

WEBINAR TRANSCRIPT:

FMAP & Income Conversion Methodology Study

Moderator: Carrie Au-Yeung
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Carrie Au-Yeung: Hello and thank you for attending today's Webinar FMAP and Income Methodology Study. My name is Carrie Au-Yeung and I'm a research fellow with SHADAC.

The University of Minnesota State Health Access Data Assistance Center or SHADAC is funded by the Robert Wood Johnson Foundation to help states monitor rates of health insurance coverage, understand factors associated with access to care and to utilize data for implementation of health reform. We would like to thank Robert Wood Johnson Foundation for their continued support of our work.

Before we begin today, I'd like to cover a few technical details. First, broadcast audio is available for today's Webinar, however, if you would prefer, you can listen today via telephone as well by dialing 800-891-9945. All phones will be muted for the duration of the call. Questions for our speakers can be submitted throughout the Webinar via the chat feature on the left-hand side of the viewing screen.

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Finally, you can go to www.readytalk.com and click Chat With a Representative in the left-hand column. If you're able to log into Ready Talk, but are still having technical problems, you can ask for help using the chat feature. Finally, closed captioning is available for today's event. You should see a closed captioning URL in the chat box on the left-hand side of your viewing screen, looks like it just popped up there.

You can copy and paste this URL from the chat screen into a separate browser window to view the closed captioning, adjusting both browser frames to see both the captioning and slides simultaneously. With that, I'll move on to the substance of today's Webinar.

Today we will be discussing the Federal Medical Assistance Percentage, or FMAP, claiming and Modified Adjusted Gross Income, or MAGI, income conversion methodologies that states will need to implement under the Affordable Care Act.

These methodologies will be needed to determine who is newly eligible for Medicaid under the Affordable Care Act, and who would have been eligible before the Affordable Care Act took effect had they applied for coverage, i.e. the previously eligible, and to enable states to convert their current financial eligibility standards from Medicaid to the new MAGI-based standards.

The U.S. Department of Health and Human Services or HHS has contracted with RAND Corporation, SHADAC, and the National Conference of State Legislatures, NCSL, to evaluate and refine proposed methodologies for one, identifying individuals newly versus previously eligible for Medicaid for the

purposes of FMAP claiming and two, converting current state Medicaid eligibility standards to the new MAGI-based standards.

Once the methodologies have been finalized, SHADAC will be providing technical assistance to states to implement them. Whatever methodology or methodologies that are ultimately chosen must be accurate, but also administratively practical so that undue burden is not placed on states.

The goal of this Webinar is to provide information about the approach of the feasibility study and to solicit input on the study's design in order to ensure that the expertise and concerns of state officials and other stakeholders inform the project. Today, we will be hearing from three speakers involved in the methodology study.

Stephanie Kaminsky from the Center for Medicaid and CHIP Services at CMS will give an introduction to the event. Dr. Christine Eibner from RAND Corporation will give an overview of the FMAP and income conversion methodology study, and finally, Julie Sonier from SHADAC at the University of Minnesota will describe the technical assistance that will be available for states during and after the study.

And now I'd like to introduce our first speaker, Stephanie Kaminsky. Stephanie is a senior policy advisor in the children and adults health program group at the Center for Medicaid and CHIP Services at CMS. She is working exclusively on the Medicaid eligibility expansion resulting from the Affordable Care Act.

This is her second tour of duty working in Medicaid eligibility where she also worked from 1999 to 2001 on Medicaid/TANF delinking issues. In between, she worked at the Office for Civil Rights on HIPAA privacy and in CMS'

Center for Medicare Management on various Medicare payment systems. Her pre-government background is as a healthcare attorney. And now, I'll hand the call over to (Stephanie) for the first portion of today's call.

Stephanie Kaminsky: Thank you, Carrie, and it is really a pleasure to be here today and to be here with RAND and SHADAC at this Webinar, somewhat, actually, long awaited by us here at CMS.

We've had this planned for some time and it's extremely exciting to finally be a part of the live event, to have this contract in motion and to be rolling up our sleeves to really dig in to some of the technical details related to MAGI income conversion and FMAP claiming methodologies. So I just have a few remarks that I wanted to give today. Hold on just one second, trying to advance here, there we go.

So let me start with the, sort of, statutory basis for this contract and for, you know, the methodologies that we are in the midst of developing. As many of you know already, I'm assuming, Section 2001 of the Affordable Care Act provides for enhanced FMAP for a group of individuals that the statute defines as newly eligible.

These folks are individuals who would be eligible for the new adult group, which is the expansion group under the Affordable Care Act for Medicaid coverage up through 133% of the federal poverty level with a 5% across the board disregard, kind of, bumping up to 138% of the federal poverty level, provided that these individuals would not have been eligible for full benefits or benchmark equivalent as of December 2009.

So this is kind of technical definition, which I'll talk about in a moment, but I just wanted to lay the groundwork by citing to Section 2001 for anybody

who's got their Affordable Care Act by their Webinar computer sides. Section 2002 requires something that we've dubbed income conversion for MAGI groups.

Essentially - for individuals who would be eligible under MAGI, essentially, that's conversion of current net income standards incorporating disregards to create an equivalent MAGI income standard.

Let me just back up a second, as many know, the new MAGI, modified adjusted gross income, rules for determining income under both Medicaid and for exchange of the premium tax credits under the Affordable Care Act, is really somewhat different from the way that eligibility is determined today.

And one of the more significant differences, not the only one, is that the various and varied income disregards that currently exist in today's income counting rules will no longer be available for individuals.

The goal was to simplify eligibility to align with the eligibility rules for the exchange eligibility coverage and those rules are tied to the IRS rules under the new Section 36D of the IRS statute which create the rules around modified adjusted gross income.

And so anyway, so that's, sort of, the background of why we are even talking about income conversion at all, that there is this new MAGI standard. To go back to FMAP for a moment, we issued a rule in August, this past August, about eligibility as well as FMAP claiming methods in the federal register. It's a proposed rule - excuse me, for just trying to advance here, and I'm not quite getting an advance but, there it is a little delay.

We proposed three methodologies for determining who was newly eligible and we also proposed a prohibition on states running a dual eligibility system.

Essentially, in order to determine who is a newly eligible individual, we are looking for alternative methods of ascertaining who would have been eligible for full benefits as of December 2009 under a state plan, or under a waiver of the plan for Medicaid, without actually running individuals through two eligibility systems.

The new simplification rules that Congress put into place and the new eligibility expansion are all great news for Medicaid beneficiaries, but the idea that there would - and for states, but the idea that there would need to be, kind of, a second eligibility determination just to figure out what a state could claim for FMAP, really seemed to run counter to what our over-arching goals were as we were developing policy for the Affordable Care Act over the last year.

And so we, kind of, you know, don't want - we don't think it's really efficient for states to run two eligibility systems and we're looking for alternative methods and doing a case-by-case, person-by-person eligibility determination under the old rule.

We put this proposal out around that, putting forth some methodologies in the August NPRM, and we're expecting all comments in by next Monday, October 31. In addition to the FMAP piece of analytical work that we're in the midst of engaging in, we also are contemplating the income conversion concept in the Affordable Care Act.

Recently, we will be issuing a whitepaper very soon soliciting input on four methodologies that we have developed to implement MAGI income

conversion, and again, this income conversion concept is that, in order for states to convert, if you will, to MAGI and to make sure that nobody, or as few as possible people, are lost from eligibility coverage based on the conversion to MAGI, meaning based on the loss of disregards, there's a requirement, as I mentioned earlier, to have states go through a grossing up of income so that net income standards become gross income standards and MAGI equivalent standards are created.

