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OFFICE OF INSPECTOR GENERAL

MOST STATES ANTICIPATED IMPLEMENTING STREAMLINED ELIGIBILITY AND ENROLLMENT BY 2014

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EXECUTIVE SUMMARY: MOST STATES ANTICIPATE IMPLEMENTING STREAMLINED ELIGIBILITY AND ENROLLMENT BY 2014
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WHY WE DID THIS STUDY

The Patient Protection and Affordable Care Act (ACA) requires the Secretary of Health and Human Services and States to streamline procedures for determining eligibility and enrolling applicants in State health subsidy programs (i.e., Medicaid, the Children's Health Insurance Program (CHIP), and State exchanges) by January 1, 2014. Specifically, section 1413 of the ACA requires changes to (1) eligibility and enrollment systems, (2) application forms, and (3) eligibility data sharing among State health subsidy programs. Given the complexity of the required changes, an assessment of States' readiness to implement the streamlined systems by the target date can provide useful information to the Centers for Medicare & Medicaid Services (CMS) and to States.

HOW WE DID THIS STUDY

In March and April 2012, we conducted a survey regarding States' readiness to implement streamlined eligibility and enrollment systems. We asked all 50 States and the District of Columbia (States) questions about (1) eligibility and enrollment systems, (2) application forms, and (3) eligibility data sharing. We also asked States about guidance they had received on how to achieve streamlined eligibility and enrollment requirements, and about how helpful it was.

WHAT WE FOUND

Of the 45 States that responded to the survey, 35 reported that they anticipate implementing streamlined eligibility and enrollment systems, streamlined application forms, and data sharing and matching by January 1, 2014. However, States reported challenges, such as implementing the requirements by the target date and upgrading outdated eligibility and enrollment systems. They described various funding issues related to implementing needed changes. States also reported needing information and guidance, particularly on the Secretary's application form, the planned Federal data services hub, and the calculation of Modified Adjusted Gross Income.

WHAT WE CONCLUDE

Although States generally anticipate implementing streamlined eligibility and enrollment by the target date, they reported needing information and guidance on a number of topics. CMS should continue to provide guidance to States as they prepare to implement the streamlined eligibility and enrollment systems. In its comments, CMS described its ongoing work with States to implement open enrollment for Medicaid, CHIP, and State exchanges since our survey responses were collected.

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OBJECTIVES

Based on State survey results as of March and April 2012, to determine the extent to which:

1. States anticipate implementing the streamlined eligibility and enrollment requirements of the Patient Protection and Affordable Care Act (ACA) by January 1, 2014; and
2. the Centers for Medicare & Medicaid Services' (CMS) guidance has helped States implement these requirements.

BACKGROUND

The ACA[1] increases access to health insurance by expanding existing programs and establishing new ones. The ACA authorizes States to expand eligibility for Medicaid to higher income individuals. An estimated 11 million additional beneficiaries will enroll in Medicaid and the Children's Health Insurance Program (CHIP) by 2022 because of these changes.[2] The ACA also requires the establishment of new State health benefit exchanges (State exchanges) in each State[3]—an estimated 26 million people will enroll in the State exchanges by 2022.[4] In this report, we will refer to Medicaid, CHIP, and the State exchanges collectively as "State health subsidy programs."[5]

Given the anticipated increases in enrollment for State health subsidy programs, the ACA also requires the establishment of streamlined eligibility and enrollment procedures that can accommodate a large volume of applicants and enroll applicants into the correct program.

[1] ACA (P.L. 111-148, enacted on March 23, 2010) was amended by the Health Care and Education Reconciliation Act of 2010 (P.L. 111-152, enacted on March 30, 2010). Together, these laws are referred to as the Affordable Care Act.

[2] Congressional Budget Office (CBO), *Estimates for the Insurance Coverage Provisions of the Affordable Care Act Updated for the Recent Supreme Court Decision*, July 2012, p. 13. Accessed at http://www.cbo.gov/ on July 30, 2012.

[3] ACA § 1311(b). The purpose of State exchanges is to establish a mechanism to help individuals and businesses find and purchase affordable health insurance. Under the ACA, States may establish their own exchanges or, if they choose not to, the Department of Health and Human Services (HHS) will operate exchanges for them. ACA § 1321(c). States can also elect to establish a partnership exchange, in which HHS and the State work together to operate different functions of the exchange. 77 Fed. Reg. 18310, 18325 (Mar. 27, 2010).

[4] CBO, *Health Insurance Exchanges: CBO's March 2012 Baseline*, March 13, 2012. Accessed at http://www.cbo.gov/ on January 25, 2013.

[5] ACA § 1413(e).

Streamlined Eligibility and Enrollment Requirements

Section 1413 of the ACA requires the Secretary of Health and Human Services (the Secretary) and the States to take certain actions related to streamlining application and enrollment procedures. Under section 1413, the Secretary must establish a system that would enable residents in each State to apply for and enroll in any of that State's health subsidy programs. The Secretary must develop a single, streamlined application form that all States may adopt and use.[6] Each State must develop a secure electronic interface for exchange of information among programs, and each State program must participate in data-matching agreements for obtaining eligibility information from various sources. In addition, section 2201 of the ACA requires State Medicaid and CHIP agencies to undertake certain coordination and simplification activities and to participate in and comply with the requirements for the system the Secretary establishes. The target date for State Medicaid participation in the streamlined system is January 1, 2014.[7] Section 1321 of the ACA also establishes January 1, 2014, as the target date for States that decide to operate exchanges to meet standards the Secretary sets, including eligibility and enrollment streamlining.[8]

Eligibility and Enrollment Systems. The Secretary must establish a system in which residents of each State can apply for enrollment, receive a determination of eligibility, and participate in applicable State health subsidy programs.[9] This system should automatically enroll individuals who apply for any State health subsidy program in the correct program. For example, if an individual applies for Medicaid, but is found ineligible, the system should automatically determine whether he or she meets the eligibility requirements for CHIP (or another State health subsidy program). If the system determines that the individual is eligible for CHIP, it should enroll him or her in that program without requiring an additional application.

