

Center for Medicaid, CHIP and Survey & Certification

JUN 24 2011

Julie Hamos, Director
Illinois Department of Healthcare and Family Services
201 South Grand Avenue East
Springfield, IL 62763-0002

Dear Ms. Hamos:

I am writing to reply to your letter, dated April 29, 2011, in which you asked for Federal guidance on the Maintenance of Eligibility (MOE) requirements in section 2001(b) of the Affordable Care Act (adding sections 1902(a)(74) and 1902(gg) to the Social Security Act). Specifically, your letter indicates that “unless the Illinois Department of Healthcare and Family Services receives a written denial from the Federal Government [a new section of the State’s Medicaid reform law] will be implemented.” Your letter stated that these new provisions would change Medicaid eligibility determination procedures in a “manner that ensures program integrity and complies with Federal laws and regulations while minimizing unnecessary barriers to enrollment.” Please be assured that the Centers for Medicare & Medicaid Services (CMS) used this same goal -- safeguarding program integrity and at the same time ensuring appropriate access to health coverage for eligible individuals and compliance with the law-- to guide our evaluation of the options presented in your letter.

Following receipt of your letter, staff from CMS and our Region V Office conferred with members of your staff to gain clarity about the specifics of the changes to eligibility determination procedures, which primarily entail new verification requirements. We also discussed the alternative options you proposed for implementation and how such procedures would differ from current practice. While your letter raised four issues, this response addresses the first two, for which we understand there is a July 1 implementation date: (A) income verification on new applications and (B) residency verification on new applications. (There is an October 1 implementation date for the remaining procedural changes described in your letter and we will respond to those issues separately.)

This letter discusses the following questions:

- Do the provisions of the Illinois Medicaid reform law, regarding income verification for new applications and residency verification for new applications, constitute a violation of the MOE provision of the Affordable Care Act?
- Do any of the proposed implementation options allow for more rigorous verification while remaining in compliance with the MOE requirements?

The MOE provision of the Affordable Care Act states that with certain exceptions, as a condition of receiving Federal Medicaid funding, States must maintain Medicaid “eligibility standards, methodologies, and procedures” that are no more restrictive than those in effect on March 23, 2010. There is extensive evidence that eligibility procedures are strong determinants of whether eligible people can actually gain coverage. According to your letter, the new State law would require applicants to submit more documentation of both income and residency than is required under current

Illinois law, procedures which would be more restrictive than those in effect on March 23, 2010. Thus, such procedural changes would constitute a violation of the MOE provision of the Affordable Care Act. In addition, some of the implementation options proposed in your letter also call for applicants to submit more paper documentation than they do now under Illinois policies in effect as of March 23, 2010, and as such, would also violate the MOE provision.

Your letter did, however, include proposed implementation options that seek to improve program integrity procedures already in place by employing new electronic data matches during initial eligibility. It appears that such approaches would verify information through available sources and safeguard program integrity without creating any additional burden on applicants. As a result, we do not believe that these electronic data matches would trigger MOE violations.

Our assessment of the various options you present for addressing the first two issues discussed in your letter has led us to the following conclusions:

- A. Your options for changing the procedure you use to electronically verify income at application could be adopted without triggering an MOE violation.** Specifically, the use of additional databases, such as the “Work Number,” or other options that may provide more recent data than quarterly wage reports, would not violate MOE.

- B. Your options for changing how Illinois verifies residency information include methods that would not constitute an MOE violation.** Currently, applicants are allowed to attest that they are Illinois residents and further explanation is requested only when the applicant’s statement is questionable, for example, when mail is returned. You stated that a “Secretary of State database” will soon become available for your use and that this database would enable you to compare the applicants’ attestation of residency with drivers’ license and State identification card information. The Secretary of State database could be considered a verification tool that refines the current process and it can be applied without triggering and MOE violation.

If you decide to move forward with the approaches to verification outlined above please submit a plan for our review in which you explain the problem that has been identified and detail how your solution addresses the problem in ways that ensure compliance with the MOE provisions while maintaining and strengthening program integrity. For example, for cases in which electronic verification is not feasible, we recommend that a sampling procedure be used to limit the number of applicants asked to submit more rigorous paper documentation (e.g. income/expense statements, recent tax returns). In determining whether a current procedure needs to be improved, program audits, such as PERM and MEQC reviews, can help detect specific problems and lead to solutions that explicitly address the problems.

I hope this response clarifies how the MOE provisions of the Affordable Care Act relate to the particular options that Illinois has proposed and that our suggestions prove helpful. If you have any additional questions, or would like to further discuss best practices for conducting electronic verification while ensuring compliance with MOE provisions, please feel free to contact me. We remain committed to assisting you and my staff remains available to help you formulate plans for moving forward.

Sincerely,



Cindy Mann
Director