We have come up with a number of methodologies for doing that. We are looking for input both through our white paper as well as through today's Webinar on study design on this piece of analytical work because this is going to impact all states who are going to be implementing MAGI.

At some point going forward, you know, in advance of 2014, states are going to need to submit income conversion plans to CMS and, ultimately, they're going to need to submit state plan amendments with MAGI equivalent income standards.

So there's great public interest in the methodology that we use to convert from current net standards, if you will, to gross standards to comply with the MAGI equivalent requirement in the statute. So that's a little bit of the technical statutory background for why we decided to let this contract with RAND.

We felt that these two areas, which I feel have been difficult to even describe in the last short synopsis, are quite technical and we didn't want the technical challenges associated with implementing these pieces of the Affordable Care Act to get in the way of the over-arching goals of eligibility simplification and the eligibility expansion, which are really, sort of, the heart and soul of what I think the Affordable Care Act is about.

And so we decided that we wanted to create as many tools as possible and as much technical assistance as possible for states to help them with these two areas, and that's what led us, as I said, to let this contract. We have this contract, as I think Carrie mentioned earlier, with RAND, who is working in collaboration with SHADAC and the National Conference of State Legislatures.

And as you'll hear as this Webinar continues, the contract is in order to test the feasibility of various models for determining who's a newly eligible and who's not newly eligible as well as to allocate disregards across an entire population, or an entire eligibility group, as we'll need to do when we convert from a net income standard to a gross income standard.

The contract is also to pilot some of these methodologies as much as we can using real state data, rolling up our sleeves and, you know, figuring out what works and what doesn't work and then, ultimately, to provide technical assistance. We really want state impact on - we really want public input on the study design and that's part of the reason for today's Webinar.

The potential impact of the results of this contract are quite large and we really are, you know, very, very solicitous of public input in order to help guide our policymaking, in order to help guide the way that this contract is designed and implemented. We continue to be interested in all ideas around the FMAP methodologies, the newly eligible determination methodologies, as well as the income conversion methodologies.

We, you know, have some ideas, and (Christine) from RAND will be going through those later today in her presentation, but we remain, you know, quite open to refinements, and to additions, and subtractions, and modifications to what we've come up with so far.

We really are inviting, kind of, national brainstorming if you will, to help us come up with what makes the most sense and what's the most efficient, given, you know, clearly the limitations of what data states have available to them in their own data repositories.

So I will turn it over to Christie, Julie, and the rest of the team to give details on, you know, a little bit more about our methodologies as well as how to give comments during this Webinar, and afterwards, which we will be accepting until November 4, 2011, I but just wanted to say, in general, that we are, you know, very excited to be, you know, getting going with this work and really looking forward to your participation and input as we move forward.

So with that, I'll turn it back over to Carrie.

Carrie Au-Yeung: Thanks Stephanie, I just wanted to remind attendees that you can submit questions at any time using the chat feature in the bottom - or the left-hand corner of your screen. You can do that at any time during the Webinar and then we'll be relaying those questions to the speakers following their presentations.

Our next speaker today is Christine Eibner. Dr. Eibner is an economist at RAND and principal investigator of the Federal Matching Assistance Percentage, or FMAP, claiming and Modified Adjusted Gross Income Conversion Project.

Her work related to healthcare reform includes a comprehensive study of cost containment options for the State of Massachusetts, and assessment of the likely effects of the Affordable Care Act on employer health insurance

provision, and estimates of the costs and coverage effects of the Affordable Care Act for five states.

Dr. Eibner also directs RAND's compare micro-simulation initiative, a project that uses economic modeling to predict how individuals and employers will respond to healthcare policy changes and the consequences of these changes for health insurance enrollment and spending.

Dr. Eibner earned her Bachelor's Degree in English and economics from the College of William and Mary and her Master's and Doctorate in economics from the University of Maryland College Park. Prior to joining RAND in 2003, she spent two years at a post-doctoral research associate at Princeton University. And now I'll hand the call over to Christine.

Christine Eibner: Okay thank you, Carrie. So I'll just go over briefly what RAND's role is and then discuss the approach that we're planning to take. And just, I want to let everyone know, we're very excited, as well, about this study. We're just getting underway and we're really looking forward to the comments that you're going to be providing, or hopefully will be providing, to us over the comment period.

So RAND's role is to test the algorithms that CMS has proposed for FMAP claiming and income conversion, and then to refine the algorithms, and if needed, suggest alternative approaches to improve the accuracy and administrative feasibility of those algorithms. And then finally, we'll be supporting SHADAC in providing technical assistance to the states.

So I want to focus now, Julie from SHADAC is going to be going over the technical assistance piece, So I want to focus, right now, on the approach that we're going to take to test and refine the algorithms and then to give some

more detail about the algorithm specifically. So we have, really, a three-pronged approach to testing and refining the algorithms. The first part of our approach is going to be case studies with ten states.

The purpose of the case studies is to understand what the data - how much data the states currently have, what types of information they're collecting on Medicaid enrollees. What are the plans for 2014 and beyond in terms of the changes to any data collection procedures. How can that data be used to implement the algorithms that we're considering? And then what are the technical and administrative challenges that states may face?

So the main point of the case study is, if I had to sum it up in one line, is to determine what's feasible for states to implement given their existing resources and the resources they plan to be collecting after 2014.

Then the second phase of the algorithm development will be data analysis and so we'll use data to assess the accuracy of the proposed algorithms and then also, to determine what type of computer code or other materials will be needed to implement the algorithm.

And then finally, we'll move to our pilot testing phase where we pilot test the algorithms with the ten case study states. And the goal of the pilot test is to determine how well the methods work on the ground, and if necessary, to make further refinements to make them feasible and workable for the states.

So I'll start with the discussion of the state case studies. First, we have to select states to participate in the case studies. You, hopefully, have all seen the email that was sent by CMS mentioning the study and giving you the contact information that you could use if you wanted to volunteer to be one of the case study states, so currently, we're requesting volunteers.

If more than ten states volunteer, we'll select states to maximize diversity along a number of specific characteristics, and I'll describe that more in the next slide, and then CMS is going to have the final say in determining which states are the case study states. But even if you are not a case study state, all states are going to be offered technical assistance at the end of the project, so we do have something for all states down the road.

Okay. The next slide just shows the selection criteria that are under consideration and, you know, there are a bunch of them here, you know, data availability, the variety and type of disregard views, the number and type of eligibility categories, you know, also some demographic issues, you know, rural versus urban nature of the state, large versus small.

We have only ten - unfortunately, we only have room for ten case study states, so we want to try to get a diverse picture of states. There are almost ten selection criteria - or exactly ten selection criteria here, which makes it difficult to be sure that we can capture everything.

We would really like some of your comments to focus on which of these selection criteria are the most important to ensure that we're getting a representative view of states for issues that matter the most for these income conversation and FMAP claiming methodologies.

Okay. Let me give you a little more detail about what the case studies will involve. So RAND will visit each case study state, in person, to discuss current eligibility determination processes, the data that you use, the availability of that data, the quality of the data, data collection plans for 2014 and beyond, and then also, technical capabilities that exist in the state.

We'll also be asking participating states to share current data files so that we can play around with them a little, both to access what's the content of the data file and then how useful are they for running the proposed algorithms.

A little bit more on what participation will entail. We'll ask each state to identify a lead or point of contact for the research. We'll ask that that point of contact as well as others in the state to participate in interviews with our team during site visits.

We'll ask that you provide documentation materials and data that would be helpful to understanding the state technical capabilities. And then finally, we'll ask that you work with SHADAC to pilot test the proposed algorithms.

