



Centers for Medicare & Medicaid Services
Office of Information Services
Information Services Design & Development Group
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Baltimore, MD 21244-1850

Section 1115 Demonstration Program

Request for Early MAGI Implementation in Virginia

Section 1115 Demonstration

Section I - Program Description

Effective January 1, 2014, eligibility for health coverage under all health insurance affordability programs – including Medicaid, the Children’s Health Insurance Program (CHIP) and the Advanced Premium Tax Credit – generally will be based on a new Modified Adjusted Gross Income, or MAGI, methodology. Calculating applicants’ MAGI-based income will entail defining household composition and executing income-counting procedures according to rules that differ from those currently in effect for Medicaid. During the 2013 open enrollment period (October 1, 2013 to December 31, 2013) eligibility for certain applicants will be determined using MAGI-based methodologies for coverage scheduled to start on January 1, 2014. In addition, during this period, people applying for or renewing Medicaid for coverage in 2013 will also need to have their eligibility assessed based on existing Medicaid rules. As a result, for populations subject to the MAGI-based rules, Virginia will have to determine Medicaid eligibility under both the current rules and the MAGI-based rules during this limited period of time.

The purpose of this demonstration is to enable Virginia to avoid having to operate two sets of rules for children, parents and caretaker relatives, pregnant women and other non-disabled, non-elderly adults that may be eligible for Medicaid enrollment during this period. As such, the state is requesting a waiver of 1902(a)(17) to implement, on a state-wide basis, MAGI-based eligibility determination methods to populations subject to MAGI beginning October 1, 2013 through December 31, 2013, to coincide with the start of the open enrollment period. The state proposes to test and evaluate how the early adoption of the MAGI-based methodology will affect overall Medicaid expenditures as well as how a more coordinated open enrollment process will help ensure the state’s capacity to process applications in a timely fashion. DMAS is also planning to implement early MAGI in our separate CHIP state plan program and our CHIP HIFA waiver program to align with the Medicaid early MAGI methodology.

The Department of Medical Assistance Services convened two public hearings for the purpose of accepting comments related to the agency’s intent to request a Section 1115 waiver to begin use of the MAGI rules on October 1, 2013. Only one public comment was received. The commenter was supportive of the intent to request approval to begin use of MAGI rules early.

Section II – Demonstration Eligibility

The populations affected by this demonstration are the state plan populations that are subject to MAGI-based eligibility determinations effective January 1, 2014. The state projects that approximately 55,000 individuals will be affected by the demonstration. The state proposes to apply the MAGI-based eligibility determination rules as described in 42 CFR 435.603 effective October 1, 2013 to the populations listed in the table below:

Eligibility Chart

Eligibility Group Name	Social Security Act and CFR Citations	Income Level
Parent/caretaker relatives Low Income Families	§1902(a)(10)(A)(i)(l) and §1931	28%-46% FPL based on locality groupings
Pregnant Women	§1902(a)(10)(A)(i)(l), §1931, §1902(a)(10)(A)(i)(III), §1902(a)(10)(A)(i)(IV)	143% FPL
Children	§1902(a)(10)(A)(i)(l) and §1931, §1902(a)(10)(A)(i)(III), §1902(a)(10)(A)(i)(IV), §1902(a)(10)(A)(i)(VI), §1902(a)(10)(A)(i)(VII), §1902(a)(10)(A)(ii)(IV),	143% FPL
Reasonable classifications of individuals under age 21	§1902(a)(10)(A)(ii)(I) and (IV) §1902(a)(10)(A)(ii)(VIII)	28%-40% based on locality groupings
Family Planning Option	§1902(a)(10)(A)(ii)(XXI)	211% FPL

Section III – Demonstration Benefits and Cost Sharing Requirements

- 1) Indicate whether the benefits provided under the demonstration differ from those provided under the Medicaid and/or CHIP state plan:

Yes No

- 2) Indicate whether the cost sharing requirements under the demonstration differ from those provided under the Medicaid and/or CHIP state plan:

Yes No

Section IV – Delivery System and Payment Rates for Services

- 1) Indicate whether the delivery system and payment rates for services used to provide benefits to demonstration participants will differ from the Medicaid and/or CHIP state plan:

Yes

No

Section V – Implementation of Demonstration

Virginia will operate this demonstration from October 1, 2013 through December 31, 2013.

