

Janice K. Brewer, Governor
Thomas J. Betlach, Director

801 East Jefferson, Phoenix, AZ 85034
PO Box 25520, Phoenix, AZ 85002
Phone: 602 417 4000
www.azahcccs.gov



Our first care is your health care
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

June 11, 2013

Center for Medicare and Medicaid Services
Attn: Stephanie Kaminsky
Children and Adults Health Program Group
Center for Medicare and Medicaid Services

RE: Arizona's revised Income Conversion Plan

Dear Ms. Kaminsky;

Arizona submits this revised Income Conversion plan to align our plan with the recently released final version of the Income Conversion plan template. We have calculated the weighted average of the income and disregards of applicants and beneficiaries for the AFDC payment standard of 5/1/1988 and 7/16/1996. The updated converted standards for those groups appear on page 11 of this document.

Please let me know if you have any questions or need additional information.

Sincerely,

Marshall Wilmot
Health Care Reform Project Coordinator
Division of Member Services
Arizona Health Care Cost Containment System

Modified Adjusted Gross Income (MAGI) Conversion Plan

**** REVISED May 23, 2013 ****

This MAGI Conversion Plan is being submitted to CMS by Arizona as required by Section 1902(e)(14)(E) of the Social Security Act, which requires each state to submit for approval the income eligibility thresholds for Medicaid and the Children's Health Insurance Program (CHIP) proposed to be established using modified adjusted gross income (MAGI). As described in the December 28, 2012 State Health Officials' Letter on Modified Adjusted Gross Income (MAGI) income conversion, states can choose among three options to convert net standards for Medicaid and CHIP to MAGI equivalent standards.¹ The purpose of the MAGI Conversion Plan is to provide CMS with information about each state's MAGI conversion methodology, as well as the data used and results of conversion. CMS will be reviewing the submitted materials and notifying the State with their approval or disapproval by **June 15, 2013**.

Eligibility and FMAP claiming conversions. States are required to submit information about their conversion methodology, data and results for income conversions related to eligibility and those required for FMAP claiming in accordance with CMS' FMAP rule. For additional information about the FMAP rule, please see: <https://s3.amazonaws.com/public-inspection.federalregister.gov/2013-07599.pdf>.

Note about Income Eligibility Conversions and State Plan Amendments: Converted income standards will be used to set maximum MAGI-equivalent standards for adults in 2014 and will be used as the actual income standard in effect for children through October 2019. States will use the state plan amendment (SPA) process to identify the minimum and maximum MAGI-equivalent standards and to select the state's MAGI-based income standard for each eligibility group to which MAGI will apply in 2014. For adults for whom the Maintenance of Effort requirement expires in 2014, the selected income standard in the SPA will be anywhere between the minimum and the maximum derived through the income conversion process.

Please indicate the MAGI conversion method chosen by your state and follow the appropriate directions:

- Option 1a** – Standardized Methodology with SIPP data, **no** state data adjustments for time-limited disregards
Attach Excel spreadsheet with finalized SIPP results of eligibility and FMAP conversions to this cover page and submit to incomeconversion@cms.hhs.gov.
- Option 1b** – Standardized Methodology with SIPP data, **with** state data adjustments for time-limited disregards.
Please follow instructions below and submit to incomeconversion@cms.hhs.gov
- Option 2** – Standardized Methodology with State data

¹ SHO letter available at <http://www.medicaid.gov/Federal-Policy-Guidance/downloads/SHO12003.pdf>

Please follow the instructions below and submit this plan to incomeconversion@cms.hhs.gov.

Option 3 – State proposed Alternative Method

Please follow the instructions below and submit this plan to incomeconversion@cms.hhs.gov.

	Part 1 – Conversions for Eligibility		Part 2 – Conversions for FMAP Claiming and TB Group	
	Pages to Complete	Due Date	Pages to Complete	Due Date
Option 1a: Standardized Methodology, no adjustments	Page 1	May 31, 2013	Page 1	Fall 2013
Option 1b Standardized Methodology, state adjustments for time limited disregards	Pages 1 and 3	May 31, 2013	Pages 1 and 14	Fall 2013
Standardized Methodology with State Data	Page 4-11	April 30, 2013*	Pages 15-18	Fall 2013
Alternative Methodology	Page 4-13	April 30, 2013*	Pages 15-18	Fall 2013

*Eligibility conversion plans are due April 30, 2013, or within 15 days of receiving SIPP results, whichever is later.

PART 1: ELIGIBILITY CONVERSIONS- TABLE 1 – DUE APRIL 30, 2013

For States Using
Standardized Methodology with State Data
Or
Alternative Method

Please fill out Table 1 below to provide CMS with information about how state data were used for MAGI income conversion. All cells in rows for eligibility groups that do not have a converted income standard in your state (for example, if your state does not cover independent foster care adolescents or does not apply an income standard to this group) should be marked “N/A.”

