

Modified Adjusted Gross Income (MAGI) Conversion Plan

This MAGI Conversion Plan is being submitted to CMS by MONTANA 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 TAB1

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

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

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

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.

Option 1b -- Standardized Methodology with SIPP data, with state adjustments for time limited disregards

Eligibility Conversions

Please provide information about the state-specific weighting strategy and relevant conversions for groups with time limited disregards in the table below.

Eligibility group: Please list each eligibility group (e.g., 1931 parents/caretaker relatives) where your state applied its own weight for time-limited disregards.

Time-Limited weight: Please list, for each relevant eligibility group, the weight your state applied for the conversion. For example, if you determined that 15% of enrollees received time-limited disregards in a given category and applied that as your weight, you would simply list 15%.

Data Used to Derive weight: Please describe, for each relevant eligibility group, the data used to calculate the time-limited weight, e.g. "state data for all 1931 enrolled individuals in March of 2012."

Application of Weight: Please show the formula used to apply the weight, e.g., if standard with time-limited disregard is 100 and without time-limited disregard is 75 and weight is .15, the formula would be $(100 \times .85) + (75 \times .15) = \underline{\quad 79 \quad}$

Converted standard: Please fill in the converted standard for each eligibility group. This will be the weighted average of the applicant (e.g., standard including time-limited disregards) and beneficiary calculations you originally received from CMS, applying the time-limited weight to the applicant conversion.

<u>Eligibility Group</u>	<u>Time-limited Weight</u>	<u>Data Used to Derive Weight</u>	<u>Application of Weight</u>	<u>Converted Standard</u>

**Options 2 and 3 -- Standardized Methodology with State Data Method
and
Alternative Method:**

Please provide a state contact who can answer questions about the conversion plan, data, and methods:

Name: _____ Title: _____

E-mail: _____ Phone: _____

Supplemental Information: In addition to the information provided in the attached MAGI Conversion Plan, during the review and approval process, CMS may determine that supplemental information regarding the income conversion results is necessary. If CMS determines that a supplemental review of these results is necessary, your state may be required to submit:

- Descriptive statistics of the data used. Such descriptive statistics could include for each eligibility group converted with state data:
 - Net income statistics and disregard statistics for the full population or sample and for the population used in conversion (e.g., the 25% band) including: Total N, Mean Net Income, Standard Deviation of Mean Net Income, Median Net Income, and Number of individuals with Positive Net Income
- Data files used for conversion
- Annotated programming code used in the analysis

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. 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). Also, for groups that have time-limited disregards, if the state chooses to provide its own weighting, please provide the state-specific weighting strategy that was used to derive the converted standard. The explanation of the weighting strategy should include the percent assumed to have time limited disregards and the data on which this calculation was based (e.g., 15%: based on analysis of state data for those enrolled in the 1931 group in CY 2012). 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.**

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:

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.

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 it is Medicaid or S-CHIP.

Income band used in conversion-This column 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.² For states using an alternative method, this column should only be filled out if it is applicable (e.g., if the marginal approach was used).

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:

Standardized method

Ratio Method

Upper income level, net standard _____

Upper income level, converted standard _____

² 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)				% FPL _____ or Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	% FPL _____ or % FPL by Family size (for groups with fixed dollar standards) 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	% FPL _____ or Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____
Parents and other caretaker relatives (optional under 1902(a)(10)(A)(ii)(I))				% FPL _____ or Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	% FPL _____ or % FPL by Family size (for groups with fixed dollar standards) 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	% FPL _____ or Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____

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, full benefits						
Pregnant women, pregnancy only coverage						
Children under age 1						
Children ages 1 to 5						
Children ages 6 to 18						
M-CHIP optional targeted low-income children						
Optional reasonable classifications of individuals under age 21						
State adoption assistance						
Independent foster care adolescents						
Family planning services						
Other Medicaid section 1115 demonstration (e.g., childless adults). Insert more rows if needed.						
Separate CHIP State plan <ul style="list-style-type: none"> • Children 						
Separate CHIP State plan <ul style="list-style-type: none"> • Pregnant Women option 						
Separate CHIP State plan <ul style="list-style-type: none"> • Unborn child option 						
Other S-CHIP section 1115 demonstration (e.g., pregnant women). Insert more rows if needed.						

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				Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	% FPL by family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____
AFDC payment standard 7/16/1996				Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	% FPL by family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____
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.

PART 1: ELIGIBILITY CONVERSIONS

Option 3-- Alternative Method, additional information

Please provide a summary of the alternative method and data source or sources used for income conversion, including how the method differs from the Standardized MAGI Conversion Methodology specified in the December 28, 2012 State Health Officials' Letter on Modified Adjusted Gross Income (MAGI) Income Conversion. Please include equations showing how the method is applied mathematically and a description of how fixed dollar standards were converted, if relevant. Attach additional pages if necessary.

