

## The Affordable Care Act Update

MFSRC  
September 29, 2014

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### General Overview

- Large Federal Act
- **M**inimum **E**ssential **C**overage (MEC)
- Medicaid Expansion
- Healthcare Exchanges (a/k/a Marketplace)
  - Federal
  - State – Minnesota’s version = MNsure
- IRS Tax Subsidies and Tax Penalties

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### Visual Framework of ACA

Mandates on employers, plans  
and individuals

- + Tax subsidies
- + Medicaid expansion
- + Healthcare marketplace
- + Tax enforcement and penalties

The Affordable Care Act

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## Mandates

- Employer Mandates
  - Provide MEC for fulltime employees (30 hours = full time under the ACA, but MN Law presumption is 40 hours)
- Plan Mandates new under the ACA
  - MEC
  - Coverage through age 25
  - No pre-existing condition exclusions

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## Mandates

- Parent Mandates
  - MEC
  - Cover themselves
  - Cover their tax dependent children
  - Or pay an IRS tax penalty (unless exemption granted)

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## How to Provide MEC

- Parents can provide MEC through:
  - Employer or union sponsored coverage, including COBRA, Retiree, Self-insured and TRICARE
  - MNsure
    - Private coverage made available through MNsure
      - With or without tax subsidies
    - Medical Assistance (public coverage)
    - MinnesotaCare (for adults, not for children)
  - Directly through a provider - family or dependent only
    - i.e. Blue Cross, Cigna, Health Partners, Medica, Met Life, Preferred One...

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## Exemptions Overview

- Some individuals can claim exemptions from having MEC
- Exemptions include:
  - Federally recognized Indian Tribal Members
  - Incarcerated Individuals
  - No affordable coverage available
  - Short coverage gap
  - Hardships

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## Hardship Exemption

- Parent who claims the child on federal taxes is exempt from tax penalties if
  - The other parent is ordered to provide coverage and fails to do so
  - The parent who claims the child applies for Medicaid and is deemed not qualified
  - The parent who claims the child files for the hardship exemption, proving all of the above

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## Financial Assistance

- 400% of the Federal Poverty Guidelines
- Not all financial assistance is “public assistance” (PA), or requires a referral and cooperation with IV-D
  - Premium Tax Credits – Not PA
  - Advanced Premium Tax Credits – Not PA
  - Expanded Medicaid – PA if child is on Medical Assistance, not PA if adult is on MinnesotaCare

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## Taxes – County’s Role

- IRS Tax Penalty
  - Not a state enforcement tool
- IRS Tax Dependency Exemption
  - Alert the parties and the court of the consequences
  - Not addressed in pleadings, but CSM can order it
  - No position
    - County cannot possibly know what is best for the family or what all of the alternatives/consequences are for the family
- IRS Verification of Coverage Form
  - County does not distribute or collect the form
  - County may need to provide documentation about coverage for a parent who needs to prove coverage

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## Relevant Medical Programs

- Medical Assistance (MA)
  - Referrals are required for children on MA. It is public assistance, and it is assigned
- MinnesotaCare
  - Children no longer are eligible for MinnesotaCare
  - No referrals, no assignment

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## Relevant Systems

- MNsure
- MAXIS
- PRISM
- MMIS

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## Interface

- Purpose of interface
  - To provide updates to related programs
  - MAXIS and PRISM interface to each other for address changes, safe at home, good cause
- Interface between MNsure and MAXIS or PRISM not operational yet

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## Lack of Interface Decisions

- DHS child support and healthcare and counties have been working together to make decisions
- Decisions made thus far:
  - MAXIS referrals will continue through CRDL
  - New cases opening in MNsure will not have a referral sent to Child Support until there is an operational interface
  - Counties will reserve medical support for cases where up-to-date information about receipt of MA is not available due to lack of an interface
  - Counties will not request past medical support and reimbursement for any time in which support was reserved due to the lack of an operational interface

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## 3 Groups of Cases

- Decision makers are working on decisions based on 3 groups of cases:
  - Group 1 – Interim MA (former MinnesotaCare with kids)
    - No interface
    - Cases are NPA
  - Group 2 – New MA (opened in MNsure, not MAXIS)
    - No interface
    - Not on PRISM unless party applies for NPA services
      - Cases are NPA if application (but no fees charged)
  - Group 3 – Existing MA (opened and still open in MAXIS, not MNsure)
    - Yes, there is an interface between MAXIS AND PRISM
    - Trust the medical status of the case

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### Group 1 - Interim MA

- Cases flipped from MNC to NPA or CCC
  - Worked by counties already
  - Cost Recovery Fees manually suppressed for 6 months, then an additional 12 months
  - No new referrals

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### Group 2 - New MA on MNsure

- No case on MAXIS, therefore no case in PRISM
- A party may apply for NPA services
  - If party provides proof or states that they are on MA through MNsure, even if cannot verify this due to the lack of an interface
    - Waive the \$25 application fee
    - Suppress the 2% cost recovery fee
- Establish child support based on NPA status
- Reserve medical support
- Do not request past medical for the time medical support was reserved due to lack of interface

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### Group 3 - Existing MA on MAXIS

- Cases continue to be updated in MAXIS – old interface still works for these cases
- Business as usual
  - But... at some point, these cases will transition to MNsure
- Consider Dakota County's medical support addendum or conditional medical support

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### Sample Language - Reserved Order

- Effective January 1, 2014, due to automated data sharing issues between the state medical assistance computer system(s) and the state child support computer system, the county may have limited or no information available regarding the status of medical public assistance after December 31, 2013. The county is unable to determine whether a contribution to public coverage is appropriate or, if so, to calculate the appropriate contribution to the cost of public coverage.

