



Ensuring Seamless Coverage Transitions Between Medicaid, Separate Children's Health Insurance Programs (CHIPs), and Other Insurance Affordability Programs

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Background



The April 2, 2024, *Streamlining the Medicaid, Children’s Health Insurance Program, and Basic Health Program Application, Eligibility Determination, Enrollment, and Renewal Processes* Final Rule, 89 FR 22780, (“April 2024 Final Rule”) made changes to ensure seamless transitions of beneficiaries between Medicaid, separate CHIPs, and other insurance affordability programs to promote timely enrollment in the appropriate coverage program and minimize unnecessary losses of coverage for eligible individuals.

These slides summarize the December 20, 2024, CIB, *Ensuring Seamless Coverage Transitions between Medicaid, Separate CHIPs, and Other Insurance Affordability Programs and Exercise of Enforcement Discretion to Delay Implementation of Certain Coverage Transition Requirements*, that provides guidance to states on new requirements at 42 C.F.R. §§ 431.10, 435.1200, 457.340, 457.348, 457.350, and 600.330. These regulatory provisions contain three key requirements for Medicaid and CHIP agencies:

- The seamless transitions requirement (defined on slide 5);
- The procedural disenrollment account transfer requirement (defined on slide 6); and
- The combined notices requirement (defined on slide 6).

These requirements became effective on June 3, 2024; however, CMS is exercising enforcement discretion and will not require states to demonstrate compliance with the combined notices and procedural disenrollment account transfer requirements until June 3, 2026.

Requirements apply to all states that operate a separate CHIP, regardless of whether the CHIP and Medicaid programs are administered by the same state agency.

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Context Setting: New Requirements to Ensure Seamless Coverage Transitions

New Seamless Transitions Requirement for Children*

Beginning **June 3, 2024**, Medicaid and CHIP agencies must:

- Make determinations of Medicaid based on Modified Adjusted Gross Income (MAGI) and separate CHIP eligibility for children on behalf of the other program;
 - The agency must have sufficient information to determine that the child is eligible for the other program (i.e., for separate CHIP, the child is under age 19, has income at or below the CHIP income eligibility standard, and does not have other health insurance; for Medicaid, the family income is at or below the applicable Medicaid income standard).
- Accept determinations of MAGI-based Medicaid and separate CHIP eligibility for children made by the other program; and
- When appropriate, transition a child's account between programs for timely enrollment.

States have flexibility in how to implement the seamless transitions requirement.

- The processes used to seamlessly transition children between Medicaid and separate CHIP will differ depending on the option elected by the state (see slide 8).

**Children refers to individuals under the age of 19, including those covered under the from-conception-to-end-of-pregnancy (FCEP) option; this requirement does not apply to individuals ages 19 to 20 or to adults.*

New Combined Notices Requirement and Procedural Disenrollment Account Transfer Requirement

By June 3, 2026, states must (1) provide a combined Medicaid and separate CHIP notice, and (2) transfer accounts of individuals disenrolled from Medicaid or separate CHIP for procedural reasons if available information indicates the individual is potentially eligible for Marketplace or BHP coverage.

For the combined notices and procedural disenrollment account transfer requirements, CMS is exercising enforcement discretion and will not require states to demonstrate compliance until June 3, 2026, to account for complex system changes that may be needed for states to implement these requirements. CMS will continue to evaluate the facts on the ground, and if states' experience indicates that additional time may be necessary to comply, CMS will take that into account in developing further policy.

Combined Notices Requirement: The April 2024 Final Rule requires states to send a combined notice of Medicaid and separate CHIP eligibility determinations when a child's account is transitioned between these two programs.

Procedural Disenrollment Account Transfer Requirement: States must:

1. Assess eligibility for coverage through the Marketplace, and, if applicable, under a BHP; and
2. If the state has sufficient information to assess such eligibility, transfer the individual's account to the Marketplace or to a BHP, as appropriate, including when a beneficiary has not returned information requested by the state needed to complete a redetermination of eligibility for Medicaid or separate CHIP (procedural disenrollment).

The procedural disenrollment account transfer requirement existed prior to the April 2024 Final Rule, but previously states were instructed never to transfer accounts for individuals who were procedurally disenrolled from Medicaid or a separate CHIP—i.e., because they have not returned information requested by the state needed to complete a redetermination of eligibility.

Operationalizing the Seamless Transitions Requirement

State Options for Complying with the Seamless Transitions Requirement

States have four options for how to comply with the seamless transitions requirement. The state Medicaid and CHIP agencies must elect the same option.

Option 1

Use a shared eligibility service. Use a shared eligibility service that makes eligibility determinations for both programs. Under this option, the Medicaid agency must have exclusive responsibility for Medicaid requirements programmed in the shared eligibility service.

Option 2

Accept findings made by the other agency. Apply the same MAGI-based methodologies and verification procedures in both programs so that each agency accepts any findings relating to eligibility criteria made by the other agency without further verification.

Option 3

Delegate authority to the other agency. Enter into an agreement to delegate final determinations of eligibility to the other program. Under this option, states must submit a Medicaid single state agency SPA to delegate authority to the CHIP agency. CHIP agencies do not need a SPA. Both agencies must establish procedures to receive electronic accounts from the other agency, notify it of account receipt, and maintain proper oversight of eligibility determinations made by the other agency.

Option 4

Other procedures. Elect another option to effectuate these requirements subject to CMS approval. States interested in exploring alternative options to effectuate these requirements may contact their Medicaid state lead or CHIP project officer.

CMS is exercising enforcement discretion and will not take compliance action against states that submit a SPA on or before June 30, 2025 to effectuate these options.