Instructions for Table 1:

SIPP results used: Your state may have used SIPP results for converting some groups. For conversions based on SIPP, please mark yes in the first column of Table 1 and provide the converted standard from those results.² Please list the group below (e.g., pregnant women) and an explanation of why the SIPP results are being used for this eligibility group (e.g., data unavailable). Attach additional pages if necessary. Note that for groups that need to be converted both for eligibility and FMAP purposes (e.g., childless adults) the same income conversion method/data source (i.e., SIPP or state data) must be used.

Arizona proposes to use state data for all groups.

² If SIPP results include conversions for applicants and beneficiaries, both should be included.

For all conversions using state data, please provide the following information:

Time period-Specify the time period of data that was used, for example, June 2011-May 2012. If a time period other than 12 months was used, please explain why below and summarize the methods used to determine that the time period is unbiased. Attach additional pages if necessary: _____

The State performed the Standardized Disregard analysis using data for the months of January, April and July 2012. The State performed the analysis on less than twelve months of data because the size of the full extract made analysis across all twelve months problematic.

The State chose three non-consecutive months to prevent any potential biases associated with seasonality. At the time that the data was extracted, July 2012 was the most recent complete month available.

The State performed the analysis independently for each month (January, April and July) and evaluated the results for consistency. The Standardized Disregard for each Medicaid Eligibility Group was set equal to the average of the three months.

Sampling: Please mark this column yes or no. If yes (in other words, the analysis did not include all records in the eligibility group), please provide a detailed explanation below of the sampling approach that was used (i.e., simple random sample, stratified sample, etc.). Please also provide information about the total population and the number of records sampled. Attach additional pages if necessary.

The State used all records within each month to conduct the analysis. No sampling was performed.

Net income standard- Please fill in the net standard that was converted for each eligibility group. This should reflect the bolded standard from the eligibility template that you developed with CMS. For conversions that were based on fixed dollar thresholds, please specify the net standard for each family size. You may use fewer or more family sizes than indicated in Table 1.

For 1115 demonstrations, please enter a row for each MAGI-included 1115 demonstration group, specifying whether its Medicaid or S-CHIP.

Income band used in conversion-This column is applicable only for the State Data method and should reflect the net standard minus 25 percentage points of FPL. For example, if the net standard was 120% FPL, the income band used in conversion would be 95% FPL to 120% FPL. For standards at or below 25% FPL, the income band will include all records—e.g., for a net standard of 18% FPL, the income band used in conversion should be 0-18% FPL. For conversions of fixed dollar thresholds, please specify the income band (expressed as a percentage of FPL) for each family size.³

Converted standard -Please fill in the converted standard. Fixed dollar standards should be given in dollars for each family size.

Special note for premium payment groups: If your state charges premiums for any eligibility group, please indicate which method you selected below and attach a separate sheet showing the MAGI Conversion Plan information requested (time period, net income standard, income band used in conversion, and the converted standard) for each income level used to determine premium payments.

Premium conversion method: Premiums may be converted either using the Standardized MAGI Conversion Methodology; or, using a ratio of the converted standard for the group to the net standard for the group for which premiums are charged. For example, if your state charges premiums for people between 150% and 300% FPL and the standard for 300% of FPL converted to 309%, you would multiple the remaining levels by 1.03 (309/300).

Please indicate which approach was used and provide upper income net and converted standards if you applied the ratio method:

Not applicable

³ See page 15 of *How States Can Implement the Standardized Modified Adjusted Gross Income (MAGI) Conversion Methodology from State Medicaid and CHIP Data* for more information on converting fixed dollar standards to FPL.

<http://aspe.hhs.gov/health/reports/2013/MAGIHowTo/rb.cfm>.

Table 1

Coverage Category	SIPP Results used (Yes/No)	Time Period	Sampling (yes/no)	Net Income Standard	Income band used in conversion (Alternative Method states to fill out only if applicable)	Converted Standard
Parents and other caretaker relatives (mandatory under Section 1931)	No	January, April, July 2012	No	100% FPL	75% - 100% FPL	106% FPL
Parents and other caretaker relatives (optional under 1902(a)(10)(A)(ii)(I) N/A – This group was subsumed within the previous group with a higher income limit	N/A	N/A	N/A	N/A	N/A	N/A
Pregnant women, full benefits N/A – this group is included in the mandatory 1931 conversion	N/A	N/A	N/A	N/A	N/A	N/A