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### Rationale for Decisions Made

- Expenditures for MA cannot be verified
- Can MA keep collections if no interface?
- No updates as to good cause, safe at home, addresses, additional family members
- Integrity of decisions – families treated similarly throughout the state
- Cost of a major systems upgrade

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### Trust the PRISM Code

- Trust and rely on the PRISM code for Medical
  - We are used to only trusting after verification – for Medical, trust the code
- If code is NPA, treat it as NPA
- If code is CCC, treat it as CCC
- If codes MAO, treat it as MAO

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### Updates

- MinnesotaCare Sliding Fee Scale is gone
  - Replaced with Minnesota Care Premium Table
  - \$50 cap per household member

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### Updates

- 3 Groups Update
  - Group 1 cases should be closed with no new referrals
  - Group 2 cases continue to grow as families apply for MA through MNsure
  - Group 3 cases remain steady and at some point, these will transition to MNsure

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### Updates

- Retroactive Medical Assistance
  - Referrals should no longer be sent from MAXIS to PRISM
  - If you receive one, it was referred in error

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## Updates

- Former MinnesotaCare Conversion
  - Adults are on Interim MA (IMA), children are on MA
  - CSOs are likely seeing closing codes stating that the children are eligible for MNsure

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## Updates

- 2015 Legislative Ideas
  - Remove references to MinnesotaCare as assigned public assistance
  - Additional definitions
    - Medical coverage
    - Public assistance
    - Fulltime work
  - Modification changes
    - Medical only
    - Taxes
  - If NCP on MA, no obligation to reimburse for child's MA

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## Updates

- Interface Update
  - Not operational yet
  - PRISM team continues to work with the larger MNsure team to determine the priority of the MNsure-PRISM interface

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## Updates

- Affordable Care Act page on SIR
  - Updates, changes and new information will be posted on this page

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## Intersection of Laws

- The ACA and Minnesota Medical Support Laws have some shared public policy objectives and some different points of view

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## Comparison of Laws

Affordable Care Act Law	Minnesota State Law
Obtain coverage	Obtain coverage and contribution
Enforce with tax consequences	Enforce by court action
Tax household relationships	Appropriateness of coverage (hierarchy of coverage)

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### Hierarchy of Coverage Differences

- Minnesota’s Medical Support Laws – prefer that one parent provides coverage after certain considerations
- ACA – Parent who claims the child on federal taxes must ensure the child is insured

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### MN Law - Hierarchy of Coverage

- Very, very simply stated (please read Minn. Stat. § 518A.41)
  - Child already covered – Continue that coverage unless someone requests otherwise
  - Child not covered – Who has coverage available?
    - One parent – That parent is ordered to cover
    - Both parents – The parent with more appropriate coverage is ordered to cover. If the same, preference for the custodial parent
  - Child receives PA – NCP must contribute towards the costs. Use the MinnesotaCare Premium Table to determine contribution

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### Cost of Coverage

- Cost is still a relevant consideration in both MN Law and the ACA
  - Under the ACA:
    - Different percentages**
    - Are applied to different measures of income**
    - For different purposes**

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## Cost of Coverage Comparison of Laws

	Percentage	Income	Purpose
Minnesota Law	5%	Gross Income	Order Coverage?
ACA-Individual	8%	Household Income	Avoid Penalty?
ACA-Large Employer	9.5%	Household Income	Employer Plan Affordable?

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## MN Law - Cost of Coverage

- Very, very simply stated (again, please read Minn. Stat. § 518A.41)
  - Contribution towards the premium
  - PICS %
  - Allocation based on situation for parent ordered to provide the coverage:
    - Parent has no additional cost to add child
      - No allocation
    - Parent has other children that will be covered
      - Allocation of full dependent share
    - Parent must enroll him or herself to get child covered
      - Allocation of dependent share only
- Contribution towards public coverage
  - MinnesotaCare Premium Table

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## Household Composition

- Household composition as considered in cost of coverage
  - MN Laws – Not relevant
    - Income of other people living in the household is not considered (i.e. new spouse, significant other, adult child living in the home)
  - ACA – Relevant
    - Income for all people living in the household is considered, including that of a new spouse, significant other, or adult child
    - Household size is important for the Advance Premium Tax Credits

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## What is a child?

- MN Laws
  - Child support (including medical support) continues until child turns 18 or 20 if still attending secondary school, with some limited exceptions
- ACA
  - Parent can provide coverage through age 25 for a “child”

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## What is a child? Continued

- If the court orders continued healthcare coverage through age 25
  - If a parent needs to enforce medical support after emancipation, they will have to do so outside of the IV-D child support system (thus outside of the Expedited Process)
  - The ACA does not change the IV-D requirement of having a “child” on the case (except when continuing to collect arrears)

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## QUESTIONS?

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