DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850

SHO # 15-001
ACA # 34

August 31, 2015

RE: Policy Options for Using SNAP to Determine Medicaid Eligibility and an Update on Targeted Enrollment Strategies

Dear State Health Official:
Dear State Medicaid Director:

This letter is to clarify and expand upon the opportunities for facilitating Medicaid and the Children's Health Insurance Program (CHIP) enrollment options described in our guidance to states (SHO #13-003; ACA #26) issued on May 17, 2013, (http://www.medicaid.gov/federal-policy-guidance/downloads/sho-13-003.pdf). In particular, we are offering states a new opportunity under Medicaid state plan authority to use Supplemental Nutrition Assistance Program (SNAP) gross income to support Medicaid income eligibility determinations at both initial application and renewals for certain populations. We also are clarifying the timeframes associated with the use of 1902(e)(14)(A) waivers described in the May 2013 guidance.

The SHO #13-003 offered states several strategies under the authority of section 1902(e)(14)(A) of the Social Security Act (the Act) to streamline the efficient and timely enrollment of large numbers of adults newly-eligible for Medicaid as of January 1, 2014, while minimizing the administrative burden on states transitioning to new eligibility and enrollment systems. One of those strategies – enrolling individuals in Medicaid based on their eligibility for SNAP – is the subject of this letter.

I. Targeted Enrollment Strategies Have Proven to be Successful

Targeted enrollment strategies can be used to efficiently identify and enroll eligible individuals in Medicaid, or to facilitate their renewal, without requiring them to complete a new application or renewal form. Since the release of SHO #13-003, the targeted enrollment strategies discussed in that guidance, which were used by six states, accounted for the enrollment of over 725,000 individuals in Medicaid between October 2013 and January 2015. See Attachment A for the enrollment figures as of January 2015 in these states. Note that other states that were approved for use of these strategies either have not implemented them or did not provide enrollment data.

Some states have used the targeted enrollment strategies as envisioned in SHO #13-003 (to enroll a large number of newly eligible people without having to process a new application), while other states have found the SNAP enrollment strategy to be useful in addressing a backlog of pending applications or renewals. These strategies can be used and are effective whether or not a state has expanded Medicaid.

II. Extension of Targeted Enrollment Strategies

Most of the targeted enrollment strategies described in SHO #13-003 required Secretarial approval of waiver authority under section 1902(e)(14)(A) of the Act (referred to in this letter as "waiver strategies"). Under SHO #13-003, we explained that section 1902(e)(14)(A) waiver authority was available to facilitate enrollment of SNAP participants (based on their gross income as determined by SNAP) and parents of children enrolled in Medicaid (based on the household income of their child) who were *highly likely* to be income eligible for Medicaid using financial methodologies based on modified adjusted gross income ("MAGI-based financial methods"), provided that other non-financial conditions of Medicaid eligibility also were met and the individual consented to enrollment. An income determination using MAGI-based methods would need to be made no later than 12 months after use of the enrollment strategy.

In this letter we offer a new opportunity for conducting similar targeted enrollment strategies and renewals using state plan authority for individuals receiving SNAP or other means-tested benefits, such as Temporary Assistance for Needy Families (TANF), who are *certain to be income-eligible* using MAGI-based methods.

Targeted enrollment state plan option

In SHO #13-003, we explained that, in states that elected to cover the adult group under 42 CFR 435.119, the vast majority of SNAP participants under age 65 are certain to be income-eligible for Medicaid. [1] Based on the strong correlation between SNAP eligibility and MAGI-based financial eligibility for Medicaid, we determined that it would be appropriate to use waiver authority under section 1902(e)(14)(A) of the Act to permit states that were experiencing challenges in implementing new eligibility and enrollment systems to enroll certain individuals in Medicaid based on SNAP data prior to completion of a MAGI-based determination. This waiver authority was available to permit states to enroll SNAP participants under age 65, even though a small percentage of those individuals might be found income-ineligible for Medicaid

[1] We are permitting application of the enrollment strategy to disabled individuals. Disabled individuals are not subject to different methodologies than non-disabled individuals for purposes of SNAP eligibility; thus, the exclusion of all disabled individuals from the enrollment strategy, as described in the May 17, 2013 SHO, is overly broad. While the strategy cannot be used for disabled SSI recipients already enrolled in Medicaid, this limitation is met, by the broader requirement, discussed later in this letter, that states confirm that a given SNAP participant is not already enrolled in Medicaid prior to applying this enrollment strategy.

based on MAGI if the state had all the information needed to make an accurate determination of household income using MAGI-based methods.