Seamless Transitions Requirement at Application for States¹ that Accept Findings Made by the Other Agency or Delegate Authority to the Other Agency: *Medicaid to Separate CHIP (1a)*

1 Determine the child's eligibility based on information provided in the Medicaid application.


2 If the Medicaid agency has sufficient information to determine eligibility based on information provided in the application and:

3 If more information is needed to determine eligibility based on information provided in the application, send a request for additional information.


(See next slide)

a  The Medicaid agency determines the child eligible for Medicaid:

- Send notice of approved Medicaid eligibility.
- Timely enroll the child in Medicaid.

b  The Medicaid agency determines the child ineligible for Medicaid, but eligible for separate CHIP (e.g., under age 19, has income at or below the CHIP income eligibility standard, and does not have other health insurance):

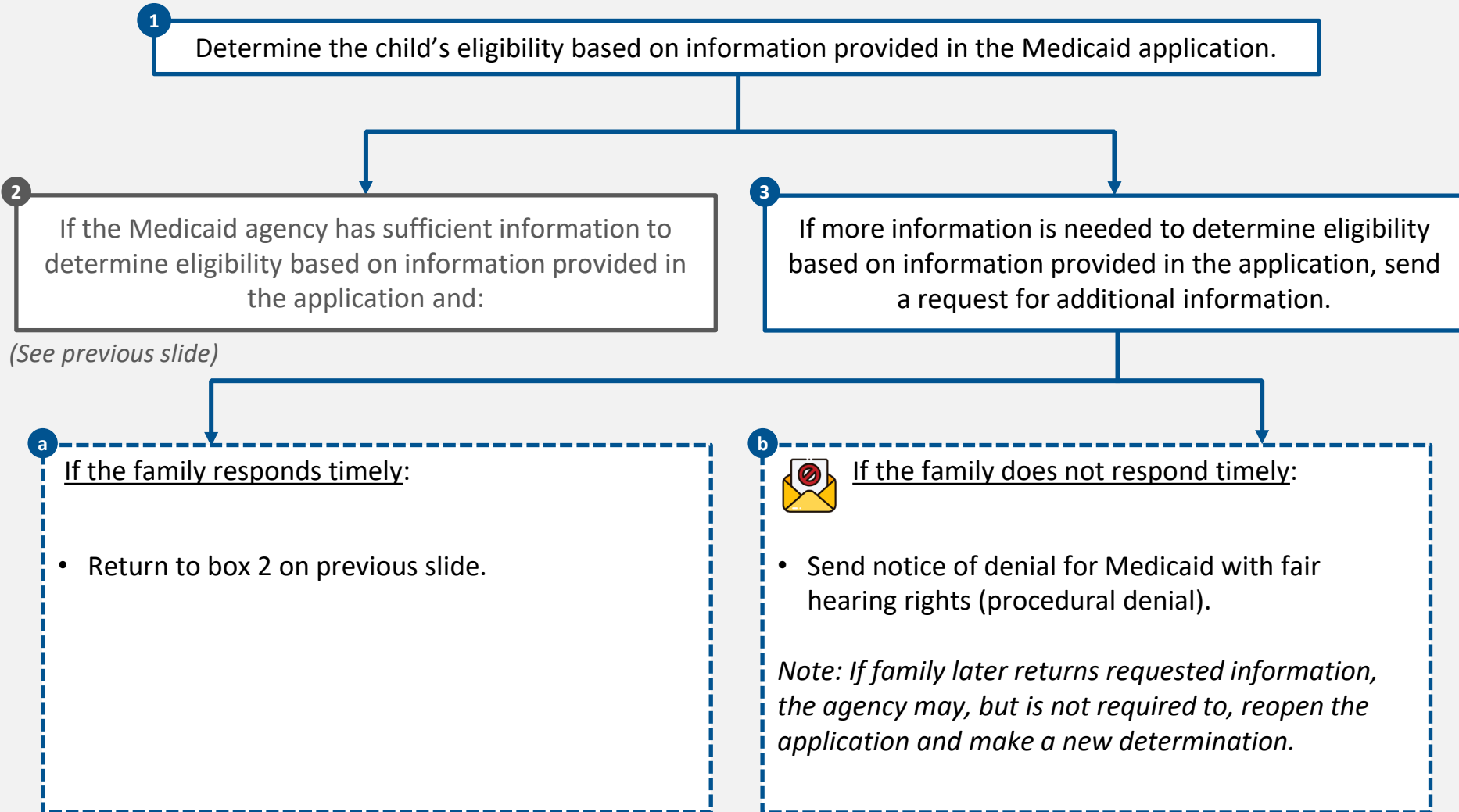
- Send notice of denial for Medicaid with fair hearing rights.
- Transfer the child's account to the CHIP agency.
- The CHIP agency would then accept the determination of eligibility made by the Medicaid agency, send notice of approved separate CHIP eligibility,² complete any pre-enrollment activities, and timely enroll the child in separate CHIP.

c  The Medicaid agency determines the child ineligible for both Medicaid and separate CHIP:

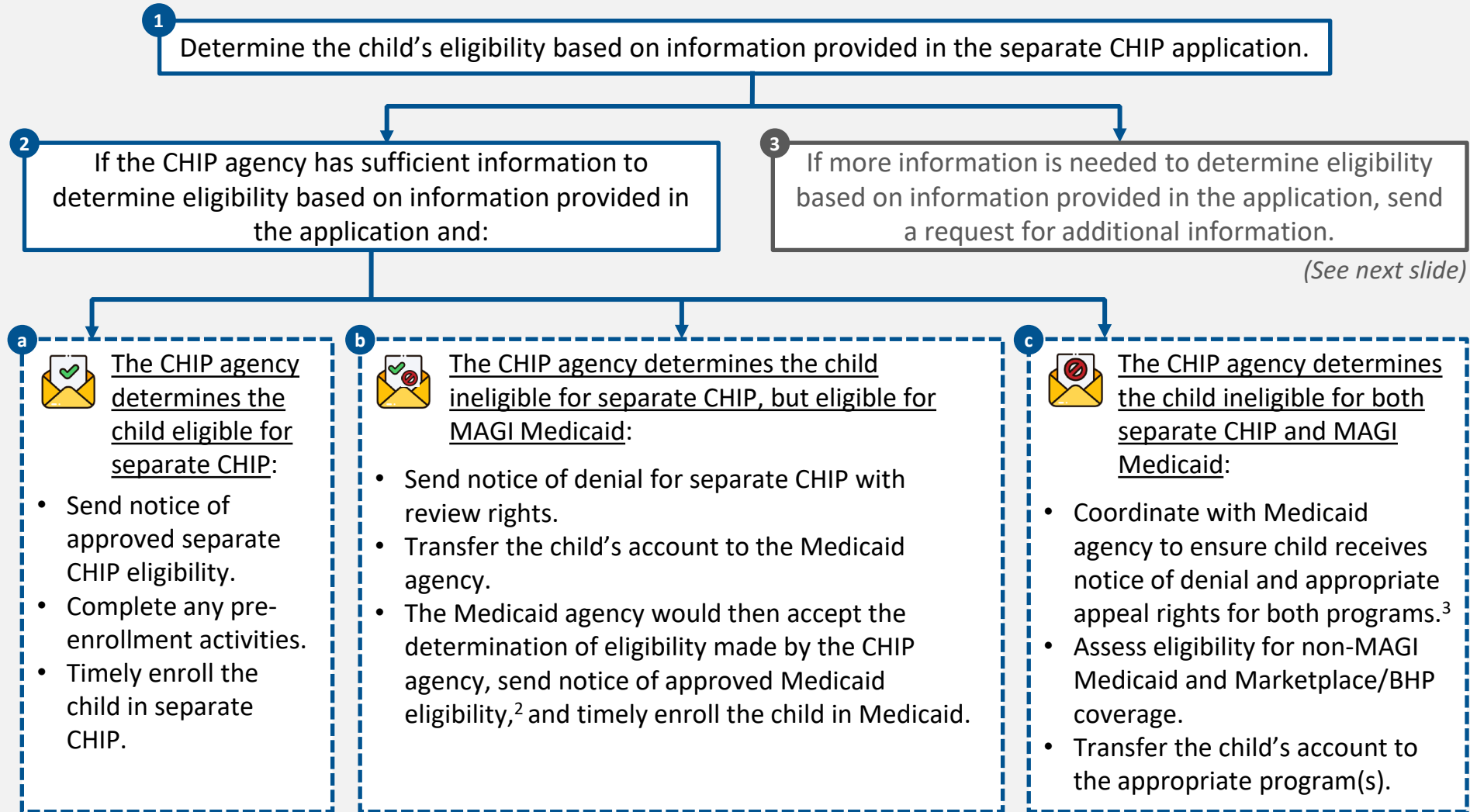
- Coordinate with CHIP agency to ensure child receives notice of denial and appropriate appeal rights for both programs.³
- Assess eligibility for Marketplace/BHP coverage.
- Transfer the child's account to the appropriate program.

1. States that use a shared eligibility service can determine eligibility and ineligibility for both programs within the same system, so some or all of the steps described in this slide and the following may be combined.
 2. States that are able to provide combined Medicaid and separate CHIP eligibility notices may do so before June 3, 2026.
 3. Notices may be separate until June 3, 2026, at which time, states must comply with the combined notices requirement.

Seamless Transitions Requirement at Application for States that Accept Findings Made by the Other Agency or Delegate Authority to the Other Agency: *Medicaid to Separate CHIP (1b)*



Seamless Transitions Requirement at Application for States¹ that Accept Findings Made by the Other Agency or Delegate Authority to the Other Agency: *Separate CHIP to Medicaid (2a)*

