, such as individuals with disabilities.
- Simplify and consolidate all existing eligibility categories—mandated or optional—into the following three (with some differences in income standards):
    1. Parents and other caretaker relatives of dependent children under 19
    2. Pregnant women
    3. Infants and children under age 19
- Preserve some existing methods for determining Medicaid coverage: specifically, for those who receive Supplemental Security Income (SSI) or qualify as "medically needy" (high medical expenses relative to income).

Assuming the ACA is implemented as planned, Michigan could have approximately 600,000 new Medicaid enrollees by 2019—73 percent of whom were previously uninsured.[5] As eligibility criteria are streamlined and enrollment processes are simplified, many of the uninsured—especially those living in poverty today—will benefit from this new approach to Medicaid.

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[4] Under the law, the first 5 percent of income is not counted. The practical effect of this income "disregard" is to make the eligibility threshold 138 percent of poverty.

[5] "Medicaid Coverage and Spending in Health Reform: National and State-By-State Results for Adults at or Below 133% FPL." Urban Institute for the Kaiser Commission on Medicaid and the Uninsured. May 2010.

Appendix 1: Commonly Used Acronyms and Terms

Deductible (formerly known as "spend-down"): Currently, all of Michigan's medical assistance programs have income tests, and some have asset tests. For some programs, applicants with income over the limit may still be able to obtain health care benefits when their medical expenses meet or exceed their deductible, or "spend-down," amount.

FIP: Family Independence Program, Michigan's temporary cash assistance program for needy families. See also TANF.

FPL: Federal poverty level, also known as the federal poverty guideline, is an administrative measure used to determine financial eligibility for certain federal programs (the federal poverty threshold, in contrast, is used to determine the number of people in poverty). In 2012, the income level for a single person at 138 percent of the FPL was $15,415, and the income level for a family of four at 138 percent of the FPL was $31,809.

Groups 1 and 2: In Michigan, the terms Group 1 and Group 2 generally relate to financial eligibility factors. For Group 1, net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. Medical expenses are not used when determining eligibility for Group 1 Medicaid. For Group 2, medical expenses are considered when determining eligibility; therefore eligibility is possible even when the applicant's income exceeds the income limit. Individuals are deemed eligible for Group 2 Medicaid based on their status as "medically needy"– that is, they have high healthcare-related expenses relative to their incomes.

MA: Medical assistance, a term often used interchangeably with Medicaid in Michigan and other states. It can also refer to non-Medicaid sources of medical assistance.

RSDI: Retirement, Survivors, and Disability Insurance (RSDI), a benefit program of the Social Security Administration that pays retirement, survivor, and disability benefits to workers, their dependents, and survivors.

"Spend-down" (now called "deductible"): Currently, all of Michigan's medical assistance programs have income tests, and some have asset tests. For some programs, applicants with income over the limit may still be able to obtain health care benefits when their medical expenses meet or exceed their deductible, or "spend-down," amount.

SSI: Supplemental Security Income, a benefit program of the Social Security Administration program that pays benefits to disabled adults and children with limited income and resources, and people 65 and older without disabilities who meet financial limits.

TANF: The Temporary Assistance for Needy Families program (TANF), a federal/state cash assistance program. The federal government sets the basic rules, but states have flexibility in the administration of the program, including benefit levels and income eligibility. Michigan's TANF program is called the Family Independence Program (FIP).