Please provide a description below of how your method meets the criteria specified in the December 28, 2012 State Health Officials' Letter on Modified Adjusted Gross Income (MAGI) Conversion: unbiased, accuracy, precision, and data quality. Attach additional pages if necessary. More

detailed information about these criteria is available in the ASPE issue brief *Modified Adjusted Gross Income (MAGI) Income Conversion Methodologies*.³

Unbiased: Across all eligibility categories, the method does not systematically increase or decrease the number of eligible individuals within a given eligibility group or systematically increase or decrease the costs to states.

Accuracy: To the extent possible, the method minimizes changes in eligibility status by minimizing losses and gains in eligibility for a given category of coverage.

Precision: The converted standard must be stable and repeatable. In other words, if the methodology to arrive at the converted standard were repeated, it would arrive at the same result. For example, if a sampling methodology is used, the sample size must be large enough to ensure that the conversion method, if calculated on another sample, would in general yield the same converted standard.

³ See [http://www.shadac.org/files/2.%20ASPE%20Brief%20-%20MAGI%20Income%20Conversion%20Methodologies%20\(March%202013\).pdf](http://www.shadac.org/files/2.%20ASPE%20Brief%20-%20MAGI%20Income%20Conversion%20Methodologies%20(March%202013).pdf).

Data quality: The data used are representative of the income and disregards of the population so as not to bias the converted standard due to poor data quality. _____

Option 1b -- Standardized Methodology with SIPP data, with state adjustments for time limited disregards

Eligibility Conversions

Please provide information about the state-specific weighting strategy and relevant conversions for groups with time limited disregards in the table below.

Eligibility group: Please list each eligibility group (e.g., 1931 parents/caretaker relatives) where your state applied its own weight for time-limited disregards.

Time-Limited weight: Please list, for each relevant eligibility group, the weight your state applied for the conversion. For example, if you determined that 15% of enrollees received time-limited disregards in a given category and applied that as your weight, you would simply list 15%.

Data Used to Derive weight: Please describe, for each relevant eligibility group, the data used to calculate the time-limited weight, e.g. "state data for all 1931 enrolled individuals in March of 2012."

Application of Weight: Please show the formula used to apply the weight, e.g., if standard with time-limited disregard is 100 and without time-limited disregard is 75 and weight is .15, the formula would be $(100 \times .85) + (75 \times .15) = \underline{\quad 79 \quad}$

Converted standard: Please fill in the converted standard for each eligibility group. This will be the weighted average of the applicant (e.g., standard including time-limited disregards) and beneficiary calculations you originally received from CMS, applying the time-limited weight to the applicant conversion.

<u>Eligibility Group</u>	<u>Time-limited Weight</u>	<u>Data Used to Derive Weight</u>	<u>Application of Weight</u>	<u>Converted Standard</u>

PART 2: FMAP CONVERSIONS – DUE FALL 2013

Options 2 and 3 -- For States Using
Standardized Methodology with State Data
Or
Alternative Method

Please fill out Table 2 below to provide CMS with information about how state data were used for FMAP related conversions. If your state did not cover a certain eligibility group on December 1, 2009, all cells in that row should be marked “N/A.” **All states** must fill out relevant conversions under “TB conversion”, “MAGI groups relevant for FMAP” and “optional ABD groups.” **209(b) states** must also fill out information for the relevant mandatory groups listed at the end of the table if the state applied a disregard on December 1, 2009 that varied from the standard SSI-related methodology disregards. 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 the options group for individuals who meet the requirements of SSI or optional state supplement, but who do not receive cash assistance) should be marked “N/A”. In addition, if your state has elected the state TB group option for eligibility, please include those conversion results with Part 2.⁴

Instructions for Table 2: This template assumes that the information about sampling and income bands (if relevant) you provided for eligibility conversions in Part 1 of this plan also apply to the FMAP conversions in part 2. If not, please attach a separate explanation of how and why they differ. Similarly, it assumes that if an alternate methodology was used in part 1, the same was used for part 2, so the information provided on pages 12 and 13 apply. If not, please attach a separate explanation of how and why they differ.

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. Please list the group below (e.g., the optional aged, blind or disabled poverty level group) and an explanation of why the SIPP results are being used for this eligibility group (e.g., state data unavailable). Also, for groups that have time-limited disregards, if the state chooses to provide its own weighting, please provide the state-specific weighting strategy that was used to derive the converted standard. The explanation of the weighting strategy should include the percent assumed to have time limited disregards and the data on which this calculation was based (e.g., 15% receive the \$65 or \$85 if no unearned income, and on-half of other earned income disregard based on analysis of state data for those enrolled in the

⁴ CMS did not complete SIPP conversions for the TB group during Phase 1 of the “template project” and will be completing them during Phase 2 when FMAP conversions are being done. Consequently, reporting of TB group conversions has been included with Phase 2 FMAP conversions.

Table 2

Eligibility Group	SIPP Results used (Yes/No)	Time Period	Net Income Standard % FPL or fixed dollar standards by family size if applicable	Converted Standard
FMAP Conversions				
TBD				

PRA Disclosure Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-1148. The time required to complete this information collection is estimated to average 20 per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.