Application Forms. Section 1413 of the ACA directs the Secretary to develop and provide to all States a single streamlined form that may be used to apply for coverage through Medicaid, CHIP, and the exchanges.[10] The form must be:

- used to apply for enrollment in all State health subsidy programs;
- filed online, in person, by mail, by telephone, or by facsimile;

[6] CMS plans to release the final version of the Secretary's application form in 2013.

[7] ACA § 2201 adds § 1943 to the Social Security Act to require that a State implement enrollment simplification and coordination among Medicaid, CHIP, and the State exchanges; § 1943(b)(3) in particular requires State Medicaid and CHIP agencies to participate in and comply with the requirements for systems established under ACA § 1413.

[8] ACA § 1321(b).

[9] ACA § 1413(a).

[10] ACA § 1413(b).

- filed with any of a State's health subsidy programs; and
- completed easily by applicants.[11]

A State may use the application form that the Secretary is developing or develop its own form consistent with standards promulgated by the Secretary. On January 28, 2013, CMS released materials related to the Secretary's form, including a list of questions and the business logic that will be contained in the online application, a paper version of the form, and videos depicting the application process. These materials were available for public comment through February 28, 2013.

Eligibility Data Sharing. Section 1413 establishes an eligibility data-sharing requirement with three parts. The first part requires that each State develop a secure electronic interface that allows sharing of eligibility data among all of its health subsidy programs to coordinate and verify information regarding an applicant's eligibility.[12] Each State's secure electronic interface must allow a determination of eligibility for all the State health subsidy programs based on the information provided on the application form. The second part requires that, to the maximum extent practicable, each State health subsidy program establish, verify, and update eligibility using data-matching arrangements with other agencies within the State and determine applicant eligibility on the basis of reliable third-party data (e.g., wage, employment, and income databases; [13] State vital records information; and Express Lane agencies[14]). The third part requires that States establish data-sharing agreements with SSA, IRS, and the Department of Homeland Security (DHS).[15]

In *Guidance for Exchange and Medicaid Information Technology (IT) Systems Version 2.0*, released in May 2011, CMS describes its plans for a Federal data services hub to assist States with verifying citizenship, immigration, and tax information with SSA, IRS, and DHS. CMS plans for the hub to support the delivery of information to State health subsidy programs.

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[11] ACA § 1413(b). In a proposed Medicaid and CHIP rule, CMS indicated that it would address the readability and accessibility of applications, forms, and other communications in future guidance. 76 Fed. Reg. 51161 (Aug. 17, 2011). As of July 2012, CMS had not published a final rule regarding the readability and accessibility of applications, forms, and other communications.

[12] ACA § 1413(c).

[13] These databases could include State unemployment compensation agencies' databases, Social Security Administration (SSA) and Internal Revenue Service (IRS) databases, and National Directory of New Hires databases.

[14] An Express Lane agency is defined by section 1902(e)(13)(F)(i) of the Social Security Act as "a public agency that (I) is determined by the State Medicaid agency or the State CHIP agency (as applicable) to be capable of making the determinations of one or more eligibility requirements…." Express Lane agencies vary by State, but often include Women, Infants, and Children Program agencies; Supplemental Nutrition Assistance Program agencies; Temporary Assistance for Needy Families agencies; and other public assistance agencies.

[15] ACA § 1413(c); 76 Fed. Reg. 51164 (Aug. 17, 2011).

Guidance to States

CMS has released numerous guidance documents related to streamlined eligibility and enrollment systems, including letters to State officials, informational bulletins, grant announcements, proposed and final rules, IT guidance and supplements, and question-and-answer documents. Additionally, CMS has hosted conference calls, Webinars, and a national conference on eligibility and enrollment.[16] At the conclusion of our analysis, the guidance documents released included among others:

- *Guidance for Exchange and Medicaid Information Technology (IT) Systems Version 1.0*—describing how information technology systems should support and enable business operations and processes for health care coverage through State exchanges and Medicaid.[17]
- *Guidance for Exchange and Medicaid Information Technology (IT) Systems Version 2.0*—establishing a framework and approach for developing IT systems.[18]
- *Medicaid Program; Eligibility Changes Under the Affordable Care Act of 2010*—publishing final rules regarding Medicaid and CHIP eligibility and enrollment requirements under the ACA.[19]
- *Supporting Statement for Data Collection to Support Eligibility Determinations for Insurance Affordability Programs and Enrollment through Affordable Insurance Exchanges, Medicaid and Children's Health Insurance Program Agencies*—presenting information on the data elements planned for inclusion in the Secretary's single streamlined application form.[20]

Funding for Streamlined Eligibility and Enrollment Systems

Enhanced Federal Medicaid Matching Funds for Eligibility and Enrollment System Upgrades. CMS amended its regulations to make enhanced Federal financial participation available to State Medicaid programs for activities related

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[16] CMS hosted a national conference on Medicaid and CHIP eligibility and enrollment in September 2011, entitled *On the Road to 2014: Medicaid and Children's Health Insurance Program (CHIP) Eligibility and Enrollment.*

[17] CMS, *Guidance for Exchange and Medicaid Information Technology (IT) Systems Version 1.0,* November 3, 2010. Accessed at https://www.cms.gov/ on August 31, 2011.

[18] CMS, *Guidance for Exchange and Medicaid Information Technology (IT) Systems Version 2.0,* May 2011. Accessed at http://www.medicaid.gov on July 11, 2012.