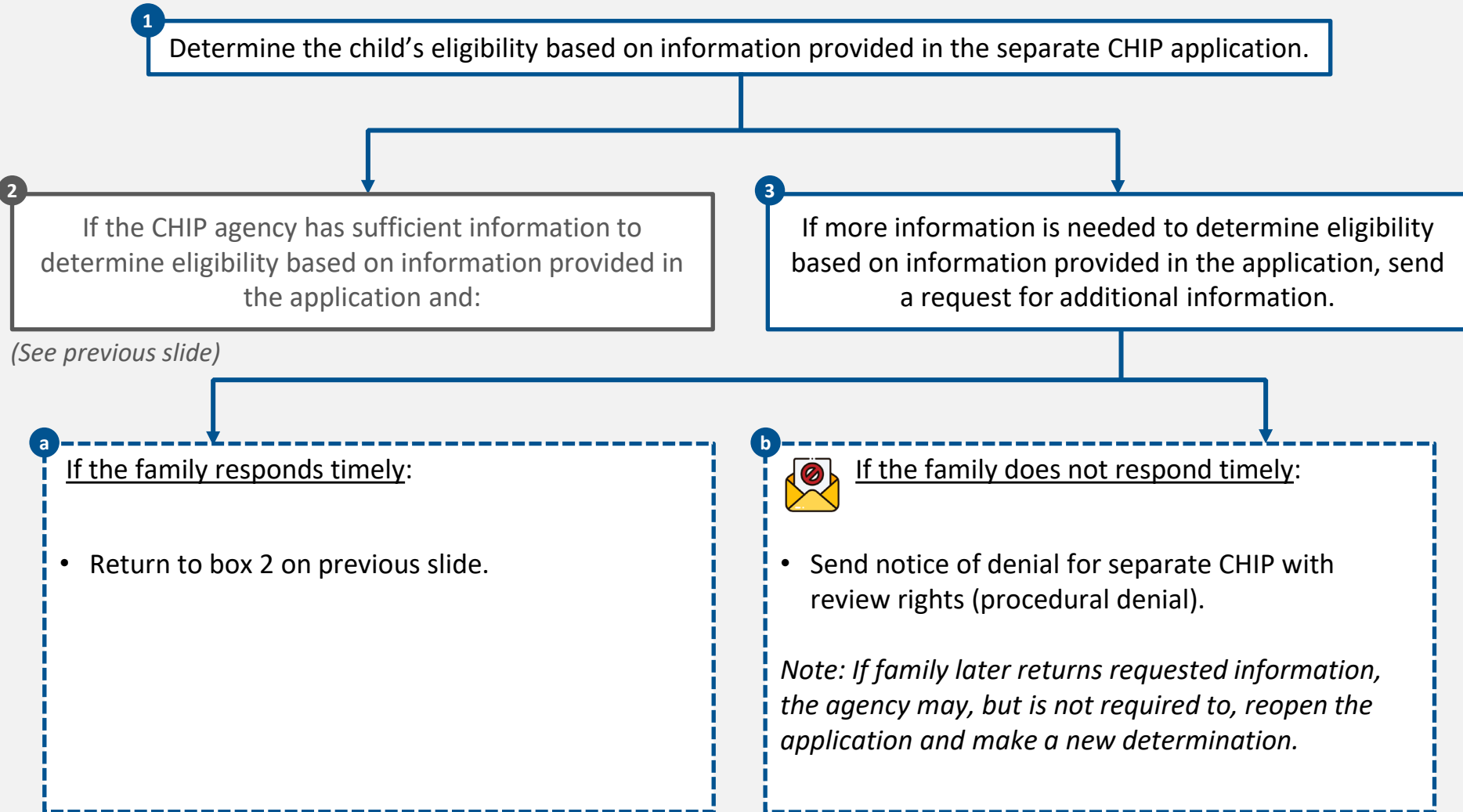


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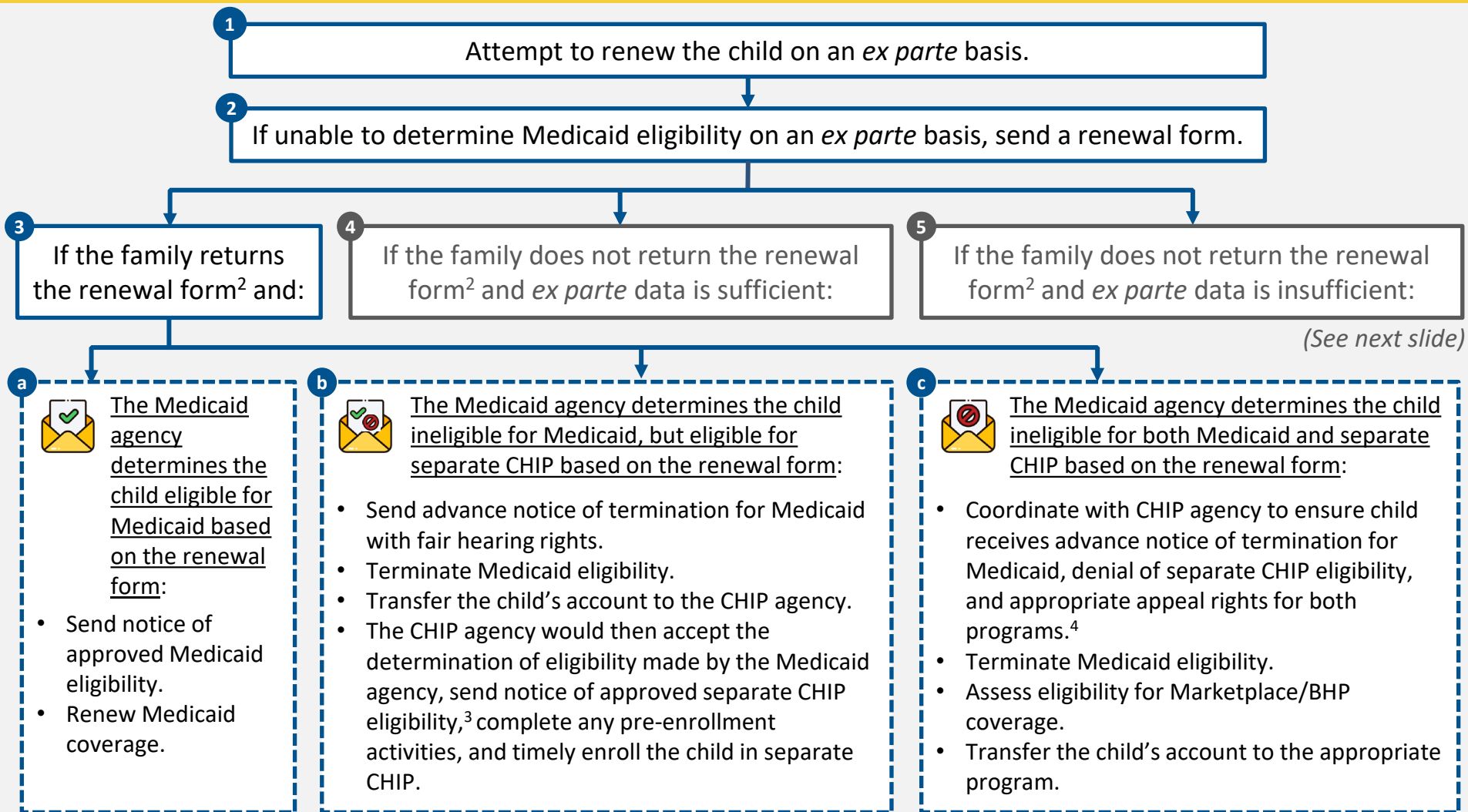
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Seamless Transitions Requirement at Application for States that Accept Findings Made by the Other Agency or Delegate Authority to the Other Agency: *Separate CHIP to Medicaid (2b)*