So - oh, sorry, trying to advance, here we go. So the previous slide described what participation would entail, so, sort of, what the onus is on states to participate, but I also want to describe a few potential benefits.

One is that, input from participating states will, of course, inform the methods and refinements that are ultimately determined in order to - for implementing these FMAP claiming and MAGI income conversation methods, so you'll have an influence in the methods that are ultimately proposed.

In addition to that, estimates that we develop from our analysis, such as, you know, we may be doing some work with outside data sources to estimate the number of people who would be newly eligible for Medicaid after 2014. Well that information may be useful to states and that's something that we can certainly provide when the study is finished.

And then finally, participating states will have the ability to pilot test algorithms with the assistance of SHADAC.

Okay. So let me move to the data analysis phase. And again, here, we're going to be assessing how accurate are the proposed algorithms and what code and other materials are needed to implement the algorithms. So we'll be testing two types of algorithms, the FMAP claiming algorithms.

The goal of those algorithms is to determine who is newly Medicaid eligible and who was previous eligible for full benefits to determine what FMAP percentage is applicable to those individuals.

The second type of method that we'll be testing are the income conversion methods. The goal here is to convert net income standards to a MAGI-based equivalent. And, you know, MAGI is a pretty complicated concept, for the purposes of this analysis, we'll address only the impact resulting from the elimination of disregards, and that is based on CMS' interpretation of the ACA.

So now I'd like to just go through, briefly, the proposed algorithms so everyone can have a sense of what they are. I'll go through the FMAP algorithms relatively quickly because I know that many of you have heard about the FMAP claiming algorithms before through a previous Webinar, or call, that CMS had held. And then when I discuss the income conversion I'll give a little more detail.

The first of the FMAP claiming algorithms is the threshold methodology. And the idea here is to determine the highest income at which a person could have been eligible as of December of 2009 and then, essentially, you know, call anyone above that income newly eligible and anyone below that income as previously eligible.

Now it's a little more complicated than that, for example, disability status and assets may affect eligibility, and so we'd have to factor that in as well, and we'd use some type of proxy to determine disability status and asset level. But then with the combination...

Carrie Au-Yeung: Sorry, Christy, could I interrupt for a sec?

Christine Eibner: Sure.

Carrie Au-Yeung: Sorry, this is Carrie at SHADAC. We just had a couple requests if you could just slow down just a little bit.

Christine Eibner: Oh, okay. Sorry.

Carrie Au-Yeung: Thanks.

Christine Eibner: I'll try. I talk fast. I apologize.

Carrie Au-Yeung: No, that's okay.

Christine Eibner: So we'll use the combination of this threshold as well as the disability proxy and the asset proxy to determine for each type of individual, you know, who is newbie and who is previously eligible, and so that'll be a general method.

And then, potentially, states could be asked to validate this based on sampling. And so RAND, in this case, would determine sampling methodology that could be used to perform this validation. So that's the FMAP claiming - I'm sorry, that's the threshold methodology for FMAP claiming.

The second methodology is a sampling methodology. The idea here is that states would sample a subset of Medicaid enrollees and collect more extensive information, potentially, on this subset of enrollees than they collect for the general population.

And then, based on that subset, they would determine who is newly and who is previously eligible. For example, for the subset, they might collect more information related to eligibility rules prior to December of 2009.

And then they'd make a determination on that subset and then, based on the probabilities found in the subset, they would apply that more broadly to the larger population for coming up with an overall FMAP claiming rate.

So for this methodology RAND would develop recommendations about what data would need to be collected in order to assess newly versus previously eligible status. And importantly, how could this be done to minimize the burden for the states, because we really don't want to end up with a situation where states have to collect everything for this whole sample, you know, and also we want to minimize the burden for enrollees.

So we'll be looking at opportunities to use data that states are already collecting, maybe for another purpose, to minimize the burden, so one possibility is using data and data collection procedures already in place for PERM audits. We'll also be considering whether it would be possible to make this determination based on information that's being collected as part of the, you know, 2014 and beyond eligibility determination processes.

Another question that we'll be looking at is whether we - how to get statistically valid sample size and then how frequently would sampling need to be done in order to ensure that the methodology remains accurate over time.

Okay. The third FMAP claiming algorithm is an outside data source methodology. For this method we would use a nationally representative dataset, such as the Survey of Income and Program Participation, and I'll give more background on what the SIPP is later on in this talk.

We'd use that nationally representative data to predict eligibility status given characteristics such as income, age, assets, family structure, and disability proxy, maybe other characteristics as well. So basically, this would be, for example, a regression and we'd use the output of the regression to predict eligibility status.

And then the states would apply those regression coefficients to individuals and predict eligibility based on that methodology and we would make this very simply, you know, providing a code and a program, and states would, basically, just have to file their data through that code to get the eligibility determination.

We could use a similar methodology to predict claim amounts and then states would use these predictions to estimate the FMAP claiming percentage.

Okay. So now I'll move to the income conversion methodologies and I'll go into this in a little more detail because I know you haven't had previous backgrounds on these income conversion methods.

So the first of the income conversion methodologies is an average disregard method. So the idea here is that the state would determine the net income standard that's in place as of December 2009 and then we'd have to add back in the disregards to create a gross income standard.

So there are a couple of ways that we could calculate the value of the disregards. One of from the ground up, so we could figure out which disregard - you know, how many disregards are in place in the state and then calculate the average value of each of those disregards and then apply those average values - add those average values back on to the net income standard waiting for the frequency of use for each disregard.

Another possible method would just be to use the difference between gross income and net income if those two things are available on state data systems, we could use the difference to estimate the value of disregards and then just add the average difference between gross and net income back to the net income standard in order to create the new standard.

So let me go through an example which I hope will make this a little bit more clear. So this is a state and we're assuming that the current net income threshold for Medicaid eligibility is \$110 per month. And here I've listed four people, 1, 2, 3, 4.

We have their gross incomes, then the disregard amount in the third column, and then that leads to a net income for each individual. So, let's see, in the fifth column, labeled eligible net, I've determined who's eligible and who's not eligible based on the net income threshold. And you can see that Persons 1 and 2 are eligible and Persons 3 and 4 are not.

So now we want to convert this net income standard of \$110 to a gross income standard by adding back in the average disregard. So you can see in the first bullet, the average disregard for the currently eligible population is \$35. So that's \$20 for Person 1 plus \$50 for Person 2 divided by two, so that's \$70 divided by two is \$35. We add \$35 to the gross income standard and we

get - I'm sorry, we add \$35 to the net income standard of \$110 and we get now a gross income standard of \$145.

So in the last column, we determined who is eligible based on the new gross income standard. In this example, I did this purposefully to illustrate a couple of situations that could arise, so the first thing that you'll see is more people are eligible based on this gross income standard than were eligible based on the net income standard.

This is, kind of, a relic of this example and it wouldn't necessarily work out this way, but I just wanted to do this to illustrate some of the things we're going to be grappling with through the study, so we have three eligible based on the gross income and two eligible based on the net income.

Another issue is it's not necessarily the same people who were eligible with the net income standard as were eligible with the gross income standard. So if you look, for example, at Person 2, he was eligible based on net income with \$100, but when you added that back in his disregard of \$50, he is now over the threshold and is no longer eligible. So again, these are a couple of things we're going to be grappling with throughout the study.

Some specific questions about the average disregard method that we'll also want to be considering. So first, should disregard calculations be based on all available data or on a subset of data? Related to that, should disregard calculations include all disregards or just the major disregards? And then finally, should disregards be impeded using a constant value or as a percentage of net income?