[19] 77 Fed. Reg. 17143 (Mar. 23, 2012).

[20] CMS, *Supporting Statement for Data Collection to Support Eligibility Determinations for Insurance Affordability Programs and Enrollment through Affordable Insurance Exchanges, Medicaid and Children's Health Insurance Program Agencies; Appendix A: Data Elements for Application to Support Eligibility Determinations for Enrollment through Affordable Insurance Exchanges, Medicaid and Children's Health Insurance Program Agencies,* July 9, 2012. Accessed at http://www.medicaid.gov on July 11, 2012.

to eligibility determination systems.[21] Under the amended regulations, approved States will receive a Federal matching rate of 90 percent of a State's costs for design, development, installation, or enhancement of eligibility and enrollment systems until December 31, 2015. States will receive 75-percent matching Federal funds to assist in operating such systems.[22]

State Planning and Establishment Grants. State Planning and Establishment grants are available to all 50 States and the District of Columbia (States) for planning and establishing State exchanges.[23] States may use these funds in a variety of ways, including to assess current information technology systems; determine the statutory and administrative changes needed to build exchanges; and coordinate streamlined eligibility and enrollment systems across State health programs, including Medicaid and CHIP.

METHODOLOGY

We conducted an online survey in March and April 2012 to assess States' readiness to implement streamlined eligibility and enrollment requirements. We asked the States to respond to the survey, which was structured around the three main requirements of section 1413: (1) development of an eligibility and enrollment system, (2) application forms, and (3) eligibility data sharing. We also asked States about the guidance they had received on streamlined eligibility and enrollment requirements and about how helpful it was.

Data Collection and Analysis

Identification of Contacts. We requested from CMS a list of contacts knowledgeable about the States' efforts to implement streamlined eligibility and enrollment. In response, CMS provided contact information for each State Medicaid Director. We sent a letter to each State Medicaid Director requesting that a contact person knowledgeable about the State's efforts to implement streamlined eligibility and enrollment respond to our survey. In some cases, the contact people identified by the State Medicaid Directors were not employed by the State Medicaid agencies. For example, some States have set up offices specifically to coordinate implementation of ACA-related initiatives; in each of those States, we were referred to a contact person in that office. We created a database of the designated contacts, including names, telephone numbers, and email addresses.

[21] 76 Fed. Reg. 21950 (Apr. 19, 2011).

[22] Ibid.

[23] Office of Consumer Information and Insurance Oversight, *State Planning and Establishment Grants for the Affordable Care Act's Exchanges, Funding Opportunity Number: IE-HBE-10-001*, July 29, 2010. In September 2010, CMS announced that it had awarded State Planning and Establishment grants to 48 States and the District of Columbia. Alaska and Minnesota did not apply for the grant.

Data Collection and Response Rate. We sent an email asking the designated contact for each State to respond to the online survey. If a contact did not respond to the email, we sent a followup email asking for a response. If a contact did not respond to the followup email, we contacted him or her again by telephone and email. After 1 month of followup, we had not received survey responses from six States, which we considered to be nonresponders: Connecticut, Louisiana, Massachusetts, Missouri, Utah,[24] and Wisconsin.[25] We received responses from 45 States, for a response rate of 88 percent. However, the 45 responding States did not necessarily answer every question. At least 39 States responded to every question that required a response.

Online Survey and Analysis of Responses. The online survey focused on actions that States have taken or are planning to take to implement streamlined eligibility and enrollment. Additionally, the survey inquired as to whether each State anticipated implementing streamlined eligibility and enrollment procedures by January 1, 2014, the target date for State Medicaid programs and exchanges to conform to requirements for the Secretary's streamlined system.[26] Finally, the survey asked States about the guidance they had received from CMS and about whether they found it helpful.

Limitations

The data presented in our findings reflect States' responses to our survey; we did not verify responses.

Survey responses were received from March 8 to April 30, 2012. CMS has since issued additional program and policy guidance on State options for structuring and implementing exchanges and eligibility systems. States may have responded differently had they completed our survey after CMS issued guidance on these matters.

Our findings reflect States' assessments, as of March–April 2012, of their own readiness to implement streamlined eligibility and enrollment procedures.

Standards

This study was conducted in accordance with the *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency.

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[24] State officials stated that because Utah implemented many reforms to its State health care programs before the ACA was enacted, they were unable to respond to our survey questions as they were worded.

[25] These six States represented less than 5 percent of national Medicaid enrollment at the end of 2010. Kaiser Commission on Medicaid and the Uninsured, *Monthly Medicaid Enrollment (in thousands)*, December 2010. Accessed at www.statehealthfacts.org on August 21, 2012.

[26] Under ACA § 2201, State Medicaid and CHIP programs must participate in and comply with HHS requirements for a streamlined enrollment system by January 1, 2014. Under ACA § 1321, States electing to operate exchanges would have to take certain initial steps by January 1, 2014.

FINDINGS

Thirty-five States reported that they anticipate implementing all streamlined eligibility and enrollment requirements by January 1, 2014

Of the 45 States that responded to the online survey, 35 reported that they anticipate implementing all of the following: streamlined eligibility and enrollment systems, streamlined application forms, and data sharing and matching.[27] Table 1 provides an overview of States' responses related to each of the requirements.

Table 1: State Responses Regarding Streamlined Eligibility and Enrollment Requirements

Type of Requirement	Yes	No	No Response
All Requirements			
States that anticipate implementing streamlined eligibility and enrollment systems, streamlined application forms, and data sharing and matching by January 1, 2014	35	9	7
Eligibility and Enrollment Systems			
States that anticipate having systems that meet requirements related to eligibility and enrollment systems by January 1, 2014	38	5	8
Application Forms			
States that anticipate having application forms that meet requirements by January 1, 2014	40	2	9
Data Sharing and Matching			
States that anticipate implementing all eligibility data sharing and matching requirements	37	5	9
States that anticipate having secure electronic interfaces that meet requirements by January 1, 2014	37	5	9
States that anticipate having data sharing and matching agreements that meet requirements by January 1, 2014	40	2	9

Source: Office of Inspector General (OIG) analysis of State survey responses, 2012.