Seamless Transitions Requirement at Renewal for States¹ that Accept Findings Made by the Other Agency or Delegate Authority to the Other Agency: *Medicaid to Separate CHIP (1a)*



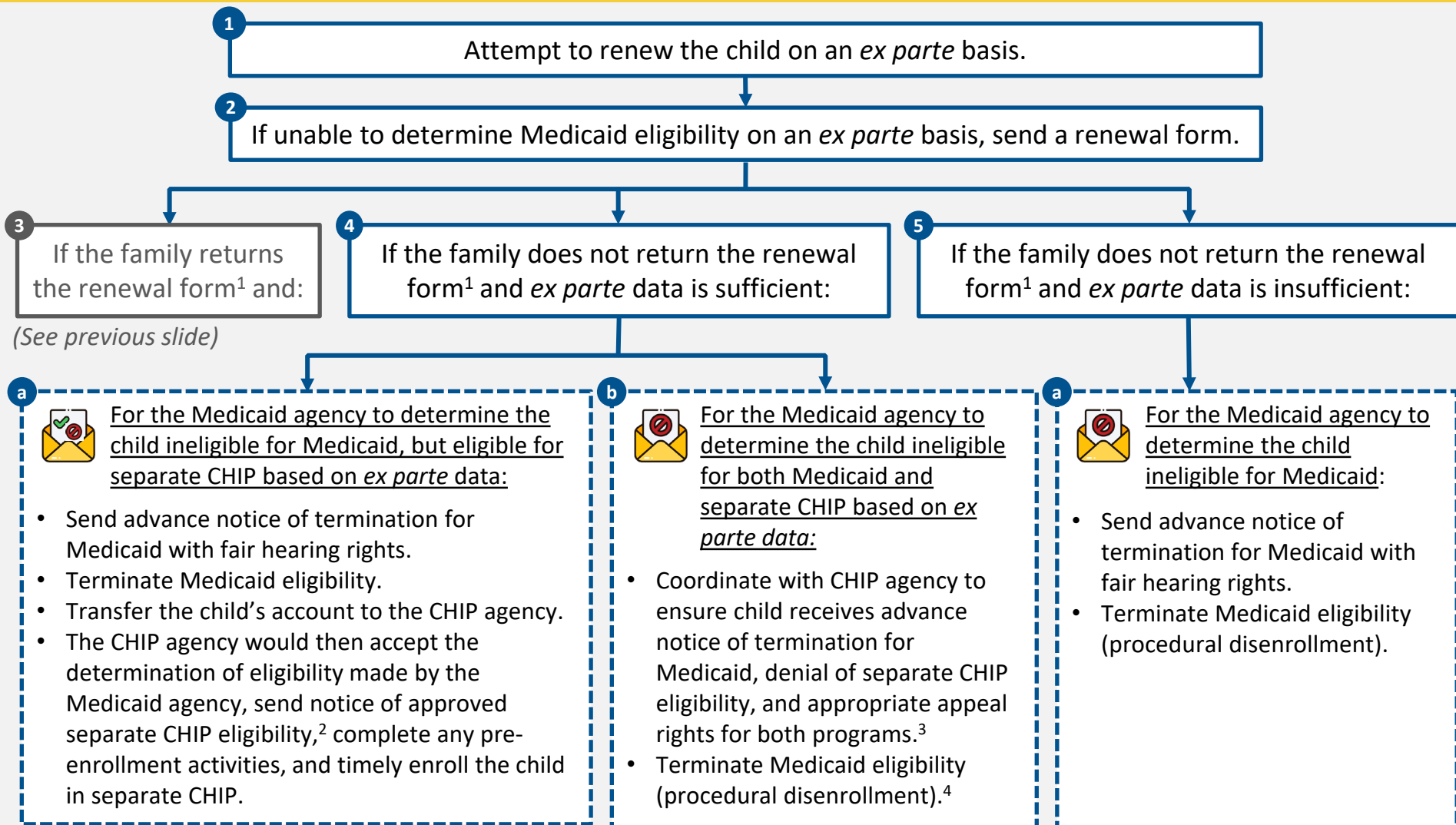
1. States that use a shared eligibility service can determine eligibility and ineligibility for both programs within the same system, so some or all of the steps described in this slide and the following may be combined.

2. Renewal form also includes any other requested information/documentation.

3. States that are able to provide combined Medicaid and separate CHIP eligibility notices may do so before June 3, 2026.