An identifiable subset of SNAP participants however, are *certain* to have MAGI-based household income at or below the applicable modified adjusted gross income standard if their gross income, as determined by the SNAP program, is under the applicable MAGI standard plus 5 percentage points (to account for the 5 percent disregard of income required under MAGI-based methods – e.g., 138 percent of the federal poverty level for adults under age 65 for a state that has elected to cover the new adult group). CMS will approve state plan amendments (not requiring section 1902(e)(14)(A) waiver authority) to determine financial eligibility under a MAGI-based Medicaid eligibility group or CHIP using gross household income determined by SNAP for such SNAP participants.[2] It is important to note that SNAP makes two kinds of income determinations – gross income and net income. Only the gross income determination may be used under this enrollment strategy.

The subset of SNAP participants in households that are certain to be financially eligible for Medicaid include only individuals under age 65 living in a household with no ineligible immigrants, and with gross income (as determined by SNAP) at or below the applicable Medicaid MAGI standard. Additionally, each of the following five criteria must be met:

1. All members of the SNAP household are eligible for SNAP, other than for SNAP transitional benefits (which means that the total income of those household members is used to calculate SNAP gross income);

2. Nobody in the SNAP household has any type of income that is included in MAGI-based income, but is excluded in determining gross income for purposes of SNAP;

3. Nobody in the SNAP household is part of a tax household that includes an individual who lives outside the home;

4. None of the household's gross income is derived from self-employment income, in states that have state-specific methodologies for treating such income in SNAP;

5. None of the household's income is excluded from gross income as payment of child support for children living outside of the household, in states that have opted to do so; and

[2] We expect that this targeted enrollment strategy will primarily be used by states to enroll individuals in Medicaid, and this SHO discusses the strategy in the context of Medicaid. However, in states that provide SNAP benefits to households with income above 133 percent FPL, the strategy may be available to states which cover pregnant women under a separate CHIP. States currently can apply a similar strategy with greater flexibility for enrolling children in Medicaid and CHIP under sections 1902(e)(13) and 2107(e)(1)(E) of the Act (relating to use of a finding from an express lane agency to determine eligibility for Medicaid and CHIP), so we would not expect states to adopt the enrollment strategy discussed in this letter to enroll children in CHIP.

6. The SNAP household falls into either of the following two groups:

    - The household consists of individuals who live alone, parents living with their children, or married couples (with or without children), with the result that they will also be considered a household under Medicaid rules, and there are no other members present who would not be considered to be part of the household used for purposes of determining MAGI-based Medicaid eligibility; or

    - Other members are present in the household, but the total household income *is below the applicable Medicaid standard for a household of one.*

While we believe that very few individuals will not meet criteria 2, 3, 4, and 5, the state may not have sufficient information in the SNAP case record to determine whether a particular individual meets each of these criteria. In that event, the state must obtain confirmation from the SNAP participant that these criteria are met before a final Medicaid eligibility determination is made. States have flexibility on how the additional information is obtained, including, for example, obtaining the information at the same time the agency informs the individual that s/he appears eligible for Medicaid and seeks a signature that complies with the requirements of 42 CFR 435.907(f) (as discussed below). If the criteria are not met, the individual may still be eligible for Medicaid, but the agency must collect additional information (such as information about the income of other MAGI-household members or income sources included in MAGI but excluded from SNAP determinations) needed to determine whether the individual's MAGI-based household income is at or below the applicable MAGI-based income standard.

If a state can identify SNAP participants who meet the criteria above, based either entirely on reliable current information in the SNAP case file or SNAP information in conjunction with additional information the state has obtained, use of the gross household income determined by the SNAP agency satisfies the requirement to determine income eligibility based on MAGI. Thus, for such SNAP participants, the state may rely on the SNAP gross household income in determining that the individual is income-eligible for Medicaid under a MAGI-based eligibility group (42 CFR 435.119 for adults under age 65, 42 CFR 435.118 for children under age 19, and 42 CFR 435.116 for pregnant women). Further, any state may do so without receiving waiver authority from CMS under section 1902(e)(14)(A) of the Act.