Appendix 2:
40 Ways to Government-Supported Medical Assistance in Michigan 2011

1. **"503 Individuals":** Provides Medicaid eligibility to former recipients of Supplemental Security Income (SSI) who receive Retirement, Survivors, and Disability Insurance (RSDI) benefits and would be eligible for SSI if RSDI cost-of-living increases paid since SSI eligibility ended were excluded.
2. **Adult Medical Program:** Provides Medicaid eligibility to very low income (up to 35 percent of the federal poverty level), childless adults between the ages of 18 and 62 who have no other comprehensive health care coverage. The program is funded through the Children's Health Insurance Program (CHIP). Also known as the Adult Benefits Waiver.
3. **Aged, Blind, or Disabled (Group 2):** Provides Medicaid eligibility to individuals who are aged (i.e., 65 or older), blind, or disabled with income over the income limit and medical expenses that meet or exceed assigned deductibles.
4. **Aged or Disabled Care:** Provides Medicaid eligibility to aged or disabled individuals who are at or below 100 percent of the federal poverty level but not eligible for Medicaid under any of the following: Special Disabled Children, 503 Individuals, COBRA Widow(er)s, Early Widow(er)s, or Disabled Adult Children.
5. **Appealing SSI Termination:** Provides Medicaid eligibility to individuals who are not receiving Supplemental Security Income (SSI) because the Social Security Administration has determined they are no longer disabled or blind, but are appealing the termination of SSI. Medicaid continues until the individual exhausts appeal rights, fails to file an appeal within the time limit, or no longer resides in Michigan.
6. **Breast/Cervical Cancer Prevention and Treatment Program:** Provides Medicaid eligibility to women who have been screened or diagnosed for breast or cervical cancer—or a precancerous condition—who have incomes up to 250 percent of the federal poverty level and no other comprehensive medical coverage. Although commonly referred to as a screening program, this program provides complete Medicaid coverage for those diagnosed with these cancers during the treatment period (between the ages of 18 and 64 for cervical cancer between 40 and 64 for breast cancer treatment).
7. **Caretaker Relative (Group 2):** Provides Medicaid eligibility to parents and other caretaker relatives of a dependent child.
8. **Under 21:** Provides Medicaid eligibility for people ages 19 or 20 who are not otherwise eligible for coverage through Healthy Kids, Low-Income Family medical assistance, or any other Group 1-type medical assistance.
9. **Children's Waiver:** Provides Medicaid eligibility to unmarried and disabled children who do not receive Supplemental Security Income (SSI) and require care in intermediate care facilities for persons with mental retardation but could be cared for at home at a lower cost. The child's income and assets (not the parent's) are the only financial factors considered for eligibility determination.
10. **Children with Serious Emotional Disturbance (SED) Waiver:** Provides Medicaid eligibility to unmarried children who do not receive Supplemental Security Income (SSI) and require care in the state psychiatric hospital (Hawthorn Center) but could be cared for in the community at a lower cost. The child's income and assets (not the parents') are the only financial factors considered for eligibility determination. The SED Waiver is only available for the following Michigan counties: Clare, Gladwin, Grand Traverse, Ingham, Isabella, Kalamazoo, Leelanau, Livingston, Macomb, Mecosta, Midland, Osceola, Saginaw, and Van Buren.
11. **Children's Special Health Care Services:** Provides Medicaid eligibility to children up to age 20 with a qualifying medical condition (or individuals 21 and older with cystic fibrosis or certain hereditary blood coagulation disorders). Funded through Title V of the Social Security Act.
12. **COBRA Widow(er):** Provides Medicaid eligibility to individuals (aged, blind, or disabled) entitled to and receiving Retirement, Survivors, and Disability Insurance (RSDI) benefits for disabled widow(er)s, but not eligible for Supplemental Security Income (SSI) due to cost-of-living increases in RSDI.
13. **Department Wards:** Provides Medicaid eligibility to children who are wards of the Michigan Department of Human Services (i.e. children who have been committed to or placed with the department by court order and do not live with their parent/s).
14. **Disabled Adult Children:** Provides Medicaid eligibility to individuals age 18 and older receiving disabled adult children's Retirement, Survivors, and Disability Insurance (RSDI) benefits, whose Supplemental Security Income (SSI) benefits have been terminated due to their RSDI income.

15. **Early Widow(er):** Provides Medicaid eligibility to individuals age 50 through 64 who are not entitled to Medicare Part A and who receive Retirement, Survivors, and Disability Insurance (RSDI) benefits for early widow(er)s, but are not eligible for SSI due to their RSDI income.

16. **Emergency Services Only (ESO):** Provides eligibility for limited coverage (labor and delivery medical services, and those services necessary to treat emergency conditions) to all medical assistance classifications where the individual is ineligible due to immigration status; i.e. has been a resident of the U.S. for fewer than five years. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 prohibited most legal immigrants from receiving Medicaid during their first five years of residing in the U.S., with the exception of emergency treatment.

17. **Extended-Care:** Provides Medicaid eligibility to aged, blind, or disabled individuals when they are in long-term care or hospital care, but not eligible for medical assistance under any of the following classifications: Special Disabled Children; 503 Individuals; COBRA Widow(er)s; Early Widow(er)s; Disabled Adult Children; or Aged or Disabled Care.

18. **Foster Care Transitional Medicaid:** Provides Medicaid eligibility to children under age 21 who are transitioning out of foster care, regardless of changes in financial or non-financial eligibility. Eligibility is automatic based on individual's status under the Title IV-E foster care program.

19. **Freedom to Work:** Provides Medicaid eligibility to disabled individuals ages 16 through 64 who have earned income (i.e. working individuals).

20. **Healthy Kids for Pregnant Women:** Provides Medicaid eligibility to pregnant women up to 185 percent of poverty while they are pregnant (including the month the pregnancy ends) and the two calendar months following the month the pregnancy ended, regardless of the reason for the end of pregnancy.

21. **Healthy Kids Under Age One:** Provides Medicaid eligibility for children under age one whose family's net income is at or below 185 percent of poverty.

22. **Home Care Children:** Provides Medicaid eligibility to unmarried and disabled children who do not receive Supplemental Security Income (SSI) but require institutional care (i.e. hospital, skilled nursing facility or intermediate care facility), and could be cared for at home at a lower cost. The child's income and assets (not the parents') are the only financial factors considered for eligibility determination.