4. Notices may be separate until June 3, 2026, at which time, states must comply with the combined notices requirement.

Seamless Transitions Requirement at Renewal for States that Accept Findings Made by the Other Agency or Delegate Authority to the Other Agency: *Medicaid to Separate CHIP (1b)*



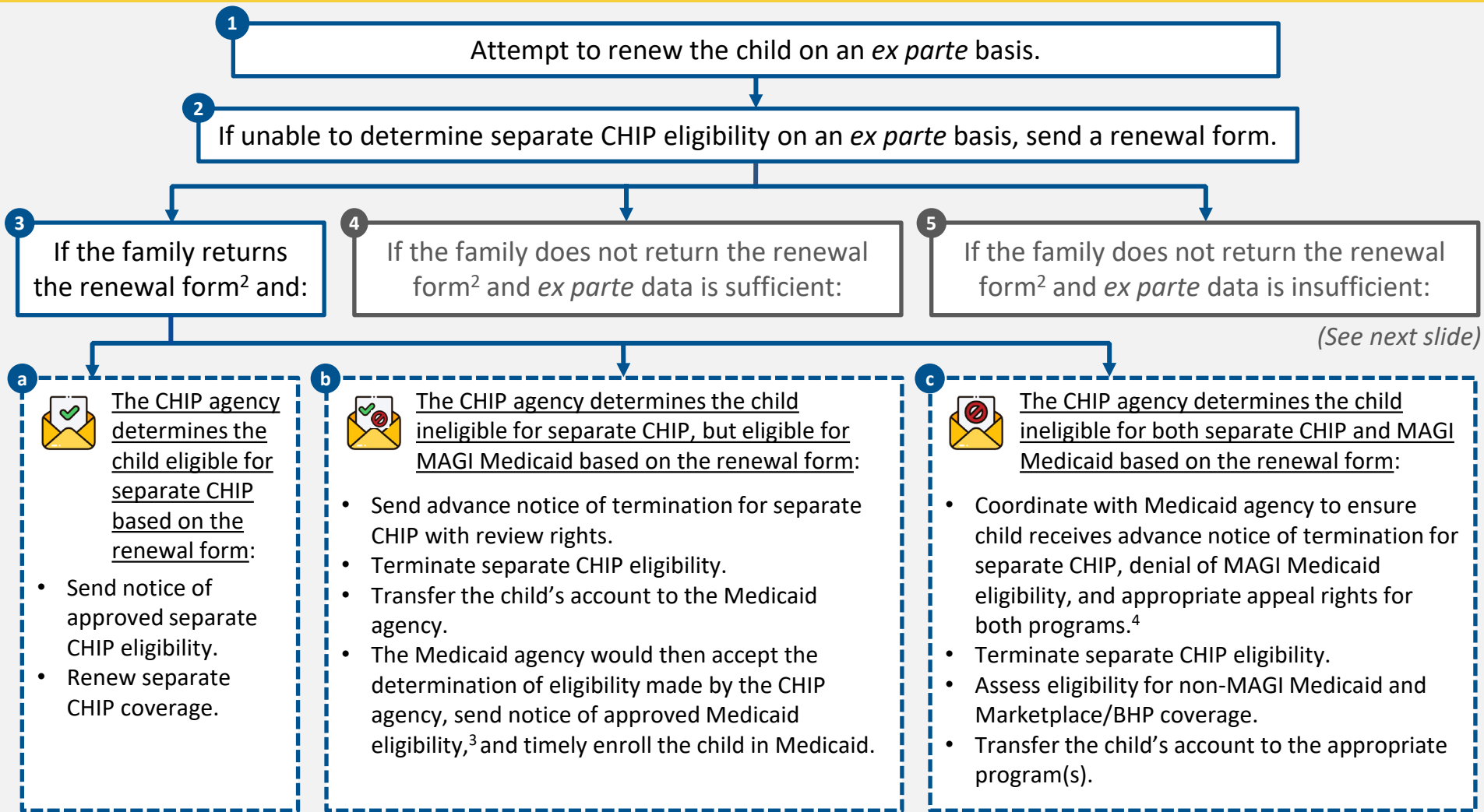
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4. CMS is exercising enforcement discretion such that assessments of eligibility for Marketplace/BHP coverage in these cases is not required at this time. See slide 6 for more information.

Seamless Transitions Requirement at Renewal for States¹ that Accept Findings Made by the Other Agency or Delegate Authority to the Other Agency: *Separate CHIP to Medicaid (2a)*



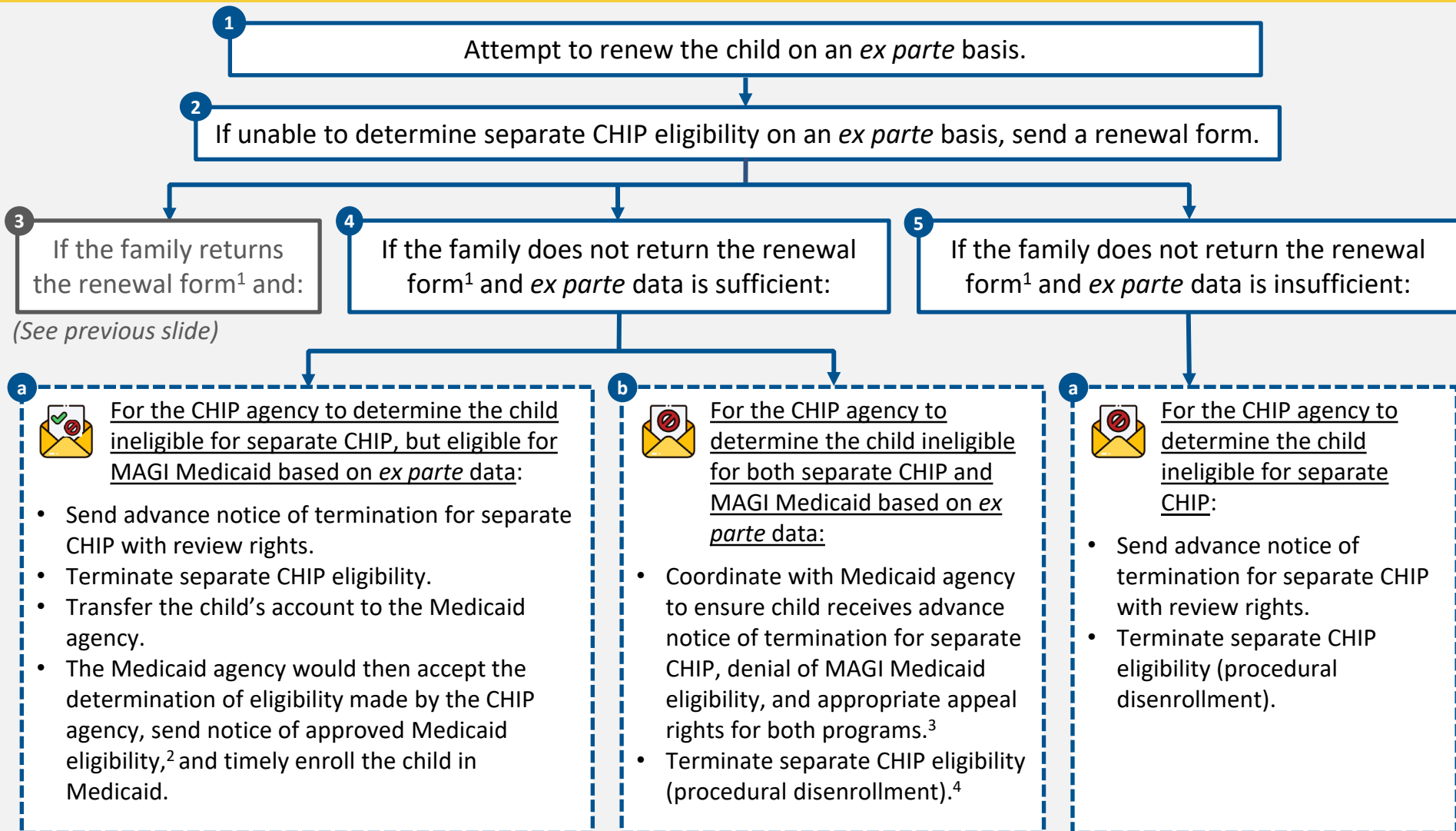
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Seamless Transitions Requirement at Renewal for States that Accept Findings Made by the Other Agency or Delegate Authority to the Other Agency: *Separate CHIP to Medicaid (2b)*