So in the previous example, the disregard that I added back on was based on a constant value of \$35 and that was the average of disregards for the eligible

population, so again, \$20 plus \$50 divided by two led us to a \$35 constant that we added back on.

For a percentage approach, we would take the share of income that is disregarded. And so in the previous example we would then take \$20 plus \$50 over \$80 plus \$100. Let me go back to the example so you can see.

Sorry, so if we look at Persons 1 and 2 their net income is \$80 and \$100, so that's, sort of, the base and then we'd take the relative value of the total disregards, \$20 plus \$50 is \$70, and that could lead us to an alternative way of making this adjustment from net to gross income, so again, something we need to consider. What are the pros and cons of each of these approaches and it's going to be something we evaluate in more detail in our study.

Oh, sorry, I'm having a lot of trouble with my advancing here. Okay, so the next methodology is the same number of net and gross methodology. And so as I pointed out before, one of the issues that arose with that average disregard method is that it didn't guarantee that we'd have the same people - same number of people eligible before versus after.

So the same number of net and gross methodology tries to ensure that we have the same number before and after. So the basic methodology here is that we determine the number who are currently eligible, we calculate the gross income by adding back in disregards, and then we find the gross income level that results in the same number of people being eligible using the gross income standard as would have been eligible using current income.

So the benefit of this methodology is that it ensures that the new standard does not increase the number eligible, but a potential drawback is that it's likely to require more data. In fact, we would need, here, data not only on currently

eligible people, but also in people who are not eligible but could be eligible if the criteria were to change.

So let me give you an example of this methodology. And do I'm going to use the same people that I had in the previous example, 1, 2, 3 and 4. And so we have their gross income, their disregard amount, and their net income, and under the old net income threshold of \$110, two people were eligible.

So now what we do is we sort the data by gross income. So when we sort by gross income the ordering changes, so it goes 1, 4, 3, 2 and from, you know, lowest income to highest income. And now we pick a cut off where we get two people eligible.

So, for example, if the cutoff is \$125 for eligibility, Persons 1 and 4 will be eligible, and Persons 3 and 4 will not be eligible, and in total, we'll have two people eligible just as we did before. They're not necessarily the same two people, but they are two people.

And you can see that this gross income threshold of \$125 is different than the threshold that we got in the previous method which was \$145, so different approaches can lead to different results.

Okay. So then a final method that we'll be considering is a generic conversion factor method. So this would be, basically, a stop-gap approach that RAND would propose in the event that we find that data available in state systems is not adequate to support any of the other proposed methodologies.

And so we might then develop generic conversion factors based on nationally representative data, again, such as the Survey of Income and Program Participation, which I'll discuss in a minute.

And the conversation factors could vary by state, they could vary by eligibility group, they could vary by a number of different characteristics. This would all have to be worked out, but again, this is a third methodology that we'll be considering.

Okay, so let me discuss, quickly, some data sources for algorithm development. One of the data sources that we plan to work with is the Survey of Income and Program Participation. This is a nationally representative survey conducted by the U.S. Census. And it's particularly designed to estimate program eligibility so it has a lot of different information on income, and assets, and other variables that might influence program eligibility.

One of the benefits of the SIPP is that because it's nationally representative we have data not only on people who are currently Medicaid eligible, but also on people who might become eligible after 2014 as the rules change, and also, on people who are potentially eligible now, but just not enrolled for whatever reason, and so this is a pretty rich data source.

One of the potential drawbacks is that the SIPP may contain income data that states they don't currently collect. It's potentially a lot cleaner and easier to use than the data that's available with the states. So what we don't want to do is to work exclusively with the SIPP data and then come up with algorithms that are really infeasible from the state's perspective, so we have a couple of stop-gaps built into the project to ensure that that doesn't happen.

First, we're going to be collecting data directly from the states and then we'll assess, based on that data, what data fields are actually available to the states, what is the completeness of the data?

So it's possible that some information is being collected, but it's not as reliable and we wouldn't want to be using that to use to implement these methods, how is the data formatted, is it in a file that can be easily used with computer programming or, you know, if it's on paper as a paper copy that might not be as useful.

So the state data collection will provide us a sense of what is feasible from the state perspective and also, we'll attempt to run the algorithms on state data to see how well they work given what states actually have.

Okay. So now I'll move to the third phase of our algorithm development portion of the study and that's pilot testing. So again, the pilot testing provides us a way of making sure that the algorithms will work on the ground with states.

And so the pilot testing phase of the study is going to be led by SHADAC. It will start with a kickoff Webinar where we discuss the preliminary algorithms. Then we'll ask the ten selected states to apply the algorithms using their data with assistance from SHADAC.

And the goal is to assess the challenges that are encountered, and then use this information to refine the algorithms, and then also, to prepare materials for technical assistance. So, you know, we might find that states always get - you know, certain things are particularly difficult and maybe we can explain those better or provide helpful hints, so hopefully this will give us a perspective on what is most useful to the states in terms of technical assistance.

Okay, so finally, I'll just go through, quickly, the timeline that we have for the project. We are currently asking for volunteers from the states and we expect

to complete the state selection of the ten case studies by the middle of November.

We'll then be starting the case study visit in November and that should go from November to February. The algorithm development will start immediately after we identify the ten case study states and then run through May.

The pilot testing is scheduled for February through the end of April. And so then we have a couple weeks in May to implement the results of the pilot testing into the algorithms, and then finally, we kickoff the technical assistance phase on approximately May 1st. Okay, and so that concludes the RAND formal portion of the presentation. And, (Carrie), I'll kick it back to you.

Carrie Au-Yeung: Okay, thanks, Christy. And I know this information is really complicated and we will have some time during Q&A to go over some of the methodologies if anyone needs some review. And I just wanted to thank people who submitted questions so far. I encourage you to continue submitting questions using the chat feature.

Our final speaker today is Julie Sonier. Julie Sonier is Deputy Director of the State Health Access Data Assistance Center at the University of Minnesota. SHADAC is an independent health policy research center that provides technical assistance to states in collecting and using data for health policy.

Prior to joining SHADAC in 2010, Julie worked in state government for over 12 years, including 5 years as Minnesota's state health economist. In this capacity, she provided research and analysis on a wide range of issues to

executive branch officials, legislators, and other stakeholders to support data-driven policy decisions.

She has extensive experience in both the development and implementation of state-level health reforms. Julie holds a Master's Degree in Public Affairs from Princeton University and an Undergraduate Degree in Economics from Amherst College. And I will give the ball over to Julie.

Julie Sonier: Thanks, Carrie. You know, I just wanted to start out by saying that this project fits really well with SHADAC's larger goal of providing technical assistance to states around using data to inform health policy. So we are really excited to have this opportunity to work with states to help them figure out how to implement the income conversation FMAP claiming methodologies, which are going to be a very complicated thing to do.

As Christy mentioned earlier, there'll be a pilot testing phase of the study where we work with the case study states to test the algorithms to make sure that they're accurate and also, administratively feasible from a state perspective.

SHADAC will be leading this phase of the study and there are two important things that we expect to come out of this work. So first, the algorithms will likely need to be refined as a result of the testing.

And second, our experiences working with the case study states was to generate a set of lessons learned and best practices for our later work with other states in the technical assistance phase of the project. So we'll take those lessons and we'll use them to inform development of a range of technical assistance tools that I'll talk about more in just a minute.

In the technical assistance phase of the project, SHADAC will be helping states that were not part of the case studies to understand and implement the FMAP claiming and the income conversion methodologies.

