



## ***Complex Case Scenarios***

# ***Preventing Gaps in Health Care Coverage Mini-Series: Transitioning from Medicaid Coverage to Other Health Coverage***

***2018***

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# Transitioning from Medicaid Coverage to Other Health Coverage

## Agenda

- Transitioning from Medicaid coverage to a Marketplace plan
- Transitioning from Medicaid coverage to employer-sponsored coverage
- Transitioning from Medicaid coverage to Medicare coverage
- Key Takeaways

# Scenario



## Wally, 59 years old, single

- Wally works part-time, earning \$14,124. He applied for coverage through the Marketplace in 2017 and was determined eligible for Medicaid.
- In March 2018, Wally was promoted and now earns \$38,600 in 2018 (approximately \$3,208 per month). At this higher income level, Wally is no longer eligible for Medicaid.
- Wally is interested in learning more about his new health insurance options. He has an offer of coverage through his employer, but he also wants to know more about Marketplace coverage.

# Transitioning from Medicaid Coverage to Other Health Coverage

What health coverage options are available to Wally to avoid a gap in coverage?

Right now:

1. Marketplace plan
2. Employer-sponsored coverage (ESC)

In the future:

3. Medicare (at age 65)

# Option 1: Transitioning from Medicaid Coverage to Marketplace Coverage

- Wally should immediately report his change in income to the state Medicaid agency.
- If the Medicaid agency determines him no longer eligible for Medicaid, he will receive a notice, and his account will be transferred securely to the Marketplace.
- The Marketplace will send Wally a notice instructing him to log into HealthCare.gov to access his pre-populated application. He should complete the application and make any needed updates.
  - Note: If Wally does not wish to wait for the notice from the Marketplace, he should either a) complete a new Marketplace application for coverage or b) report a life change, if he already has a Marketplace application.
- Wally should report his offer of ESC to the Marketplace and continue through plan selection and enrollment, if otherwise eligible.

# Option 1: SEP

- Consumers who lose minimum essential coverage (MEC), such as most Medicaid coverage, qualify for a 60-day Special Enrollment Period (SEP) to enroll in coverage through the Marketplace outside of the annual Open Enrollment Period (OEP).
- This 60-day period begins the day consumers lose MEC.



# Option 1: Considerations

- Since Wally has an offer of ESC, he won't be eligible for financial assistance through the Marketplace unless his employer's offer of coverage does not meet affordability or minimum value standards.
- If Wally's offer of ESC meets the affordability and minimum value standards, it is important to help him explore whether or not selecting a Marketplace plan without financial assistance is a good option for him.
- If he decides to select a Marketplace plan, Wally should consider benefits, costs, and a plan that includes his provider(s) in its network and any medications he takes in its formulary.

# Option 1: Considerations (continued)

- If consumers have an offer of ESC that is either unaffordable or does not meet minimum value, the consumer (and any spouse or dependents) may be eligible to enroll in a Marketplace plan with financial assistance.
  - A plan is considered affordable if the employee's share of the annual premium for the lowest priced self-only plan is no greater than 9.56% of annual household income.
  - An employer plan generally meets the minimum value standard if the plan's share of the total allowed benefit costs covered by the plan is no less than 60% of such costs.
  - Consumers (including any spouse or dependent) are not eligible to receive a tax credit if they are enrolled in ESC, even if the ESC does not meet the affordability and minimum value standards.
- Consumers can ask their employer to complete the Employer Coverage Tool to help determine if their plan is affordable and meets minimum value: <https://www.healthcare.gov/downloads/employer-coverage-tool.pdf>



# Option 2: Transitioning from Medicaid Coverage to Employer-sponsored Coverage

- An offer of ESC does not affect Medicaid eligibility.
- In this scenario, Wally is losing eligibility for Medicaid coverage due to an increase in income.
- Some consumers may be eligible for both Medicaid and ESC depending on their income and household size.

## Employee benefits

Employee benefits are provided to employees in salaries. In instances where wages for some other form as a 'salary sacrifice' or 's

# Option 2: Considerations

- Medicaid beneficiaries may be unfamiliar with paying monthly premiums, out-of-pocket expenses, and high annual deductibles for medical services and medications.
- You can help consumers like Wally understand what costs they are responsible for, what costs the employer is responsible for, and what costs the plan will cover.

# Option 3: Transitioning from Medicaid Coverage to Medicare Coverage

- When Wally turns 65, he probably will become eligible for premium-free Medicare Part A, if he has sufficient “quarters of coverage.” At age 65, so long as Wally resides in the US and meets certain citizenship or lawfully presence requirements, he will become eligible for Medicare Part B, which has a premium. Part B enrollees can also pay for Part A coverage if they are not entitled to premium-free Part A.
- He can apply for and enroll in Medicare by visiting [Medicare.gov](https://www.Medicare.gov).



