



# PARENT/CARETAKER RELATIVE FEDERAL POVERTY LEVEL CHANGES FREQUENTLY ASKED QUESTIONS

EFFECTIVE APRIL 1, 2015

To align with federal requirements and to fully implement the Modified Adjusted Gross Income (MAGI) income conversion for this population, the Federal Poverty Level (FPL) income eligibility standard for the Parent/Caretaker Relative category will be changed from 107% FPL to 68% FPL. Section 1902(e)(14)(E) of the Affordable Care Act requires states to submit to the Secretary of the U.S. Department of Health and Human Services for approval its proposed MAGI-equivalent income eligibility standards and the methodologies and procedures that support those proposed standards, for each applicable eligibility group or "MAGI Conversion Plan." The Department obtained approval from the Centers for Medicare and Medicaid Services (CMS) through the State Plan Amendment (SPA) process for this change in August 2013. The approved converted income eligibility standards for each eligibility category are identified within each of the respective program SPAs. These can be located on CMS' website at Medicaid.gov. Implementation of the MAGI Conversion Plan was completed in two phases. The Department is currently working to update the rules to reflect this change and system changes have been made to reflect this change.

The effective date of the FPL change is April 1, 2015. A mass update for all Parent/Caretaker Relative cases will occur and the new FPL income eligibility standard will be applied at that time. If an individual is no longer eligible for any Medical Assistance program, the individual will receive a Notice of Action and may qualify for a special enrollment period through Connect for Health Colorado Marketplace due to a loss of Minimum Essential Coverage. Training has been provided for CBMS users by the Staff Development Center on March 16, 2015.

## **What does "MAGI income conversion" mean?**

In order to apply the MAGI-based methodology to eligibility categories, the income standards in place prior to the Affordable Care Act (ACA) are required to be converted to equivalent MAGI-based income eligibility standards. The MAGI income conversion methodology converts a state's net income standards to equivalent MAGI standards.



The conversion is done by taking the average disregard amount for all individuals within a range of FPL below the current net income standard and adding that amount to the current net income standard to produce the new MAGI standard. Colorado completed this conversion in accordance with federal CMS guidance.

### **What rules apply to MAGI Parent/Caretaker Relatives?**

The eligibility rules for Parents/Caretaker Relatives are based on [section 1931\(b\) of the Social Security Act](#). States converted their 1931 income eligibility thresholds based on Aid to Families with Dependent Children (AFDC) requirements. For an individual to be eligible under the Parent/Caretaker Relative category they must have a dependent child living in the home, have income at or below 68% FPL (effective as of April 1, 2015), and must be age 19 or older. Individuals on Medicare will not be denied for the Parent/Caretaker Relative category if they meet all other eligibility criteria for this category.

### **Will a 5% disregard be added to the 68% income threshold for the Parent/Caretaker Relative category?**

There will not be a 5% disregard applied to the 68% income threshold for the Parent/Caretaker Relative category. This disregard is a last step in determining eligibility when an individual exceeds the income limit for all potential eligibility categories. Please refer to the [Five Percent Income Disregard Frequently Asked Questions](#) (Colorado.gov/hcpf/ACAResources > Fact Sheets and Frequently Asked Questions) document for additional information.

### **Are parents and caretaker relatives between 69% and 107% FPL losing their eligibility for Medicaid?**

It is expected that a small percentage of parent and caretaker relatives will no longer be eligible for Medicaid. All parent and caretaker relatives will have their eligibility re-evaluated based on the new Parent/Caretaker Relative category FPL effective April 1, 2015. Those individuals that have income between 69% FPL to 107% FPL, who are **not** on Medicare, and are between ages 19-64 will move to the MAGI Adult category.

Individuals who are on Medicare may be eligible for Medicare Savings Programs (MSP), as long as they meet all other criteria. Please refer to [Colorado.gov/hcpf/medicare-savings-programs-msp](#) for more information about the Medicare Savings Programs.

If an individual is no longer eligible for any Medical Assistance program, the individual will receive a Notice of Action and may qualify for a special enrollment period through Connect for Health Colorado Marketplace due to a loss of Minimum Essential Coverage.



**What will be the annual renewal date for a parent or caretaker relative who transitions to MAGI Adult due to this income eligibility standard change?**

Individuals who transition to the MAGI Adult eligibility category from the Parent/Caretaker Relative category will keep their previous annual renewal date.

**Would parents and caretaker relatives who are no longer eligible for a Medicaid program due to this income eligibility standard change qualify for Transitional Medical Assistance?**

No, Parent/Caretaker Relatives will not qualify for Transitional Medical Assistance due to this income eligibility standard change. Transitional Medical Assistance is only available for individuals within the Parent/Caretaker Relative category who are no longer eligible due to an **increase in earned income** and who have been enrolled for 3 of the last 6 months.

**If a parent or caretaker relative is determined ineligible for any Medicaid program after this income standard change, when will their coverage end? When will the individuals be notified?**

Coverage will end April 30, 2015 for those individuals ineligible for any Medicaid program. In accordance with noticing requirements, if an individual is no longer eligible for any Medicaid program, the individual will receive a Notice of Action within the month of April 2015. These individuals may qualify for a special enrollment period through Connect for Health Colorado Marketplace due to a loss of Minimum Essential Coverage. The Department will continue to collaborate with Connect for Health Colorado to provide a list of all individuals who are no longer eligible for Medicaid to the Marketplace.

**On most of the income charts for MAGI programs effective prior to April 1, 2015, and in Colorado’s Medicaid rules ([8.100.4.G](#)), the Parents/Caretaker Relative category is currently listed as going up to 133% FPL. Why is this eligibility change reducing the eligibility level from 107% (not 133%) to 68%?**

Prior to April 1, 2015, the Medicaid category for Parents/Caretaker Relatives goes up to 107% FPL. The rules and income charts were demonstrating that an actual parent or caretaker relative may be eligible within the MAGI Adult category up to 133%. This has



been clarified with the rule change and the new income charts released effective April 1, 2015.

### **Will this change impact Colorado's federal match?**

No, there will be no impact to Colorado's federal match. With the SPA approved by CMS in August 2013, the state has already been receiving the enhanced match for populations between 69-107% FPL.

### **Why was April 1, 2015, chosen for the effective date?**

This was the soonest the change could be implemented in the system and it aligned with the yearly FPL changes.

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