In April 2012, 38 States anticipated having eligibility and enrollment systems that meet requirements

Five States did not anticipate having systems that can determine eligibility for and enroll applicants in applicable State health subsidy programs by January 1, 2014. These States are Florida, Idaho, Nebraska, New Hampshire, and Oklahoma. When asked for further information, three of these States explained why they did not anticipate having such systems.[28] Nebraska explained that it would take 2 to 4 years to implement a system that would meet all of the requirements. New

[27] See Appendix A for the number of States responding to each survey question.

[28] The other two States did not explain why they did not anticipate having systems that met the requirements by the target date.

Hampshire explained that it was having difficulty obtaining funding to make the necessary system changes. Oklahoma explained that the State's Medicaid eligibility system was being enhanced where possible; however, staff were not certain that the system would meet the requirements by that time.

In April 2012, 40 States anticipated having application forms that meet the streamlined eligibility and enrollment requirements

States may create their own streamlined application forms consistent with standards promulgated by the Secretary or adopt the application form that the Secretary is developing. In April 2012, 40 States anticipated having forms that would satisfy the Secretary's requirements by January 1, 2014. Thirty of these forty States were unsure whether they would develop State-specific forms or use the form the Secretary is developing. Of the remaining 10 States, 6 will use the form the Secretary is developing and 4 will create their own. Finally, two States explained that they did not have enough information to determine whether they would have compliant forms.

In April 2012, 37 States anticipated implementing all three eligibility data-sharing requirements

In April 2012, 37 States anticipated implementing all three eligibility data-sharing requirements by January 1, 2014; varying numbers of States anticipated implementing individual requirements.[29] Thirty-two States indicated that, by January 1, 2014, their planned electronic interfaces will allow determinations of eligibility for all of their health subsidy programs based on the information provided on the single application form. Seven States indicated that their planned electronic interfaces will not allow determinations of eligibility for all State health subsidy programs based on the single application form. These States explained that they did not have enough information to state with certainty what their planned electronic interfaces would be capable of by January 1, 2014.[30]

The ACA requires States to share data among all of their health subsidy programs to determine Medicaid eligibility and to match data with SSA, IRS, and DHS. Forty States anticipated having data sharing and matching agreements that meet the streamlined eligibility and enrollment requirements by January 1, 2014. Thirty-four States indicated that they currently have data-sharing agreements with at least one other agency within the State; however, the agencies with which these agreements existed differed among States (see Table 2).

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[29] See Table 1, Data Sharing and Matching.

[30] One of these seven States did not comment specifically on this question but, in other responses, indicated that difficulties with gaining access to funding were impeding its progress with planning and implementing all the streamlined eligibility and enrollment requirements and making State staff uncertain whether they could meet the January 1, 2014, target date.

Table 2: States' Data-Sharing Agreements With Other State Agencies

Agency	Number of States With Data-Sharing Agreements
Temporary Assistance for Needy Families	28
Vital Records Department	27
Supplemental Nutrition Assistance Program	27

Source: OIG analysis of State online survey responses, 2012.

Thirty-one States indicated that they currently have data-matching agreements with at least one of the required Federal agencies (see Table 3).

Table 3: States' Data-Matching Agreements With Federal Agencies

Agency	Number of States With Data-Matching Agreements
SSA	31
IRS	20
DHS	13

Source: OIG analysis of State online survey responses, 2012.

States reported challenges and areas where further Federal guidance is needed

Although States generally indicated that they will meet streamlined eligibility and enrollment requirements by January 1, 2014, they also reported encountering challenges. These included the difficulty of meeting the implementation target date, outdated eligibility and enrollment systems, and lack of funds to implement streamlined eligibility and enrollment systems. States found CMS guidance on streamlined eligibility and enrollment helpful. However, they reported needing further guidance on a number of subjects, including the Secretary's application form and the planned Federal data hub.

States reported three main challenges to implementing streamlined eligibility and enrollment systems

These challenges were the difficulty of meeting the target date, outdated eligibility and enrollment systems, and lack of funds to implement streamlined eligibility and enrollment systems.

Implementing the ACA requirements by January 1, 2014, was the challenge that States most frequently reported. Twenty-six States indicated that implementing systems that meet streamlined eligibility and enrollment requirements by that date would be difficult because of the complexity of the systems required.

Eleven States reported that having outdated eligibility and enrollment systems was a challenge. These States described their existing eligibility systems as being

decades old and lacking the functionality needed to implement streamlined eligibility requirements. One State summed up both of these challenges, stating, "Without a prior online system, we are having to create something from scratch. Creating both the policy and technical capacity in such a short timeframe, with inadequate Federal guidance, is the biggest hurdle."

The third commonly reported challenge was lack of funds and delay in receiving Federal funds. States also reported that slow authorization processes for State funds approval were challenging. For instance, one State reported that "[D]iscussions are still occurring in the [State] legislature and we do not yet have spending authority for our … grant."[31] This State received its State Planning and Establishment grant award from CMS on September 30, 2010, and responded to our survey in March 2012. Thus, a year and a half had elapsed while the State was unable to spend its grant funds because of the continuing discussions in its legislature. States reported other challenges as well; see Appendix B for a complete list.

In April 2012, States reported finding CMS guidance helpful; however, they needed further guidance on a number of subjects

In April 2012, 38 States reported finding the CMS guidance they had received helpful as they prepared to implement the streamlined eligibility and enrollment systems. However, many States indicated that they need further guidance on various subjects. As previously noted, CMS has released additional guidance since the completion of our survey; this guidance may have fulfilled States' reported needs.