Section VI – Demonstration Financing and Budget Neutrality

The state is not requesting section 1115 expenditure authority as the affected population is comprised of Medicaid state plan eligibility groups; therefore, no budget neutrality agreement is needed in conjunction with this demonstration.

Section VII – List of Proposed Waivers and Expenditure Authorities

The state requests a waiver of section 1902(a)(17) in order to implement MAGI-based eligibility determination methods, from October 1, 2013 through December 31, 2013, for all populations who will be subject to MAGI-based rules effective January 1, 2014.

Section VIII – Public Notice

Please include the following elements as provided for in 42 CFR 431.408 when developing this section:

- 1) Start and end dates of the state’s public comment period;
 - The comment period runs from July 1, 2013 through July 30, 2013
- 2) Certification that the state provided public notice of the application, along with a link to the state’s web site and a notice in the state’s Administrative Record or newspaper of widest circulation 30 days prior to submitting the application to CMS;
 - Public notice was provided in the *Virginia Register*
 - <http://register.dls.virginia.gov/issue.aspx?voliss=29:22&type=8> Listed under Department of Medical Assistance Services
 - Notice was provided on the Department of Medical Assistance Services website
 - <http://www.dmas.virginia.gov/> under the section titled “What’s New”
- 3) Certification that the state convened at least 2 public hearings, of which one hearing included teleconferencing and/or web capability, 20 days prior to submitting the application to CMS, including dates and a brief description of the hearings conducted;
 - Two public hearings were conducted. The first was held in Richmond, Virginia on July 9, 2013 and the second was held on July 10, 2013 in Fredericksburg, Virginia. Teleconferencing capability was provided at the Richmond public hearing site. Only one comment was received during the Richmond public hearing. No comments were received at the Fredericksburg public hearing. A copy of the transcripts of both public hearings is attached.
- 4) Certification that the state used an electronic mailing list or similar mechanism to notify the public. (If not an electronic mailing list, please describe the mechanism that was used);
 - Notification of the public hearings was posted on the Commonwealth Calendar as well as issued through the Town Hall, an electronic mailing list
 - <http://www.townhall.virginia.gov/L/meetings.cfm>.
 - Copies of the Town Hall dissemination of the public hearing notice is attached.

- 5) Comments received by the state during the 30-day public notice period;
 - Only one public comment was received during the 30-day public comment period.
- 6) Summary of the state's responses to submitted comments, and whether or how the state incorporated them into the final application;
 - The one public comment received was given during the first public hearing held on July 9, 2013 in Richmond, Virginia. The commenter only stated that she was supportive of the agency's intent to request a waiver to begin use of MAGI rules beginning October 1, 2013. This comment is noted in the application, but did not result in a change in the application request.
- 7) Certification that the state conducted tribal consultation in accordance with the consultation process outlined in the state's approved Medicaid state plan, or at least 60 days prior to submitting this demonstration application if the demonstration has or would have a direct effect on Indians, tribes, on Indian health programs, or on urban Indian health organizations, including dates and method of consultation.
 - Virginia has no federally recognized tribes; this requirement is not applicable.

If this application is an emergency application in which a public health emergency or a natural disaster has been declared, the State may be exempt from public comment and tribal consultation requirements as outlined in 42 CFR 431.416(g). If this situation is applicable, please explain the basis for the proposed emergency classification and public comment/tribal consultation exemption.

Section IX – Demonstration Administration

Please provide the contact information for the state's point of contact for the demonstration application.

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