So the three main goals of this phase of the project are to provide states with the tools and assistance that they need in order to understand the options and methods for FMAP claiming and income conversion, to develop strategies for implementing the changes in their states, and then finally, to submit FMAP claiming and income conversion proposals to CMS. SHADAC will lead this phase of the project with support from RAND and in consultation with CMS.

The pilot testing with the case study states is scheduled to take place from about mid-February through April of 2012, as Christy just mentioned. During that time, we'll also be developing the tools and materials for the technical assistance that we'll be providing to other states.

And we expect that phase of the project to begin in May and our current contract is to continue providing technical assistance through September of 2012. If funding is available, we may be able to extend the time period for technical assistance for an additional year.

We plan to make technical assistance available to states using a variety of tools and mechanisms. Overall, I think it's important to say that we recognize the need to be flexible in our approach since states have unique situations and needs.

From a big picture perspective though, we'll be working with RAND to develop a series of technical assistance papers for states that explain the methods and options that are available. There'll also be detailed, very

technical documentations for - with basically, step-by-step instructions for the methods and how to implement them.

We plan to host a Webinar with states to kickoff the technical assistance phase of the project where we'll have a discussion of the finalized methods for FMAP claiming and income conversion. We'll introduce the written technical assistance tools that we've developed. And we'll provide information to states on how they can get one-on-one assistance.

As the project proceeds, we will definitely be looking for other opportunities where it will be useful to host additional Webinars on special topics, for example, if it seems like there are particular issues where a number of states are encountering similar issues or problems.

We will be providing one-on-one technical assistance with individual states in a variety of forms. We do expect to provide a lot of this assistance either over the phone or via email, but we will also be available to travel to individual states to meet in person, although the budget for the project does not allow us to travel to all states.

And finally, throughout this phase of the project we'll be producing new technical assistance materials and updating existing ones to address new issues as they emerge. So, for example, we plan to develop a set of frequently asked questions that we'll send out to states and post on our Web site. Or we might decide to develop a two-page issue brief on strategies for approaching a particularly difficult issue that a number of states are encountering.

So just to sum up on the technical assistance side, we're planning to use a range of strategies and a very flexible approach that will be tailored to the needs of individual states.

Although, the states will really be the ones that ultimately need to be the ones implementing the methods, we'll be providing support to you to figure out a plan for how to do this. Before we start the Q&A section of the Webinar, I think that Stephanie would like to make a couple of comments just to sum up.

Stephanie Kaminsky: Yes, thank you very much, Carrie. So I know that was quite a bit of information and it was delivered really, really quickly. I think that we just wanted to leave a lot of time, as much as possible, for Q&A.

I am going to try, off the cuff, to sum up what we just heard. So forgive me if I stumble a bit because this is not pre-written out. So, you know, the FMAP methodologies, which I think the world has had some exposure to before, essentially, are various types of approximations with theoretically equivalent outcomes, but very different practical implementations. And that's, you know, part of what we're trying to work through with states.

Will these work or not work on a practical basis in - you know, given the limitations and constraints of state data? Basically, you know, with these methodologies, states can either, kind of, figure out some sort of a threshold upfront and use that, you know, calculation, which will be padded with some proxies for asset data, disability data, to come up with, you know, kind of, a line about who's in and who's out for being newly or not newly eligible.

Or they can, you know, pick some, sort of, approximation and then refine it later, which is what would happen under the sampling methodology and under the reliable data source methodology. There are various validation pieces to these methodologies which were spelled out in our proposed rule that, kind of, impact the timing, if you will, of the way these work.

But essentially, you know, we're trying to figure out, is this data there to come up with a threshold? Is it possible to even determine who in this new adult group would have been considered disabled without doing a full-fledged disability determination?

Is it possible to figure out who in the new adult group would have had an asset such that they would not have been eligible as of December 2009 and now they would be eligible without, you know, asking for all the same information on an application that we would have been asking under today's rules? Those are the kinds of questions we're grappling with under the special methodology.

For the sampling methodology, I think that one is a little bit more intuitive. It's, sort of, self-explanatory in terms of, you know, finding what is an appropriate sample size, what's a statistically valid sample, and how burdensome will it be for states to run eligibility tests on a sample size versus an entire population. Maybe it will be easier than the entire population, but is it easy enough, if you will, what is the burden of doing that?

And then in that outside methodology method, as Christine described, you know, are there appropriate data sources out there to make appropriate coefficients, or whatever, to make an accurate approximation of who would be newly and who would not be newly eligible.

We're aware of statewide databases but are there - I mean, we're aware of national databases, but is there information that's state-specific enough? So those are the kinds of questions that we were grappling with here at CMS for the FMAP methodologies.

So the income conversion, and again, I apologize that, you know, we did not get our whitepaper out to the public before today's session, but I think Christine did a wonderful job with her examples showing some of the methods that we're talking about and thinking about.

We're looking at, you know, if you somehow average - if you do a, kind of, frequency test of disregards and average them up across the population, you know, what does that mean for grossing up an income standard versus the second methodology that Christy described, the same number eligible before and after.

I don't know what it's dubbed in the slide, but that's the iterative method where you, kind of, try to figure out, you know, based on a larger pool than who's eligible now. You can look at who was denied eligibility based on having too big a disregard before. You can look at a much larger pool than just who's in Medicaid today and try to figure out through, you know, taking a stab at different threshold levels.

If you set the threshold at this level, do you have the same number of people eligible that would have been eligible under a net standard as are eligible under a gross standard? And so it's iterative and interestingly, as the example showed today, you come out with a different number if you take that approach.

And so, you know, there are lots of considerations about which approach we ultimately land on. I continue to be concerned about what's practically feasible, given state data, but clearly we're concerned about the accuracy of all of these approaches as well.

And the design of the study, to sum up, is that RAND does have its SIPP database that it will be modeling a lot of these algorithms on, but we, simultaneously, are going to be - RAND, simultaneously, will be going out to states - and the selected states - and we are still looking for volunteers, so please, please, please if you're interested, let us know.

But, you know, RAND will be going out, simultaneously, and getting a handle, getting a grip, getting an understanding of what data is available, the quality of the data that's available through state eligibility and other systems, and the resources that are available to do the various types of crunching that we're talking about here, and try to inform the algorithm development.

Conversely, the algorithm development will then inform the pilot testing and the ultimate technical assistance that SHADAC will be delivering to not just the pilot states, but also the rest of the country.

So that's just a, kind of, thumbnail sketch of what you just heard. I know, again, that it was quite a lot. There are slides, I think, available through the Web site that's part of the Webinar. And I will turn it back over to you, Carrie, to hear some of the Qs and As that might come from all of this.

Julie Sonier: Great, thanks, this is Julie again from SHADAC. And so we're ready to move into the question and answer portion of the Webinar. As a reminder, you can ask a question at any time by typing into the chat box on your computer screen.

So in order to ensure that the expertise and concerns of state officials and other stakeholders inform the project, we are seeking input to inform the study, as you've heard already. So I would really encourage you that, even if your state is not interested in participating as a case study state, we definitely

encourage you to provide input at this point so that the study can be informed by your perspective.

And at the end of the call today we will provide information on how you can send some of those comments on the study design in writing. And, definitely, it's a lot of complicated material that we've gone through today, and it might take a little bit of time to absorb it, and to come up with some comments, particularly on the income conversion pieces, which are new for states, so we definitely encourage your input.

To get things started for the question and answer session, the slide that's up on the screen right now provides a list of questions that the RAND team prepared on issues where they think that input from states would be particularly valuable. So, for example, questions about what data states currently have and how useful these might be for testing proposed methods.