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Implementation of Seamless Transitions Requirement During a Continuous Eligibility (CE) Period

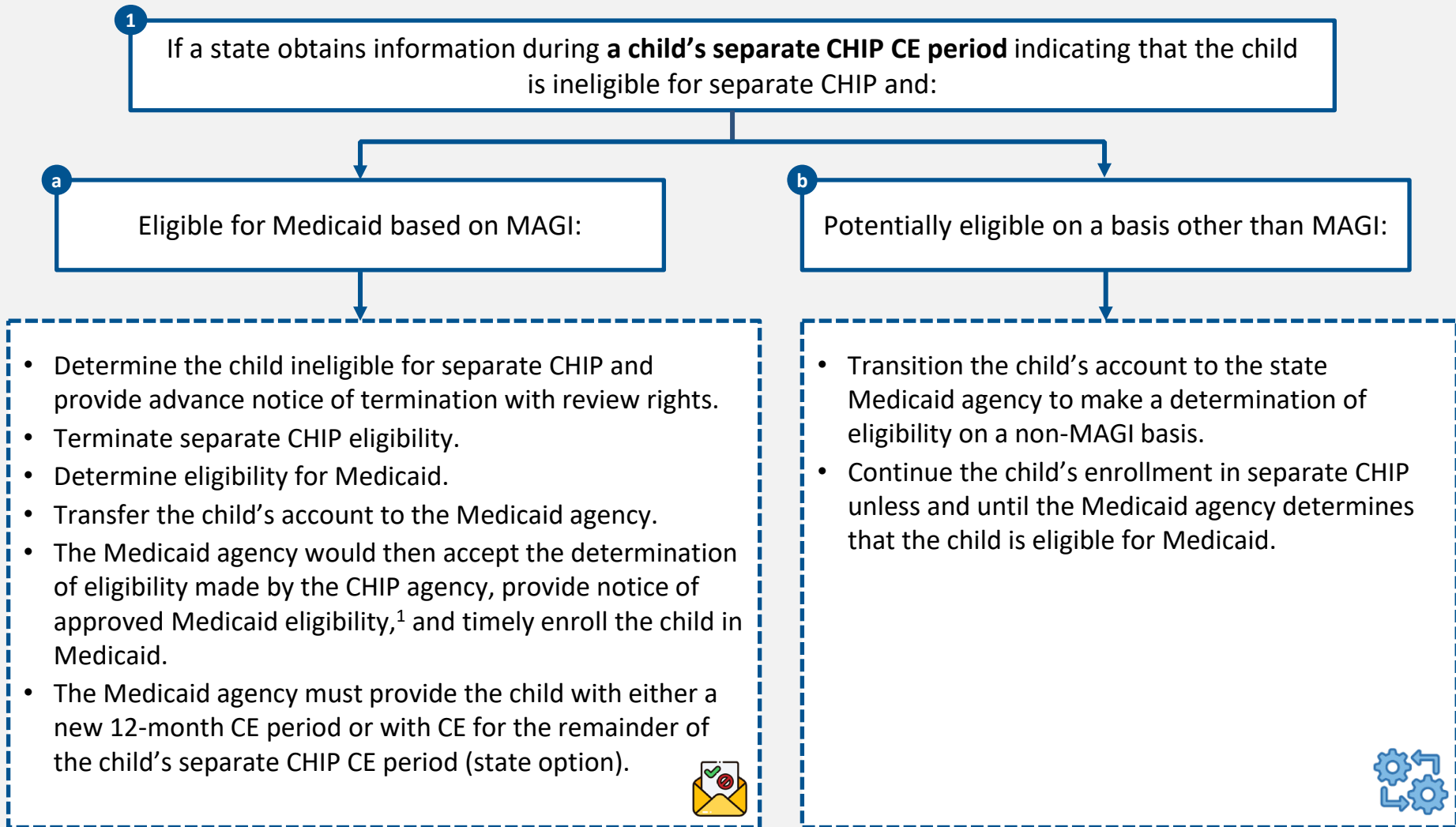
- Children under the age of 19 in Medicaid and CHIP are entitled to 12 months of CE regardless of changes in circumstances, with limited exceptions, including an exception for a separate CHIP-enrolled child who become eligible for Medicaid. There is no exception for children enrolled in Medicaid who become eligible for separate CHIP.¹
- States can adopt a CE period for some or all children (and/or other populations) that is longer than 12 months through a demonstration project under section 1115 of the Social Security Act.
- If a state obtains information *during a child's Medicaid CE period* indicating that the child is ineligible for Medicaid and eligible for separate CHIP, **the state must maintain the child's enrollment in Medicaid for the remainder of the CE period.**² At the end of the child's CE period, the state must conduct a full renewal in accordance with 42 C.F.R. § 435.916.
- If a state obtains information *during a child's separate CHIP CE period* indicating that the child is eligible for Medicaid, **special considerations apply** (see next slide).