Sixteen States reported needing further information about the format and appearance of the Secretary's application form. One State said, "It is difficult to answer … questions, let alone plan on [sic] as the secretary-developed form has not yet been released to States." CMS released draft application materials for public comment in January 2013, and plans to release the final version of the Secretary's application form later in 2013.

Fourteen States reported needing more information about the planned Federal data services hub. States reported needing to know how they will access the planned hub and what information will be available through it. As one State expressed, "Until we have clear guidance from CMS on the Federal data hub and what

[31] This State was referencing its State Planning and Establishment grant. These grant funds were for a variety of purposes related to planning and establishing State exchanges, including coordinating streamlined eligibility and enrollment systems across State health subsidy programs. Office of Consumer Information and Insurance Oversight, *State Planning and Establishment Grants for the Affordable Care Act's Exchanges, Funding Opportunity Number: IE-HBE-10-001*, July 29, 2010.

information will be available through the hub, it is difficult to determine what other [data sharing agreements] need to be established."

Ten States reported needing additional and more specific guidance on the Modified Adjusted Gross Income (MAGI) requirements, particularly on MAGI conversion, determining household composition, and calculating income (see Table 4).[32]

Table 4: Subjects on Which States Reported Needing Further Guidance*

Subject	Number of States
Format and appearance of the Secretary's application form	16
How to use the Federal data services hub	14
MAGI final rules, income standards, calculation methodology	10
Interface between State exchange and Federal hub	9
Data elements available through the Federal data services hub and required on the Secretary's application form	7
Eligibility and enrollment systems for Federal and partnership exchanges**	5
How to determine and claim Federal Medical Assistance Percentage correctly†	4
Standards for making real-time eligibility decisions	3
Data matching with IRS	3
Federal exchanges for States that have chosen not to run State exchanges	2
Coordinating various application requirements and processing timeframes among State health subsidy programs	1
National Information Exchange Model††	1
Reasonable compatibility between self-attested information and data sources	1

Source: OIG analysis of State online survey responses, 2012.

* These subjects are also listed in Appendix A because States described the lack of guidance on these subjects as challenges to implementation of streamlined eligibility and enrollment.

** In a partnership exchange, the State and HHS work together to operate the exchange.

† Federal Medical Assistance Percentages are used to determine the Federal matching funds rates for certain State medical and social service programs, including Medicaid.

†† The National Information Exchange Model is a seamless, standards-based, interoperable model for data exchange among government agencies.

[32] The ACA requires the simplification of financial eligibility by using MAGI, a single standard to determine eligibility for most Medicaid and CHIP enrollees. In the March 2012 final rules on changes to Medicaid and CHIP eligibility, CMS gives definitions and methodologies related to calculating MAGI. 77 Fed. Reg. 17143 (Mar. 23, 2012). See also National Medicare Training Program, *Module 12: Medicaid & the Children's Health Insurance Program (CHIP)*. Accessed at https://www.cms.gov on June 29, 2012.

CONCLUSION

Of the 45 States that responded to the online survey, 35 reported that they anticipate implementing all of the following by January 1, 2014: streamlined eligibility and enrollment systems, streamlined application forms, and data sharing and matching. However, we collected the responses before additional CMS program and policy guidance was issued, including guidance on any implications of the Supreme Court's decision regarding Medicaid program requirements. States' responses may have been different had they completed the survey after this information became available. States reported significant challenges with issues such as implementing the requirements by the target date, upgrading outdated eligibility and enrollment systems, and obtaining funding to implement needed changes. States reported needing information and guidance, particularly on the Secretary's application form, the planned Federal data services hub, and MAGI. We conclude that CMS should continue to provide guidance to States as they prepare to implement streamlined eligibility and enrollment systems.

AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In its comments, CMS described steps that it has taken, since we collected our survey responses, to help States implement open enrollment for Medicaid, CHIP, and State exchanges. CMS described actions it has taken in each of the following areas: eligibility and enrollment systems development, streamlined application form development, the Federal data services hub, State operations and technical assistance and operational tools, and exchange grants and federally facilitated exchange development. We recognize CMS's commitment to guiding and assisting States in implementing streamlined eligibility and enrollment systems.

APPENDIX A

We asked all 50 States and the District of Columbia (States) to respond to an online survey. The 45 States that responded did not always answer every question. The table below shows the number of States responding to each question. The questions have been paraphrased for the sake of brevity.

Number of States Responding to Selected Survey Questions

Survey Question	Responding	Not Responding
All Requirements		
States that anticipate implementing all three types of streamlined eligibility and enrollment requirements by January 1, 2014*	44	7
Eligibility and Enrollment Systems		
Do you anticipate having a system that meets all requirements of section 1413 related to eligibility and enrollment systems by January 1, 2014?	43	8
Application Forms		
Do you anticipate having an application form that meets the requirements of section 1413 by January 1, 2014?	42	9
Have you decided whether you will develop a State-specific application form or use the Secretary's application form?	40	11
Will you develop a State-specific application form or use the Secretary's application form?**	10	0
Data Sharing and Matching		
States that anticipate implementing all eligibility data sharing and matching requirements*	42	9
Do you anticipate having a secure electronic interface that meets the requirements of section 1413 by January 1, 2014?	42	9
Do you anticipate having data sharing and matching agreements that meet the requirements of section 1413 by January 1, 2014?	42	9
Will your planned electronic interface allow determinations of eligibility for all of the State's health subsidy programs based on the information provided on the single application form?	39	12
With which other agencies within the State do you currently have data-sharing agreements?	40	11
With which Federal agencies do you currently have data-sharing agreements?	41	10
Challenges		
States that reported encountering challenges in implementing the streamlined eligibility and enrollment requirements*	45	6
Guidance		
Have you found the guidance available to date regarding implementation of streamlined eligibility and enrollment requirements helpful?	43	10
States that reported needing additional guidance to progress toward implementation of the streamlined eligibility and enrollment requirements in section 1413*	45	6

*These rows represent the total responses to multiple questions in the online survey.