How can we proceed with selected states to enable them sharing the data with us to test the algorithms? How do we work with states to design valid algorithms now that can be useful given data that's expected to be available in 2014? What modifications might be needed to improve the feasibility of the methods? And then what criteria should be prioritized for state selection?

So we have been gathering all the questions as they've come in and I will start out with a question for Christie. It's actually several questions, but they're all related to the state selection process. And so I will, sort of, ask them - a bunch of them at once and I'll let you give, sort of, one, sort of, answer.

So one question is whether the ten states for the case studies have been selected? If yes, which ones are they? What is the deadline for selections? If states want to volunteer to be part of the case studies how can they do that?

And then, are the states receiving any kind of subsidy for participating in the study?

Christine Eibner: Okay, sure, thank you. So we have not yet selected the ten states. It's actually not going to be RAND that selects the ten states. CMS is going to be selecting the ten states, although RAND will provide a list of volunteer states and some proposed suggestions to maximize diversity along key characteristics.

The state selections, we hope to have identified all participating states by November 15, that's the goal. The deadline to volunteer is prior to that. We would like states to respond by November 1 so that we can make the selection determination and vet it through CMS and other stakeholders. In terms of how to volunteer, email Liisa Hiatt at rand.org. Her email address is hiatt@rand.org. Did I get everything there, Julie?

Julie Sonier: I think so. Well, the last piece of the question was whether states would receive any kind of a subsidy for participating.

Christine Eibner: Oh right, yes. No, unfortunately, there's no subsidy for participation.

Julie Sonier: Great, one more state selection related question that we've gotten is related to whether the percentage of the population that is American Indian or Alaska native will be a consideration in choosing the study states given the unique situation and some of the unique treatment in the Affordable Care Act for these populations.

Christine Eibner: So, I think that's a very good selection - that's a good recommendation. One of the things we hope to gather from this Webinar was suggestions such as that about what we should include in the state selection process.

So I would - we'll take that under consideration when we're making our selections. And please, you know, either through this chat or through the comments period, let us know if you have other characteristics that you think are particularly important.

Stephanie Kaminsky: Okay, and, Carrie, this is Stephanie Kaminsky from CMS and I've got Richard Strauss with me, my resident FMAP claiming person. And we want to, kind of, revisit the question about the subsidy and other benefits to participating with the study. I'll let Richard go first and then I wanted to just say something also.

Richard Strauss: Yes, I don't want to, necessarily - we'll try to get the more definitive answer, but not that we could give a direct subsidy, but considering that all this is related to the Medicaid program, clearly, this is all about FMAP.

I would think that the state as a - it could claim, if there are any administrative costs, could claim it as an administrative cost related to operation of the program, which would mean, of course, you still have to put, you know, put up the state's share, but at least you'd get the federal share of the administrative cost related to whatever there might be in terms of the administrative activities associated with this.

And I assume that there's some data matching or something that relates to systems design, we know that systems design is claimed at 90% or 75% for maintenance of the system. So that is also, you know, one of the matching rates for admin that might be relevant here. We'll make sure we get a definitive answer in terms of what I just said, but I would think that that would - that's my initial thought that we could probably do that.

Stephanie Kaminsky: And this is Stephanie Kaminsky again. I just wanted to reiterate some of the benefits that we thought were associated with participating in the study that I think Christine had in her slide presentation.

We know that a lot of states are really - have a lot of questions around getting some of these requirements met by 2014 and have limited resources as they're, you know, juggling competing priorities getting their Medicaid expansions operationalized.

And so we're hopeful that states that participate as pilot states will get, sort of, a leg up, if you will, I don't know, maybe that's not the right way to describe it, but will get the advantage of being a part of the thinking that goes into the finalization of some of these methodologies, and some of the policy guidance that we hope to issue from all of this. So we see it as a really great opportunity to work, you know, as closely as we can with states as they are working through, you know, some of the numerous requirements that they are facing, getting ready for 2014.

Woman: (Unintelligible).

Julie Sonier: Thanks, the next question - oops, go ahead. The next question is a couple of clarifying questions that came in while Chrissy was speaking, so Chrissy, you talked, when you were talking about the sampling methodology, you talked about that states might be able to use procedures that are already in place for PERM audit. And the question was could you explain a little bit more what a PERM audit is and, sort of, how that's similar to or different to what's being thought about for the FMAP claiming?

And then another, sort of, similar clarifying question about what is MAGI and how is it measured?

Christine Eibner: Okay, sure. So a PERM audit is an audit undertaken to ensure the people who are enrolled in Medicaid are actually eligible. And it involves, and I have not been involved with a PERM audit before, so I don't have all of the details, but it involves a more rigorous assessment of income and other characteristics for particular individuals. So that's what a PERM audit is.

In terms of MAGI, so, MAGI stands for modified adjusted gross income. And it differs from the net income standards that are used by states in a number of different ways, so the one that we've been focusing on here is the disregards, so disregards are not included in the MAGI income standards.

On the other hand, you know, another difference is that it's based on, it's potentially based on a different family unit. So the family unit that the state uses to determine Medicaid eligibility currently is based on, sort of, a definition of family, whereas the MAGI income is based on tax unit. And those are sometimes the same, but they're not always the same.

So that's another potential difference. And then finally a third potential difference is that (OAFCI) income is included in, is typically included in current net income standards, but is actually disregarded from MAGI income, or not included in MAGI income calculations.

So we have been grappling with CMS and other stakeholders at the Department of Health and Human Services about when we should be considering full MAGI income that incorporates the differences in family units, and the differences in, you know, (OAFCI) income and, you know, that the full blown definition, versus when we should be considering only the disregards.

And for the income conversion methodology, CMS's current thinking is that we only should be addressing the disregards at this point. For the FMAP claiming, I think that's something that is still under discussion, and we'll need to clarify throughout the course of the study. Stephanie, is there anything you want to add to that?

Stephanie Kaminski: I'm trying to remember what the first question was again. But in terms of MAGI, you know, MAGI is a new financial methodology that both the exchanges and the State Medicaid agencies will need to use for a certain part of the Medicaid population. That is the, you know, 100,000 foot level.

It also is a number on a tax return, or it's a number on a tax return with some additional pieces added back in. It's adjusted gross income with tax exempt interest and foreign-earned income added back into it. But we don't, here at Medicaid don't typically talk about it as the number on the tax return.

It's a financial methodology using the same concepts that you get to through, you know, to get to an adjusted gross income, to get to a modified adjusted gross income. You're adding wages and other types of income earned and unearned income together, and then you're taking certain deductions off of that, and you're coming up with that adjusted gross number. And then you're doing a slight modification to it as I mentioned before, with the tax exempt interest and the foreign-earned income.

And so because it's sort of tied to a tax return, as Christine said, the family unit that's considered is different, somewhat different, than what has typically been used today, as the family unit for Medicaid. And so, you know, that's, I guess I would just add those words to what Chrissy said already, or Christine said already about what MAGI is. And that first question again, Christine?

Christine Eibner: It was a clarification on what a PERM audit was.

Stephanie Kaminski: Oh yes, PERM. Oh yes, PERM. I mean, the reason that we're talking at all about PERM here, is not about the error rates or quality control or any of the substance of PERM, but rather that in order to implement PERM, states today do use a sampling methodology. And so we are trying to figure out whether there's a way to piggyback off of that, if that makes any sense or not.

But we're not talking at all right now about the content of the PERM error rate methodology itself. Thanks (Gail).

Julie Sonier: The next question I think is a question for Stephanie. It's, "Will CMS ultimately be just choosing just one method of FMAP calculation by all states? Or will states be able to choose which option works best for them?"

