

Implementation Guide: Medicaid State Plan Eligibility Individuals Electing COBRA Continuation Coverage

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Individuals Electing COBRA Continuation Coverage

POLICY CITATION

Statute: 1902(a)(10)(F), 1902(u)(1), 1902(a)(10)(XII)

BACKGROUND

Overview

This reviewable unit (RU) describes the optional Medicaid eligibility group for individuals receiving COBRA continuation coverage. It provides the criteria under which individuals may be covered under this group, as well as the income standard used.

The Omnibus Budget Reconciliation Act of 1990 added a new subparagraph (F) to section 1902(a)(10) of the Social Security Act (the Act), which gives states the option to provide medical assistance in the form of COBRA continuation premiums. In this context, COBRA refers to the ability of certain individuals to purchase an extension of group health insurance provided by a former employer for a defined period of time. Federal financial participation (FFP) is available for the provision of COBRA continuation coverage under a group health plan provided by an employer with 75 or more employees.

Characteristics

The Individuals Electing COBRA Continuation Coverage group is an optional eligibility group established by sections 1902(a)(10)(F) and 1902(u)(1) of the Act. This eligibility group covers individuals:

- Who are entitled to elect COBRA continuation coverage;
- Who have income at or below the standard established by the state; and
- Whose Medicaid coverage of COBRA premiums is likely to be cost-effective for the state.

Medical assistance for this eligibility group is limited to payment of COBRA premiums. However, individuals eligible for this group may also meet the separate requirements for another Medicaid eligibility group. In such cases, the individual is eligible for both groups, and therefore eligible for payment of COBRA premiums and any other state plan services available under the non-COBRA group.

Financial Eligibility

Each state establishes its own income standard for the Individuals Electing COBRA Continuation Coverage group. As described at 1902(u)(1)(B), the standard established by a state may not exceed 100 percent of the federal poverty level (FPL).

Section 1902(e)(14) of the Act requires states to use modified adjusted gross income (MAGI) for any purpose under the state plan for which a determination of income is required, unless an exception applies. The COBRA Continuation Coverage group does not meet an exception, and as a result, MAGI-based income methodologies are used to determine eligibility for this eligibility group. Separate RUs, **MAGI-Based Methodologies** (for states) and **MAGI-Based**

Methodologies – Territories (for territories), describe the methodologies used by the state or territory. If the state/territory wishes to make a change to its MAGI-based income methodologies, it must amend one of these RUs.

Because eligibility for the Individuals Electing COBRA Continuation Coverage group is based on MAGI, a resource test is not permitted. In addition, states are not permitted to apply less restrictive financial methodologies to this eligibility group.

COBRA Continuation Coverage – Cost Effectiveness

As described in the paragraph following section 1902(a)(10)(G) (at XII), eligibility in this group entitles an individual only to medical assistance in the form of COBRA premium payments. As a practical matter, the individual must elect the COBRA coverage in order to receive the benefit of the premium payment through Medicaid. Premium payments made by the state on the individual's behalf can only occur if such payments are likely to be cost effective.

The determination to pay COBRA premiums for an individual enrolled in a group health plan is considered cost effective when the amount paid for the COBRA premium is likely to be less than the Medicaid expenditures for an equivalent set of services. The state articulates how they make that determination within the premium assistance section of the state plan.

INSTRUCTIONS

A. Characteristics

There are three statements describing the characteristics of this eligibility group.

B. Financial Methodologies

There is a statement that MAGI-based methodologies are used in calculating household income for this eligibility group. A separate reviewable unit (RU), **MAGI-Based Methodologies**, describes the MAGI-based methodologies used by the state.

If you wish to view the state's methodologies, select the *View approved version of MAGI-Based Methodologies* link.

- The **MAGI-Based Methodologies** RU will appear if there is an approved version in the MACPro system.
- If there is no approved version of the RU in MACPro, a screen will appear with the following message: "There is no approved version of this reviewable unit in MACPro available to display."
- Select the *Individuals Electing COBRA Continuation Coverage* link to return to the **Individuals Electing COBRA Continuation Coverage** RU.

C. Income Standard

Select one of the two options (**C.1.** or **C.2.**) to indicate the income standard used for this group.

- If **C.2. A lower percentage of the FPL** is selected, enter the percentage in the text box provided.

D. Cost Effectiveness

There is a statement that the cost effectiveness test for COBRA premiums is discussed in the premium assistance section of the state plan.

E. Medical Assistance Provided

There is a statement that coverage is limited to the payment of COBRA premiums.

F. Additional Information (Optional)

Except in limited circumstances, this field remains blank. Please consult with CMS before adding any additional information concerning this RU.

REVIEW CRITERIA

No specific review criteria are needed.