**Only the States that had decided whether to develop State-specific applications or to use the Secretary's form were asked this question.

Source: Office of Inspector General analysis of State survey responses, 2012.

APPENDIX B

We asked all 50 States and the District of Columbia (States) to respond to an online survey. Responding States reported numerous challenges in implementing streamlined eligibility and enrollment requirements, including the need for guidance and information on a number of subjects. A categorized list of the reported challenges follows.

State-Reported Challenges To Implementing Streamlined Eligibility and Enrollment Requirements

Challenge	Number of States Reporting
Eligibility and Enrollment Systems/Technical Issues	
Difficulty of improving outdated systems to implement requirements	11
Need for standards for making real-time eligibility decisions	3
Shortage of vendors to build new systems	2
Insufficient Internet/network bandwidth to implement system upgrades	1
Complexity of Requirements	
Difficulty of collecting needed information in a simple streamlined form	10
Difficulty of interfacing between State exchange and Federal hub	9
Difficulty of requesting information to determine eligibility for different populations and programs (e.g., Modified Adjusted Gross Income (MAGI) and non-MAGI)	5
Coordinating varying application requirements and processing timeframes among State programs	1
Effects on State Operations	
Influx of enrollees	9
Need for extensive staff training on new eligibility and enrollment system	6
Greater State assistance needed for applicants who cannot apply online	3
Changing mindset/culture of State staff from paper-based application process to online application and enrollment	2
Reduction of available jobs for State/county workers because of increased efficiency of improved eligibility system	1
Data Needs	
Need for information on data elements available through the Federal data services hub and required on the Secretary's application form	7
Need for information on data that will be available through Internal Revenue Service data matching	1
Renegotiating data-sharing agreements	1
Guidance	
Insufficient guidance overall	27
Format and appearance of the Secretary's application form	16
How to use the Federal data services hub	14
MAGI final rules, income standards, calculation methodology	10
Need for information on eligibility and enrollment systems for Federal and hybrid exchanges	5
Need for information on how to determine and claim Federal Medical Assistance Percentage correctly	4
Need for information regarding Federal exchanges for States that have chosen not to run State exchanges	2
Delay in Federal review of documents	2
Need for information on National Information Exchange Management	1
Need for information regarding reasonable compatibility between self-attested information and data sources	1

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State-Reported Challenges To Implementing Streamlined Eligibility and Enrollment Requirements (Continued)

Challenge	Number of States Reporting
Funding	
Difficulty in allocating funds	6
Lack of funds	6
Delay in receiving funds from Federal Government	2
Legislative and Policy Concerns	
Slow/difficult approval process within State legislatures	6
Need for resolution of legal uncertainty	3
Conflict between less stringent new Federal eligibility policies and more stringent State eligibility policies	3
Policy conflicts and increased burden on State and consumers stemming from the streamlining of Medicaid but not other public assistance programs	1
Timeframes	
Aggressive timeframes	26
Not enough time to train staff	4

Source: Office of Inspector General analysis of State survey responses, 2012.

APPENDIX C

Agency Comments

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

Office of the Administrator
Washington, DC 20201

DATE: DEC 2 0 2012

TO: Daniel R. Levinson
Inspector General

FROM: Marilyn Tavenner /S/
Acting Administrator

SUBJECT: Office of Inspector General (OIG) Draft Report: "Most States Anticipate Implementing Streamlined Eligibility and Enrollment by 2014" (OEI-07-10-00530)

The Centers for Medicare &Medicaid Services (CMS) has reviewed the above mentioned draft OIG report. While we do not have substantive or technical comments on the findings in the report, given the timing of the survey of states that was conducted, we would like to provide some further information and context for CMS's collective work with states to implement the changes needed to be ready for open enrollment for the Exchange, Medicaid and the Children's Health Insurance Program (CHIP) in October 2013.

The OIG's report assesses the status of states' plans and efforts underway to meet the requirements of section 1413 of the Affordable Care Act, which involves changes to states' eligibility and enrollment systems; application forms; and eligibility data sharing capabilities across programs. OIG conducted a survey of states in April 2012 to assess their readiness to implement these changes and also reviewed the guidance that CMS has provided to date. The report notes that states indicated areas where additional federal guidance is needed. Since that time, CMS has been engaged in a range of activities to assist states so that they will be ready for 2014.

We appreciate OIG's efforts to identify the key areas of implementation that are critical to achieving readiness for 2014 and agree that CMS plays an important role in assisting states, through guidance and other technical assistance efforts, in meeting this timeframe. In many states, readiness is being achieved through the work of many agencies, including Exchanges, Medicaid and CHIP entities. As such, CMS has tailored its technical assistance and support activities according to the agencies engaged in each state.

Following is an overview of the work that is currently underway to ensure that states and the federal government have the systems and policy tools in place to begin enrollment in October 2013. Additionally, on December 10, 2012, the Department of Health and Human Services (HHS) announced the conditional approval of six states that applied early and are on track to meet all Exchange deadlines in order to setup their own state-based Exchange. These early approval states include: Colorado, Connecticut, Massachusetts, Maryland, Oregon, and Washington.