Stephanie Kaminski: Well I'm glad I have my FMAP colleagues in the room with me. I'll take a crack at it, and if anybody here also would like to chime in, I invite your additional commentary. But I would say that on balance, that's one of the questions that's up for grabs right now. That is part of, you know, the question that's part of our NPRM and part of what this study is about.

We are open and flexible right now about how best to do this. I think that, you know, those of us who have, you know, done some of the conceptual work see that, you know, any and all of these are potential methodologies, and that there could be room for different states, based on, you know, their different characteristics to be more inclined to use one or another.

If we find some fatal flaw with one of these, or if, you know, through state input it seems that, that just doesn't seem like a fair or reasonable approach, we would, you know, need to revisit it. So we are, that's part of what this

inquiry is about, and it's part of what we are really, really sincerely seeking public input on. I don't know if others have more to add.

Richard Strauss: This is Richard. The only thing I'd add, and I think Stephanie saw this letter, but just to make sure I understood, rephrase the question, there is three option or three alternatives that states could use that we're trying to test and determine information about. Ultimately the, I hear there's two, there is any number of possibilities or permutations there, one of which is we'd look at what we get and we say, everyone must do it the same way.

I'm not saying that's the way it's going to happen. I'm just saying that's a, and Stephanie alluded to that, if we somehow cancelled one or two, well guess what, if you cancel two it leaves a third. On the other hand if, let's say all options were viable, then the only question is, which one does a particular state choose? And of course that option sort of says to state, that world sort of says to states, you get to choose which one you would like to use for purposes of doing this.

They're all on the table at this point, at least in theory. Once we get more data, and of course, run through the whole study, we'll hopefully have a lot of information to help inform what the final world will look like.

Julie Sonier: Great, thanks. We have two more questions about the state selection process, and the criteria for state selections. So, one is, "In focusing on diversity in state selection, are you looking at states that cover many of the optional groups in addition to the mandatory groups? Because it's important to select states that cover non-mandatory groups and populations at higher income thresholds."

And then the second question that's related to that is, "What if the states aren't representative? Isn't the statistical validity of the states fundamental to the accuracy of the data?"

Christine Eibner: So for the first question, thank you again for that suggestion. That is one of the things that we have on our list of ideas to consider. And so I appreciate that endorsement, because it helps us to figure out what to prioritize. Then the second question is, was on, I'm sorry, Julie could you repeat that again?

Julie Sonier: Well the second question, I think really is, how are you really going to make sure that the states as a group are representative, because the statistical validity is sort of fundamental to choosing the method.

Christine Eibner: Right. So we'll try to achieve a diversity of states across the characteristics that, you know, that we have. And, you know, we'll be looking to see that we have states from different regions, states with different eligibility criteria, states with different disregards. So we really want to try to make it as representative as we can, given the constraint that we have, we can only do this for ten states.

And then, in developing the statistical sampling plan for, for example, the sampling methodology, we can make a very general sampling plan that could be utilized in different kinds of situations, depending on the state. And so, for example, that might vary depending on the ratio of people who are Medicaid eligible to the total population in the state, or the ratio of people who are newly, you know, projected to be newly eligible relative to the ratio of people who were previously eligible.

And we'll be using statistical techniques to create a general method that could be applied across many different states.

Stephanie Kaminski: This is Stephanie, I just want to chime in, and I can't remember if Christine said this during her presentation or not, but I want to say that, again, you know, the reason for this Webinar today is to ask for input from the public, from states in particular, who are going to be so affected by all of this, about how to prioritize the criteria for state selection, as well as how we can assure that states as a group are representative.

We've put forth today some of the criteria that we think are kind of essential. But others, you know, may have other ideas, may be more familiar with some of the nuances of what's in the state databases and/or what's entailed with doing some of this operational work. And so we are, you know, quite interested to get feedback on some of the weighting, if you will, of priorities for state selection.

Julie Sonier: Great. The next question is for Stephanie, and the question is, "When is CMS planning to issue the white paper soliciting input on the four methodologies for income conversion?"

Stephanie Kaminski: Well, soon. Soon, that's my answer. I have nothing further I can add to that, hopefully very soon.

Julie Sonier: Okay, we have a few questions that have come in on some of the specific examples that Chrissy used, so it might be helpful if we back up to the slide that says Example 1. If someone here could sort of ship us back to that slide. So one is a question about, how, about the calculations on that slide. So there's the - Chrissy you were talking about getting to that slide, so everyone can see what I'm talking about.

Christine Eibner: Okay.

Julie Sonier: The question was, "Why are you adding only 20 plus 50 for the average disregard, instead of all of the disregards for all of the people?"

Christine Eibner: Okay, good question. So one reason is that there's no reason to think that states would actually have data on Persons 3 and 4, right? So if that person, actually so, yes, so that person is not eligible in the status quo. So that's the eligible net column. So we have no's there for 3 and 4. So the state may not even have this information and know about that 15 and 0.

So that's one reason that we didn't. This is actually open to consideration if, you know, in our state case studies we learn that there is the data source and that there is a valid reason for adding in 3 and 4, that's something we could consider. But in general we think that this information is just not going to be readily available.

Stephanie Kaminski: Okay, I think analytically also, maybe I'm stepping off on a - this is Stephanie again, stepping out on a limb. So Christine, if I've got this analytically wrong, let me know. But I think with this first methodology, you know, we've always considered, you know, taking a state's, you know, pool of eligibles under a net income standard and converting that pool, if you will, to the gross income standard.

And those who never made it into the pool to begin with are kind of extraneous, if you will, to the calculation for this methodology. So...

Christine Eibner: Yes, yes, I agree.

Richard Strauss: Yes.

Julie Sonier: A similar question about some of the specific examples that Christine was talking about is, "When you're doing these examples, is the assumption that this be done on a family level? Because the examples look like they're for individuals. And how does that change if you're thinking about families?"

Christine Eibner: Yes, so, we would have to do it on a family level. And it would probably be slightly different and more complicated. I used an individual example because that makes it the cleanest for just understanding the basic intuition of the methodology. But certainly we would be looking at family characteristics and family composition as well.

Julie Sonier: Okay, I think if, in some of the examples, not the one that's up on the screen right now, but it might have been the sampling methodology example, maybe we could switch to that slide. The question is, "Does using this algorithm mean that people who could, would lose eligibility that previously had it? Or that people who never had eligibility would continue not to have it?"

So it's a question about, even if you're trying to have the same number of people, before and after, to clarify that those could actually be different people?

Christine Eibner: Yes.

Julie Sonier: So some people could gain and some people lose?

Christine Eibner: Correct, that's right. So it could be different people. Now, recall that people who lose coverage will have other options with the implementation of the ACA, through the exchanges and the subsidized coverage on the exchanges. But, yes.

Stephanie Kaminski: And also recall, as Christine said in the beginning of her presentation, CMS is making an interpretation, and that will be explicit in that white paper to be issued soon, that we think that the concept of nobody losing eligibility because of income conversion is something that we are interpreting in the aggregate.

So we are not looking, necessarily, at individuals, although we're quite interested to see what the impact is on individuals. We are looking, sort of, at the population as a whole, and trying to come up with a rational methodology that can ensure that nobody, sort of, generally loses eligibility because of the conversion to MAGI.

Our thinking there is that there are some disregards, and I'm not a disregard expert specialist, but there are some that are unique, and actually quite large, and not so frequent. And so, if in fact a state were to ensure that every single last individual were, kind of, carried forward with income conversion, it could create a gross income that is probably higher than what was intended by the Affordable Care Act.

So even though, clearly, the Affordable Care Act is all about expansion, we're thinking that the appropriate interpretation is, nobody gets harmed in the aggregate.