23. **Low-Income Family:** Provides Medicaid eligibility to families (with children) who are not receiving or eligible for the Temporary Assistance for Needy Families (TANF) program (known in Michigan as the Family Independence Program, or FIP). To qualify for coverage under Low-Income Family, income must be very low, about 37.5 percent of the 2006 federal poverty level.

24. **Maternity Outpatient Medical Services (MOMS):** Provides eligibility for outpatient prenatal-coverage-only to pregnant women during pregnancy and two months after the pregnancy ends. These services are available to pregnant women and teens with a pending Medicaid application, and non-citizens who are eligible for Emergency Services Only Medicaid. Pregnant women are eligible for this program at or below 185 percent of the federal poverty level.

25. **Medicare Savings Program:** Allows Medicaid to pay certain Medicare costs for an eligible individual entitled to Medicare Part A. Eligible individuals may receive benefits under the Medicare Savings Program in addition to regular Medicaid benefits. The Medicare Savings Program includes three categories, and individuals must meet certain income levels and asset limits to qualify:

    a. Qualified Medicare Beneficiaries: QMB is a full-coverage Medicare assistance program which Medicaid pays Medicare premiums (both Part A and Part B), coinsurances, and deductibles. In order to be eligible for QMB, an individual's net income cannot exceed 100 percent of poverty.

    b. Specified Low-Income Medicare Beneficiaries: The SLMB benefit provides limited Medicare cost coverage and pays Medicare Part B premiums. In order to qualify for this benefit, an individuals' net income must be over 100 percent of poverty but not over 120 percent of poverty.

    c. Q1 Additional Low-Income Medicare Beneficiaries (ALMB, or Q1): Pays Medicare Part B premiums if Medicaid funding is available. An individual's net income must be greater than 120 percent of poverty, but at or below 135 percent of poverty to qualify for this benefit.

26. **MIChild:** Provides eligibility for health coverage to children who are not eligible for Medicaid and have no other form of health coverage. Children must be under the age of 19 and have a family whose household income is at or below 200 percent of poverty for MIChild eligibility. Funded through the Children's Health Insurance Program (CHIP).

27. **Newborns:** Provides Medicaid eligibility to newborns from birth until age one if the mother receives Medicaid coverage on the newborn's date of birth (and if that newborn meets other eligibility factors e.g. state residency).
28. **Other Healthy Kids:** Provides Medicaid eligibility for children under age 19 when net income does not exceed 150 percent of poverty.
29. **Under Age 21 (Group 2):** Provides Medicaid eligibility for individuals under the age of 21. Some in this group have income over the income limit and are subject to deductibles, which may be offset by incurred medical expenses that equal or exceed the excess income.
30. **Plan First!:** Provides family planning services to non-pregnant women between the ages of 19-44 who are without comprehensive health insurance. Only those with incomes at or below 185 percent of poverty may be eligible for Plan First!
31. **Pregnant Women (Group 2):** Provides Medicaid eligibility for pregnant women who exceed the income limit for Healthy Kids for Pregnant Women (185 percent of poverty), but incur medical expenses equal to or exceeding the amount of their income over the limit.
32. **Qualified Disabled Working Individuals:** Pays the Medicare Part A premium for those who receive or are eligible to enroll in Medicare Part A due to disability.
33. **Special Disabled Children:** Provides Medicaid eligibility for children who were paid SSI benefits on August 22, 1996, and would still be eligible for SSI benefits if not for the 1996 federal change in the definition of eligibility.
34. **"Special N/Support":** Allows continuation of Medicaid for a period of four months for families who are no longer eligible under the "Low-Income Family Medical Assistance" category because of income from child support payments.
35. **Special Needs Adoption Assistance Agreement:** Provides Medicaid eligibility to children who have a special needs adoption assistance agreement in effect.
36. **SSI Recipients:** Provides Medicaid eligibility to all Michigan residents who receive Supplemental Security Income (SSI).
37. **TANF Recipients:** Provides Medicaid eligibility to all families receiving cash assistance through the Temporary Assistance for Needy Families (TANF) program (known in Michigan as the Family Independence Program, or FIP).
38. **Title IV-E Recipients:** Provides Medicaid eligibility to children when either foster care maintenance payments or adoption assistance payments are being made on their behalf under Title IV-E of the Social Security Act.
39. **Transitional Medical Assistance (Transitional MA):** Provides Medicaid eligibility to families who are no longer eligible for Low-Income Family medical assistance due to income from the employment of a caretaker, for up to 12 months.
40. **Transitional Medical Assistance Plus (TMA Plus):** Extends medical eligibility through a premium-payment plan for adults in families with minor children who cannot purchase employer-sponsored health care after their Transitional MA ends. To be eligible for TMA Plus, family income must be at or below 185 percent of poverty.

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