Agency Comments (Continued)

Eligibility and Enrollment Systems Development

In conjunction with the passage of Affordable Care Act, CMS released a proposed rule in November 2010 to provide the opportunity for states to receive an increased, 90 percent federal matching rate for design and development of new or improved eligibility and enrollment systems. The authority for this "90/10" funding became final in April 2011 and is available to states, upon meeting certain standards and conditions, until December 31, 2015. Since then, CMS has been working in close partnership with states to develop advance planning documents and the other elements necessary to secure and draw down these enhanced federal matching funds for purposes of building new or modernizing existing systems. To date, 49 states have been approved for $2,052,554,856 in federal funding in support of these efforts.

In addition to the funding that is available, CMS engages in monthly conversations with every state through the State Operations and Technical Assistance (SOTA) process (discussed below) to ensure that the appropriate progress is being made and has held several webinars on systems accelerators. Less formal conversations take place even more frequently at the staff level.

The CMS has been actively identifying ways to accelerate eligibility system development and maximize state and federal investments through a variety of strategies. For example, our regulations direct states' eligibility systems be developed in a modular and interoperable way that integrates system artifacts from other states, and the regulations also direct states to share with their peers. To support that collaboration and reuse, CMS administers the Collaborative Application Lifecycle Tool (CALT) where states share eligibility system artifacts with each other, including computer code. States (and their vendors) can access each other's process flows, actual system requirements, decision rules, contingency plans, etc. to accelerate their own development cycle and save time and resources. CMS offers very targeted technical assistance to states to identify system artifacts that match their needs and is also creating a toolkit for states that are behind schedule to meet the open enrollment deadline. We have also brought on two HHS Innovation Fellows through support from the HHS Chief Technology Officer to leverage the technology we are building for the federally-facilitated Exchange to create an "eligibility verification as a service" product that states and/or vendors could adopt and therefore also save time and resources. This concentrated focus on reuse, information sharing, leveraging technology and intensive technical assistance is meant to bring all states to the open enrollment period having met all of the critical success factors.

The systems development lifecycle has been divided into four stages, known as "gates." CMS's Center for Consumer Information and Insurance Oversight and Center for Medicaid and CHIP Services conducts reviews with states at each stage to ensure that the project is progressing as planned, and have completed more than 80 "gate reviews" to date. In addition to charting progress, the "gate reviews" provide opportunities for CMS to suggest partnerships with other states and to suggest resources that are available in the CALT shared learning environment for reuse and to maximize information sharing. The four categories of gate reviews include:

Agency Comments (Continued)

1. **Architecture Review.** During an architectural review, the business needs are assessed to ensure they are sound and conform to the target architecture including Exchange Reference Architecture, Medicaid Information Technology Architecture (MITA) and the seven conditions and standards:
   - A modular, flexible approach to systems development;
   - Align to, and advance increasingly, in MITA maturity for business, architecture, and data;
   - Ensure alignment with, and incorporation of, industry standards;
   - Promote sharing, leverage, and reuse of Medicaid technologies and systems within and among states;
   - Support accurate and timely processing and adjudications/eligibility determinations and effective communications with providers, beneficiaries, and the public;
   - Produce transaction data, reports, and performance information that would contribute to program evaluation, continuous improvement in business operations, and transparency and accountability; and
   - Ensure seamless coordination and integration with the Exchange, and allow interoperability with other entities.

   Through the review of artifacts including a Concept of Operations, business process models, and acquisition strategy, key next steps towards progress in the planning and subsequent phases can be determined.

2. **Project Baseline Review (PBR).** During the initiation and planning phase which is assessed at the PBR, the business owner(s) of an Exchange and Medicaid/CHIP eligibility and enrollment system identifies what the project is intended to accomplish and presents the plans for achieving the business goals and objectives. Key activities are reviewed using artifacts including the project management plan, project schedule, risk management plan, alternatives analysis, and performance measurement plan.

3. **Final Detailed Design Review.** At this gate, verification that the detailed design satisfies the requirements of the project, conforms to required architecture and complies with the seven conditions and standards is validated. During this review, artifacts (including a systems design document, business requirements and rules, and interface control documents) are reviewed to determine validation to project requirements.

4. **Operational Readiness Review (ORR).** The primary purpose of the ORR is to determine if the solution is ready for deployment into a production environment and ready to support business operations. This final determination ensures that the completed information technology (IT) solution or automated system/application has been developed, tested, validated, and verified, and is ready for release into a production environment for sustained operations and maintenance support. Examining test results, the contingency/recovery plan, and performing an actual system test along with review of other artifacts determine the readiness of the solution to move to production.

Agency Comments (Continued)

Single Streamlined Application Development

One of the key elements of section 1413 of the Affordable Care Act is the provision directing the Secretary of HHS to develop a single, streamlined application form that can be used to apply for coverage through Medicaid, CHIP and the Affordable Insurance Exchanges. As noted in OIG's report, states have the opportunity to use the application form that the Secretary provides, or to develop an alternative form and submit it to CMS for review and approval. CMS has been working for over a year on developing an on-line as well as a paper version of the single, streamlined application and has released information on a rolling basis as it has become available.

The process began with consultation with states and stakeholders and comprehensive review of the information that the application would need to solicit in order for a determination of eligibility to be made for the premium tax credit, Medicaid and CHIP. In July 2012, as part of compliance with the Paperwork Reduction Act (PRA) requirements regarding collection of information from states and individuals, CMS published a notice in the Federal Register outlining the initial data elements that will be included in the streamlined application. The data elements were available for public comment for a period of 60 days, and CMS conducted several webinars and calls with states to provide an overview of the data elements, answer questions, and solicit feedback. CMS received over 60 comments from states and other stakeholders through the PRA process that have helped inform our ongoing development work on the application.

In September 2012, CMS shared a second version of the application data elements with states as part of the package of information related to development of the Federally-facilitated Exchange (FFE). The data elements were specifically included in the "Account Transfer Business Service Definition" document for the FFE.