1. Section 5112 of the Consolidated Appropriations Act, 2023 amended titles 1902(e)(12) and 2107(e)(1) of the Social Security Act to add this requirement. See CMS's SHO #25-001 and the [November 27, 2024 Final Rule](#) that codified these requirements.

2. Section II.D. of CMS SHO #25-001.

Implementation of Seamless Transitions Requirement During a CE Period, continued

There are special considerations for transitions of children from separate CHIP to Medicaid in response to a change in circumstances during a CE period.



1. States that are able to provide combined Medicaid and separate CHIP eligibility notices may do so before June 3, 2026.

Reminder of Program Coordination Requirements

States must continue to comply with the following requirements related to coordination of eligibility and enrollment that have been in effect and were not changed by the April 2024 Final Rule.

All insurance affordability programs (Medicaid, separate CHIPs, Marketplaces, and BHPs) must **assess potential eligibility for other insurance affordability programs and transfer individuals' accounts** to another program, as appropriate.

All insurance affordability programs must **assess potential eligibility for Medicaid on a non-MAGI basis** when they determine or assess that someone is not eligible for Medicaid based on MAGI.

Separate CHIPs and other programs do not utilize eligibility methodologies other than MAGI. Therefore, when another program assesses an individual as potentially eligible for Medicaid on a non-MAGI basis, it must transfer the individual's account to the Medicaid agency to complete the final determination of Medicaid eligibility.

- **Individuals assessed as potentially eligible for Medicaid on a non-MAGI basis must be permitted to enroll or remain enrolled in coverage** through a separate CHIP, the Marketplace, or a BHP if they otherwise meet eligibility requirements for the program while the non-MAGI determination is underway.
- **The Medicaid agency must complete the non-MAGI determination** and notify the individual's coverage program of the final determination of eligibility or ineligibility for Medicaid. If determined eligible for Medicaid, the Medicaid agency must send the individual a notice of approved eligibility and enroll them in Medicaid

Considerations for Managed Care States

Children transitioning between Medicaid and separate CHIP in managed care states may experience a disruption in coverage if they need to change managed care plans. States should consider strategies to minimize such disruption.

State Strategies to Reduce Disruptions to Coverage for Children

- States may contract with managed care plans that serve both Medicaid and separate CHIP and allow children to maintain enrollment in the same managed care plan when they move between programs.
- States may passively assign or default children to a plan (when a state does not offer the same managed care plans in both Medicaid and separate CHIP) using a process that seeks to preserve existing provider-beneficiary relationships and relationships with providers that have traditionally served both Medicaid and separate CHIP beneficiaries.
- States that do not effectuate either of the above options must distribute children equitably among managed care plans available to enroll them and can consider additional criteria:
 - ✓ Enrollment preferences of family members.
 - ✓ Previous plan assignment of the child.
 - ✓ Quality assurance and improvement performance.
 - ✓ Procurement evaluation elements.
 - ✓ Accessibility of provider offices for people with disabilities (when appropriate).
 - ✓ Other reasonable criteria related to a child's experience with Medicaid or separate CHIP.
- States must send clear instructions to the family about: how to change managed care plans, how much time the family has to change managed care plans, and where to go and who to contact with questions about plan selection.

Considerations for States with Premiums or Enrollment Fees

States that require the collection of a first month's premium or an enrollment fee to effectuate separate CHIP coverage may take steps to prevent potential gaps in coverage for children transitioning from Medicaid to a separate CHIP.

State Strategies to Prevent Gaps in Coverage for Children

- Waive premiums or enrollment fees for the first month of separate CHIP coverage for children transitioning from Medicaid.
- Delay collection of initial premiums and enrollment fees until after the child is enrolled in separate CHIP.

The adoption of either of these strategies could help states reduce barriers for children to access care as they transition to separate CHIP from Medicaid.



Reminder: Once enrolled in separate CHIP coverage, children may not be disenrolled for failing to pay premiums during a CE period.

Reminders

- CMS is available to provide technical assistance to states in complying with the requirements described in this slide deck and the December 20, 2024, CIB, *Ensuring Seamless Coverage Transitions between Medicaid, Separate CHIPs, and Other Insurance Affordability Programs and Exercise of Enforcement Discretion to Delay Implementation of Certain Coverage Transition Requirements.*
- CMS will release additional instructions related to compliance with the combined notices requirement and the procedural disenrollment account transfer requirement at a later date.
- For additional information and technical assistance, please contact Tess Hines at Mary.Hines@cms.hhs.gov.