

October 7, 2013

Robert G. (Bob) Bethell Joint Committee on HCBS and KanCare Oversight
Update: Modified Adjusted Gross Income conversion

One of the changes resulting from the Affordable Care Act (ACA) is how income will be counted for some Medicaid applicants and beneficiaries. The ACA mandates the use of Modified Adjusted Gross Income (MAGI) methodology for eligibility determinations for specific groups of Medicaid applicants and beneficiaries. Under current eligibility rules, certain income is not counted (referred to as income disregards) when determining Medicaid eligibility. Using MAGI methodology, these income disregards will no longer be permitted.

The Kansas Department of Health and Environment has established MAGI income limits with a process approved by CMS. The process converts current income limits to MAGI income limits. The goal of this MAGI conversion process is to establish a MAGI-based income standard that, despite the elimination of disregards, is not less than the current income eligibility standard for the MAGI eligibility groups under Medicaid.

The following table illustrates MAGI population converted income standards. For children and families, the standard must be revised to no longer disregard \$200 per earner as we do with our current earned income disregards. There are other variables as well, but the difference is driven by the income disregard change.

The adjustments smooth the impact of a variety of scenarios by using analysis of Census data to determine how often households in certain income strata might previously have qualified for disregards that no longer can be used.

GROUP		Old Standard	New Standard
TANF Adults Medicaid	Upper limit	various*	33% FPL
Pregnant women & infants Medicaid	Upper limit	150% FPL	166% FPL
Children 1-5 Medicaid	Upper limit	133% FPL	149% FPL

Children 6-18 Medicaid enhanced match for 113-133%	Upper limit	100% FPL	133% FPL
Free S-CHIP, age 1-5, 134% FPL to 149% FPL	Upper limit	149% FPL	166% FPL
Free S-CHIP, age 6-18, > 101% FPL to 149% FPL	Upper limit	149% FPL	166% FPL
S-CHIP premium, age < 19, 150% FPL to 175% FPL	Upper limit	175% FPL	191% FPL
S-CHIP premium, age < 19, 176% FPL to 200% FPL	Upper limit	200% FPL	218% FPL
S-CHIP premium, age < 19, 201% to 225% FPL	Upper limit	225% FPL	245% FPL