This strategy does not permit automatic enrollment of SNAP participants in Medicaid. Consistent with the guidance provided in SHO #13-003, before such SNAP participants can be determined eligible for enrollment in Medicaid, the state must (1) check to determine whether the individual already is enrolled in Medicaid; (2) explain how it will obtain the minimum requirements for an application to be enrolled in Medicaid under 42 CFR 435.907, including the requirement to obtain a signature, whether physical, electronic or telephonic, that complies with

the requirements under 42 CFR 435.907(f); (3) verify the participant's U.S citizenship or non-citizen status, consistent with Medicaid regulations at 42 CFR 435.406 and 435.407; (4) have a mechanism to provide individuals determined eligible under this strategy with program information required under 42 CFR 435.905, as well as procedures to ensure assignment of rights to third party benefits and to secure cooperation in establishing medical support as appropriate, per 42 CFR 435.610; and (5) explain how it will obtain any other information necessary for a Medicaid eligibility determination, if any, which is not contained in the SNAP case record. The state also must affirm its ability to comply with Medicaid reporting requirements with respect to the SNAP participants enrolled using this strategy. For additional guidance on meeting these requirements, see pp. 5-7 of SHO #13-003. The SNAP targeted enrollment strategy may be used at initial enrollment, as well as to verify continued financial eligibility for Medicaid beneficiaries at a regular renewal under 42 CFR 435.916 (including as part of an *ex parte* or automatic renewal under 42 CFR 435.916(a)(2)).

Although the discussion above focuses on the Medicaid enrollment of SNAP participants using gross income as determined by SNAP, this strategy may also be applied to participants of TANF or other public means-tested benefit programs if the same criteria are met. Thus, subject to the same conditions and requirements discussed above with respect to enrollment of SNAP participants in Medicaid, states may rely on an income determination made by another program if the state can demonstrate to CMS that all, or an identifiable subset, of such other program's participants are certain to have MAGI-based household income below the applicable modified adjusted gross income standard.

In contrast to the SNAP enrollment strategy approvable under section 1902(e)(14)(A) waiver authority, this type of enrollment, namely enrolling individuals known to be financially eligible for Medicaid using the income determination made by another program, is not limited to states experiencing systems constraints, but can be used on an ongoing basis (including for renewals), and can be adopted under the State Plan. CMS must approve use of the methodology developed by the state prior to implementation. States that wish to implement this strategy under the State Plan option will need to submit a State Plan Amendment (SPA). CMCS will soon issue a SPA template that states may complete and submit. States interested in pursuing this option immediately should contact us through the State Operations and Technical Assistance (SOTA) process.

We remind states that this strategy is different from the use of other available data (including information from another benefit program or other sources) for verification of financial as well as non-financial eligibility requirements in accordance with the verification regulations at 42 CFR 435.940 – 435.956. Typically, information available from another program or data source is used to verify the amount of a particular type of income – for example, wages or unemployment benefits – or non-financial eligibility requirement, for example, residency. Under

the State Plan option described above, the state uses another program's determination of total household income to establish financial eligibility based on MAGI for Medicaid.

Targeted Enrollment Waiver Option

States may also continue to conduct targeted enrollment under waiver authority, although revised parameters apply. CMS initially had expected that the first four targeted enrollment strategies requiring section 1902(e)(14)(A) waiver authority described in SHO #13-003 would not be needed beyond December 31, 2015.[3] However, we have determined that systems challenges in some states persist, and thus these strategies will remain available to states to the extent "necessary to ensure that states establish income and eligibility determination systems that protect beneficiaries." The enrollment strategies described in SHO #13-003 also may be helpful beyond the end of this year for states which have not yet expanded to cover the adult group under 42 CFR 435.119. As noted in footnote 1, above, this strategy is not appropriate for SSI recipients already enrolled in Medicaid, but states are not required to screen for disability status in applying the enrollment strategy under either waiver or state plan authority.

In addition to the limitations and requirements set forth in SHO #13-003, we have determined that certain additional conditions will be applied to any approvals or extensions of section 1902(e)(14)(A) waiver authority. Specifically, for individuals who are determined eligible for Medicaid under section 1902(e)(14)(A) waiver authority, the state must commit to determining eligibility using MAGI-based methodologies no later than 12 months after use of the enrollment strategy at application. For individuals renewed for Medicaid coverage pursuant to this waiver authority based on another program's income determination, a determination of eligibility using MAGI-based methodologies must be completed within 12 months of the date of the determination made by the other program. Finally, an enrollment strategy authorized under a section 1902(e)(14)(A) waiver cannot be used to renew the Medicaid eligibility of an individual initially enrolled in the program using that strategy.