Coverage Category	SIPP Results used (Yes/No)	Time Period	Sampling (yes/no)	Net Income Standard	Income band used in conversion (Alternative Method states to fill out only if applicable)	Converted Standard
Pregnant women, pregnancy only coverage	No	January, April, July 2012	No	150% FPL	125% - 150% FPL	156% FPL
Children under age 1	No	January, April, July 2012	No	140% FPL	115% - 140% FPL	147% FPL
Children ages 1 to 5	No	January, April, July 2012	No	133% FPL	108% - 133% FPL	141% FPL
Children ages 6 to 18	No	January, April, July 2012	No	100% FPL	75% - 100%	104% FPL
M-CHIP optional targeted low-income children	N/A	N/A	N/A	N/A	N/A	N/A
Optional reasonable classifications of individuals under age 21 N/A – this group was subsumed by a mandatory group with a higher limit	N/A	N/A	N/A	N/A	N/A	N/A
State adoption assistance	N/A	N/A	N/A	N/A	N/A	N/A

Coverage Category	SIPP Results used (Yes/No)	Time Period	Sampling (yes/no)	Net Income Standard	Income band used in conversion (Alternative Method states to fill out only if applicable)	Converted Standard
Independent foster care adolescents	N/A	N/A	N/A	N/A	N/A	N/A
Family planning services	No	January, April, July 2012	No	150% FPL	125% - 150% FPL	156% FPL
Other Medicaid section 1115 demonstration (e.g., childless adults). Insert more rows if needed.	No	January, April, July 2012	No	100% FPL	75% - 100% FPL	105% FPL
Separate CHIP State plan <ul style="list-style-type: none"> Children 	N/A	N/A	N/A	N/A	N/A	N/A
Separate CHIP State plan <ul style="list-style-type: none"> Pregnant Women option 	N/A	N/A	N/A	N/A	N/A	N/A
Separate CHIP State plan <ul style="list-style-type: none"> Unborn child option 	N/A	N/A	N/A	N/A	N/A	N/A
Other S-CHIP section 1115 demonstration (e.g., pregnant women). Insert more rows if needed.	N/A	N/A	N/A	N/A	N/A	N/A

Coverage Category	SIPP Results used (Yes/No)	Time Period	Sampling (yes/no)	Net Income Standard	Income band used in conversion (Alternative Method states to fill out only if applicable)	Converted Standard
AFDC payment standard 5/1/1988	No	January, April, July 2012	No	Fixed dollar standards Family size 1 _____ 2 <u>\$233</u> 3 <u>\$293</u> 4 <u>\$353</u> 5 <u>\$412</u> 6 <u>\$472</u> 7 _____ Add-on for additional family members if relevant <u>\$60</u>	% FPL by family size 1 _____ 2 <u>0 – 19%</u> 3 <u>0 – 19%</u> 4 <u>0 – 19%</u> 5 <u>0 – 19%</u> 6 <u>0 – 19%</u> 7 <u>0 – 19%</u> Add-on for additional family members if relevant <u>0 – 19%</u>	Fixed dollar standards Family size 1 _____ 2 <u>\$247</u> 3 <u>\$312</u> 4 <u>\$376</u> 5 <u>\$441</u> 6 <u>\$505</u> 7 _____ Add-on for additional family members if relevant <u>\$64</u>
AFDC payment standard 7/16/1996	No	January, April, July 2012	No	Fixed dollar standards Family size 1 <u>\$204</u> 2 <u>\$275</u> 3 <u>\$347</u> 4 <u>\$418</u> 5 <u>\$489</u> 6 <u>\$561</u> 7 <u>\$632</u> Add-on for additional family members if relevant <u>\$72</u>	% FPL by family size 1 <u>0 – 22%</u> 2 <u>0 – 22%</u> 3 <u>0 – 22%</u> 4 <u>0 – 22%</u> 5 <u>0 – 22%</u> 6 <u>0 – 22%</u> 7 <u>0 – 22%</u> Add-on for additional family members if relevant <u>0 – 22%</u>	Fixed dollar standards Family size 1 <u>\$214</u> 2 <u>\$289</u> 3 <u>\$365</u> 4 <u>\$440</u> 5 <u>\$516</u> 6 <u>\$591</u> 7 <u>\$667</u> Add-on for additional family members if relevant <u>\$76</u>
Pre-CHIP Medicaid as of 3/31/97				< age 1 _____ 1-5 _____ 6-13 _____ 14-18 _____	< age 1 _____ 1-5 _____ 6-13 _____ 14-18 _____	< age 1 _____ 1-5 _____ 6-13 _____ 14-18 _____

Premium Payment Determination: Please indicate whether the Standardized MAGI Conversion methodology was used or a ratio of the converted standard at the upper ranges of the eligibility threshold was used.

Not applicable