# Option 3: Medicare and Medicaid

- Even though Wally qualified for Medicaid because his state expanded coverage, once he turns 65, he may no longer be eligible under this Medicaid eligibility group.
- The new adult group, sometimes called the Medicaid expansion group, only covers adults up to age 65.
- If Wally had remained enrolled in Medicaid (for example, if his income had not increased due to his promotion), his eligibility for Medicaid would be reevaluated shortly before his 65th birthday to see if he may qualify for another Medicaid eligibility group.

# Option 3: Medicare and Medicaid (continued)

- When Wally becomes eligible for Medicare, depending on his income and assets, he may be eligible for coverage under Medicaid in addition to his new Medicare coverage.
- If he continues to be eligible for Medicaid while he is eligible for Medicare, he will be considered “dual-eligible.”
- Medicaid coverage may offer access to services that Medicare may not cover, including nursing facility care beyond the 100-day limit, prescription drugs, eyeglasses, and hearing aids.

# Option 3: Medicare and Medicaid (continued)

- Services covered by both programs paid for by Medicare first, then Medicaid pays the difference between the provider's allowable charge and Medicare's payment, up to the state's payment limit.
- If you have detailed questions about services Medicaid covers when an individual becomes eligible for Medicare, contact your local State Health Insurance Assistance Program (SHIP) office: <https://www.medicare.gov/contacts/>.

# Option 3: Medicare Savings Programs

- If Wally is not eligible for full Medicaid coverage, he may be eligible for help paying Medicare premiums and/or out-of-pocket costs through one of the following Medicare Savings Programs:
  - Qualified Medicare Beneficiary (QMB). Monthly income limit is 100 percent of the federal poverty level (FPL).
  - Specified Low-Income Medicare Beneficiary (SLMB). Monthly income limit is 120 percent FPL.
  - Qualifying Individual (QI). Monthly income limit is 135 percent FPL.

# Option 3: Medicare Savings Programs (continued)

- Every state Medicaid program must provide Medicare Savings Program assistance.
- For more information about Medicare Savings Programs, please visit:  
<https://www.medicare.gov/your-medicare-costs/help-paying-costs/medicare-savings-program/medicare-savings-programs.html>.



## Option 3: Medigap Plans

- Consumers can also enroll in a Medigap plan to cover gaps in services covered by Medicare Parts A and B.
- To find Medigap plans available in a specific state, please contact the state's Department of Insurance.

# Option 3: Medicare and Medicaid Providers

- Consumers with Medicare can see any Medicare provider and may be able to continue seeing their preferred provider under Medicaid if that provider is also a Medicare provider.
- To find a Medicare provider, consumers can use the following search tool:  
<http://www.medicare.gov/PhysicianCompare/search.html>.

# Option 3: Prescription Drug Costs

- Prescription drugs have different costs under Medicare.
- Beneficiaries should enroll in a Medicare Part D plan for prescription drug coverage and other services that are not covered by traditional Medicare (Parts A and B).
- Through a program called “Extra Help,” financial assistance may be available for low-income Medicare beneficiaries to help with their prescription drug costs. For more information about Extra Help, visit:  
<http://www.medicare.gov/your-medicare-costs/help-paying-costs/extra-help/level-of-extra-help.html>.

# Option 3: Medicare Coverage Options

- If consumers want more information about available Medicare coverage options, they can call 1-800-Medicare (1-800-633-4227) or use the Medicare plan finder: <https://www.medicare.gov/find-a-plan/>



# Key Takeaways

- Consumers who lose Medicaid coverage are eligible for a 60-day SEP to apply for Marketplace coverage, which begins the day the consumer's Medicaid coverage ends. Consumers can use this SEP to enroll in a Marketplace plan outside of the annual OEP.
- To avoid gaps in coverage, consumers should report changes to the Marketplace as soon as they occur and learn about effective dates and different coverage options.
- An offer of ESC does not affect Medicaid eligibility. Some consumers may be eligible for both Medicaid and ESC depending on their income and household size.

# Key Takeaways (continued)

- Consumers who lose Medicaid coverage may be eligible for financial assistance with a Marketplace plan if their annual household income is between 100 percent and 400 percent FPL and they are otherwise eligible.
- Some consumers who qualify for Medicaid because their state expanded coverage may no longer qualify for Medicaid under this new adult eligibility group once they turn 65. However, their state Medicaid agency will evaluate whether they may be eligible for Medicaid under another group, and they may be eligible for Medicare and a Medicare Savings Program.
- For consumers who qualify for both Medicare and Medicaid, Medicaid may cover services beyond those provided under Medicare.