States interested in implementing one or more of the targeted enrollment waiver strategies may request a 1902(e)(14)(A) waiver by sending a letter to Anne Marie Costello, Acting Director of the Children and Adult Health Program Group. States should copy their SOTA lead. States may request to extend waiver authority previously approved, but subject to expire on or before December 31, 2015. We also remind states of our intention to extend indefinitely the enhanced federal matching funds for eligibility and enrollment systems (90 percent administrative match rate for system design, development, and implementation, and 75 percent match rate for maintenance and operations). See October 28, 2014 memo to Tracey Wareing, Executive Director of the American Public Human Services Association, and Matt Salo, Executive Director

[3] The fifth strategy described in SHO #13-003 – adopting 12-month continuous eligibility for parents and other adults – requires waiver authority under section 1115 of the Act.

of National Association of Medicaid Directors, available at http://www.medicaid.gov/medicaid-chip-program-information/by-topics/data-and-systems/downloads/medicaid-90/10-funding-extension.pdf, and "Medicaid Program; Mechanized Claims Processing and Information Retrieval Systems (90/10); Proposed Rule" published in the Federal Register on April 16, 2015 and available at https://www.federalregister.gov/articles/2015/04/16/2015-08754/medicaid-program-mechanized-claims-processing-and-information-retrieval-systems-9010). In addition, the exception to non-statutory cost allocation requirements (described in OMB Circular A-87) has been extended through December 31, 2018. See Tri-agency Guidance issued on July 20, 2015, available at http://www.medicaid.gov/federal-policy-guidance/downloads/SMD072015.pdf.

We encourage states that are experiencing application or renewal backlogs or other circumstances that might be alleviated by the implementation of targeted enrollment strategies, as well as states interested in pursuing streamlined Medicaid enrollment of individuals receiving other means-tested benefits, to contact us through the (SOTA) process. We are available to provide technical assistance to states regarding both the waiver and state plan authorities available to states.

Finally, states adopting targeted enrollment strategies should be aware that some SNAP participants may have only recently enrolled in SNAP after losing income or experiencing an increase in family size, which can affect their eligibility for Medicaid and financial assistance for Qualified Health Plans (QHPs) offered through the Health Insurance Marketplace. If a SNAP participant has not already reported a drop in income to the Marketplace, there is a risk that enrolling the SNAP participant into Medicaid could result in simultaneous enrollment in Medicaid and receipt of Advance Payments of the Premium Tax Credit (APTC) for enrollment in a QHP, putting the individual at risk of having to payback any APTC made during the period of dual enrollment. Therefore, states wishing to adopt this strategy should also advise SNAP participants found eligible for Medicaid to report their current circumstances to the Marketplace if they also are enrolled in a QHP.

State Medicaid agencies should work to avoid this duplication by incorporating instructions on how to disenroll from a QHP into the letter sent to SNAP participants notifying them that they can enroll in Medicaid based on their SNAP participation and that they should take the steps necessary to transition from QHP coverage to Medicaid. The letter should strongly emphasize that a failure to report changes in circumstance to the Marketplace could result in a tax liability when they file their tax return.

Conclusion

The targeted enrollment strategies have proven to be useful tools, helping states enroll and renew eligible individuals in Medicaid in an efficient, streamlined manner. We continue to see the impact of these tools in promoting enrollment of eligible people in Medicaid and CHIP and

helping CMS and states to administer high performing Medicaid and CHIP programs. We are pleased to be able to provide states with additional opportunities to facilitate enrollment of eligible individuals in Medicaid, and encourage states that have not adopted any of these options, as well as states that need additional assistance, to contact us. If you have any additional questions or you are interested in implementing any of the targeted enrollment strategies, contact Anne Marie Costello, Acting Director, Children and Adults Health Programs Group, at AnneMarie.Costello@cms.hhs.gov.

Sincerely,

/s/

Vikki Wachino
Director

cc:

National Association of Medicaid Directors

National Academy for State Health Policy

National Governors Association

American Public Human Services Association

Association of State and Territorial Health Officials

Council of State Governments

Attachment A

Enrollment Using Targeted Enrollment Strategies Between October 2013 & January 2015

State	Populations transferred[1]	Enrollment
Arkansas	SNAP	63,465
California	SNAP/Parents	406,027
Illinois	SNAP	35,900
New Jersey	SNAP/Parents	6,921
Oregon	SNAP/Parents	43,697
West Virginia	SNAP/Parents	70,574
Total		726,584

[1] "SNAP" refers to individuals enrolled into Medicaid based on Supplemental Nutrition Assistance Program eligibility; "Parents" refers to parents enrolled based on information contained in the Medicaid case record of children already enrolled into Medicaid, another strategy offered in the May 17, 2013 State Health Official Letter.