During this entire period, CMS has been conducting consumer testing on versions of the application throughout the country. CMS is currently in the process of engaging state and stakeholders to solicit additional feedback on the next iteration of the single, streamlined application. This process includes a series of webinars presenting findings of the consumer research, a video of the on-line prototype, and components of the current draft of the paper version of the application. A second PRA public comment opportunity is planned for early 2013, and states will be making their application decisions in the spring of 2013.

Federally-Managed Data Services Hub (the Hub)

The CMS has shared a significant amount of key Hub documentation and technical specifications since September 2012. The business service descriptions for multiple Hub services, both in draft and final formats have been released to states. A list of the known Hub services relevant to Medicaid and CHIP programs, a Hub on-boarding and testing overview, and the privacy and security harmonized framework were shared with states in September-October. In addition, CMS released a set of frequently asked Hub questions and answers in the State Resource Center on www.Medicaid.gov.

Agency Comments (Continued)

CMS has also held detailed one-on-one conversations with states about the Hub and what the testing process will involve as part of SOTA calls, Eligibility and Enrollment state IT consults and Gate Reviews. In December, CMS is initiating a series of recurring Hub-related all-state calls, ranging from Hub 101 to more detailed topics like security, privacy, Internal Revenue Service safeguards and Remote Identity Proofing. This is being accompanied by the release of a detailed On-Boarding Test Plan and state-specific testing profiles in December 2012 – January 2013.

State Operations and Technical Assistance (SOTA) and Operational Tools

To support states in their work toward readiness for 2014, both in terms of systems and policy, CMS has established a series of monthly, individualized calls with each state to discuss their progress, address challenges and answer questions. These SOTA calls are conducted with multi-disciplinary teams representing eligibility policy and systems staff from both CMS central and regional offices. The agendas for the calls are tailored to meet each state's needs and have thus far focused primarily on Medicaid/CHIP systems modernization and eligibility and enrollment policy development. The topics discussed on the calls will continue to evolve over time as states progress through the implementation process and as additional guidance becomes available. The SOTA teams have completed over 200 calls to date.

SOTA efforts are coordinated with technical assistance provided to states to enable efficient and thorough Exchange readiness. Exchange technical assistance is delivered through a robust schedule of webinars and conference calls tailored to each state's needs and aligned to the Exchange model a state is pursuing. This assistance also involves intensive in-person technical assistance meetings at which states make progress towards Exchange implementation by learning from CMS and sharing with each other concepts and tools for reuse, weekly e-newsletter updates that promote new developments, scheduled events and commonly-asked questions with answers. The State Exchange Resource Virtual Information System (SERVIS) is the website portal for states to access the Exchange Blueprint and also is a central repository for materials for reuse, responses to questions, Frequently Asked Questions (FAQs) and an archive of presentations. Additionally, states may pose their questions and requests for technical assistance on SERVIS.

The CMS has developed a set of operational tools designed to assist states in their efforts. Examples include a complete list of all of the Medicaid and CHIP eligibility groups that will be available in 2014; a table identifying all of the eligibility groups and eligibility standards that will need to be converted to Modified Adjusted Gross Income in advance of 2014; and a template for states to use in developing their eligibility Verification Plans as outlined in our eligibility final rule. We have also shared with states a series of "business process flows" that provide a pictorial representation of the business operations process and options for enrollment in Medicaid, CHIP and coverage in a Qualified Health Plan, as well as a number of systems' architecture documents to assist states with their eligibility systems development work. Finally, we have created a State Resource Center on www.Medicaid.gov that houses a range of resources – including webinar slides and transcripts from

all state calls and an ongoing series of FAQs on various policy and systems questions.

Exchange Grants and Federally-Facilitated Exchange Development

States receive funds from CMS, under the authority of Section 1311 of Affordable Care Act, to establish activities associated with Exchanges, including eligibility and enrollment. To date (November 2012), 34 states and the District of Columbia have received $2,146,788,852 in federal funding to support overall Exchange planning, IT development establishment efforts, of which a significant portion supports the Exchange Eligibility and Enrollment activities.

Blueprint Section 3 – Eligibility and Enrollment

The Blueprint for Approval of Affordable State-based and State Partnership Insurance Exchanges (the "Blueprint") provides guidance to states on what eligibility and enrollment activities an Exchange must perform. Section 3 of the Blueprint outlines 14 eligibility and enrollment activities an operational Exchange must perform. A state-based Exchange can elect to use the federally-managed service for two of the activities: determining eligibility for advance payment of the premium tax credit and determining eligibility for exemption from the individual responsibility requirement. Due to the heavy technical systems' requirements in this section, the Blueprint requires state-based Exchanges to submit results of state testing, independent verification and validation and results of HHS-developed test scenarios. CMS has worked with states to ensure that the HHS-developed test scenarios are in an acceptable format and provide an accurate assessment of the Exchanges IT systems. CMS has provided several opportunities for states to walk through these requirements with the subject matter experts to ensure an accurate, comprehensive understanding of the Blueprint requirements.

As this outline of activities demonstrates, CMS is committed to assisting states with connecting children, families, and individuals to coverage in the new affordable insurance options on October 1, 2013. We are aware of the significant challenges that exist both from a systems and policy perspective, but CMS will continue to strive to serve as a forceful partner to states in 2013, 2014 and beyond, and we are confident in our collective prospects for success.

We appreciate OIG's efforts to identify and prioritize the key areas of systems and policy development that are needed to achieve the goals of Affordable Care Act. We look forward to our continuing work with the OIG on this and other issues. Thank you for the opportunity to comment on this report.

ACKNOWLEDGMENTS

This report was prepared under the direction of Brian T. Pattison, Regional Inspector General for Evaluation and Inspections in the Kansas City regional office, and Brian T. Whitley, Deputy Regional Inspector General.

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