Julie Sonier: Okay, so the next question is actually a combination of three new questions that have come in about the state selection process. So, one is, "Do states need to send you a formal letter of interest?"

Another is, "If we're chosen as a volunteer, what can we expect, and on what timeline?"

And then finally, "Will volunteer states have a large amount of documentation to provide, such as that for a demonstration project?"

Christine Eibner: Okay, so you don't need to send a formal letter. All you need to do is send an email to lisahiatt@rand.org. So that's the process for volunteering. In terms of what states can expect on what timeline, well here, let me go back to one of my previous slides that I think could help to clarify this. Here we go.

What will participation entail? So, state selection should be completed on November 15. We expect to be contacting states very soon after that to identify a lead contact for the research project. And then what the states can expect is that they'll be asked to participate in interviews with our team. So we'll be visiting your state in person.

And we'll be asking you to help us identify the relevant people to be talking to, people with expertise on how Medicaid is, how eligibility is currently determined, the data systems that you're using, the technological capabilities within the state, you know, other people who might be, you know, relevant to talk to. And we'll be setting up interviews with those individuals.

And so that site visit will probably be a one to two day visit, I would think. Then we'll also ask that you provide us with documentation on the data that you currently have, and any materials that might be helpful in helping us to understand the state's technical capabilities.

One of the things that we really hope to get from the states are actual data files. And then in order for us to use those data files, we would likely need documentation and a point of contact that we could go back to with questions as we try to understand and make use of those files. That is something we'll be asking for.

I don't know what the level of expectation is for a demonstration project, so I don't know what the answer to that is. I mean, certainly we don't want this to be overly burdensome. But we do want to try to get a sense of what the states have in terms of data capabilities and materials.

Stephanie Kaminski: Julie I see that somebody again is asking for that email address for volunteering, can you repeat that nice and slowly, please? I don't remember it myself.

Julie Sonier: Sure, it's Hiatt, H-I-A-T-T at rand.org, and the chairperson has put, I see on the (tat) column, her email address has shown up.

Stephanie Kaminski: Great, thank you.

Julie Sonier: Okay, so the next question, I think is a question for CMS, but Chrissy you can chime in if it's, if I'm not right about that. So the question is, "With the individual mandate for coverage, states can expect that certain individuals that may have been eligible but did not enroll under the current system, will have the incentive to enroll in Medicaid in 2014. Are any adjustments being considered to identify this group, and allow them to be identified as newly eligible?"

Stephanie Kaminski: But, I think that is a question for all of us, although I am enjoying the lobbing of the questions back and forth. So I'll give it a shot, this is Stephanie again. I think, you know, certainly we are anticipating, as my, Cindy Mann, the director of our center said many moons ago when ACA was in its baby stages, the welcome matt effect of ACA will certainly be a real live thing for many states. There will be eligible but not enrolled.

The issue, though, the interpretation about who is newly eligible, if somebody would have been eligible under the standards in effect as of December 2009, it's not if they were actually enrolled, but rather if they would have met the eligibility criteria.

So somebody who would have met it who wasn't enrolled who comes on to the program would be considered what we call oldly eligibly, not newly eligible. Newly eligible is for those who would not have met whatever the eligibility criteria were in effect December 2009.

Christine Eibner: And I'll add that this is one of the reasons that we have proposed to use the survey of income and program participation in addition to state data, because with the SIP we could identify, you know, how many people are there who were eligible but not enrolled, and think about some of the consequences of that population for, you know, their impact on these algorithms and methodologies.

Stephanie Kaminski: I just want to put another point of clarification in. There is a piece of the statute that talks about states that have waivers with waiting periods, if there were folks who were eligible but not enrolled because there was a capped waiver. Theoretically that's a group that, for that population, states are supposed to be able to claim enhanced FMAP, but again, I don't think that we're ever talking about actual individuals.

So we are coming up and we are looking for input on how you can allocate, when you have a whole group of new eligibles, in the new adult group, or when you have a whole group of, I'm sorry, not new eligibles, when you have a whole new population of people in this new mandatory group, the new adult group, that's required under the Affordable Care Act.

How would, what's a rational basis to attribute or, you know, sort of dub a particular person as one who would have been on the waiting list versus one who would have gotten in under the waiver? That is something that we are wrestling with, and looking for input from RAND on, and looking for input from states on, as we move forward with the figuring out, you know, the methodologies for determining who's newly and who's not newly eligible.

Julie Sonier: Okay we have time for probably just a few more questions before we need to start wrapping things up. But the next question is for Chrissy, and it's about the sampling method. The question is, "Can you describe who the population is that would be sampled in the statistically valid sampling method? And then, when you get the proportion that you derive from the sample, which populations within Medicaid would those, would that be applied to?"

Christine Eibner: So that is something we have to answer as part of the study. So the goal of the study is to figure out how would the sampling methodology work, and exactly what you said, who would we have to sample, and from what eligibility groups, and how would we get this also worked out in a statistically valid way that could be applied by a state? That is something we haven't done yet. It's going to be what we do as part of the project.

Stephanie Kaminski: Although I just want to clarify. I think if I understood the question, we're asking who the universe is, and I think the universe will be the folks who would be in the new adult group, right, for sampling? Because those are the only folks who would be potentially eligible for the enhanced FMAP, for that newly eligible FMAP. So we think the universe, I think we think the universe is a little bit defined.

Christine Eibner: That, yes, that makes sense.

David Auerbach: And I think it would also be people who enrolled. I don't think you would want to include people who were eligible but didn't enroll.

Julie Sonier: For those who are on the call, that was David Auerbach, one of the people on Chrissy's team at RAND. We didn't introduce him at the beginning. He was sort of on standby to help answer some of these technical questions. I think one of the last questions that we'll be able to get to is a question that I'll ask to both Chrissy and Stephanie.

So the question is, "Is it correct that any algorithm, even after testing and refinement in this project, will not be 100% accurate, so that errors in claiming or conversion could occur? And if so, who bears the risk of these errors? Is the state still subject to recoupment, even if they're accurately applying a validated methodology?"

Stephanie Kaminski: So that's a great question. I'll try to take a stab at it, although this is not one that we've had a lot of discussion about here. My sense, though, is that if a state is following a methodology that we have put out, and have, you know, kind of put forward as guidance about the way to do one of these required activities, then I suppose we would be carrying that risk. The state would not be at risk. There would be a little bit of a hold harmless there.

I don't, I would like to discuss that question. It's an interesting question. This is Stephanie Kaminski's personal opinion, based on conversations that I've had here. But we haven't really, really dug in on that one previously. But that just seems to make sense to me.

Richard Strauss: Oh well, again, just to reinforce what Stephanie just said, by definition if we've accepted the methodology with all its accompanying, you know, standards of sampling and, then by definition we accept the claims under that,

that that's what we're going to do. If under that methodology there's also some adjustment process for either a future period or not, that's part of the methodology.

So I wouldn't use the word at risk, I would say that that is, that sort of implies something bad or good. It really is whatever we come up with to address just that kind of situation, would effectively represent the methodology and the way we do it for whatever state. So if you want to say, no, the state would not be at risk if someone else happened to, you know, interestingly was trying to test it later to, sort of, make refinements to the methodology.

But we've accepted that. We can't go back and say, now you're, you know, we found out that we didn't like what we approved. That's, we may change all what the logic is in the future, but we're not going to be able, we're not, we can't, sort of, put you at risk for what we already approved.

Stephanie Kaminski: So that's a better answer, and I agree with it. In part, that's the reason that, at least for the FMAP piece we've put the proposals in an NPRM, and intend to finalize in some sort of final rule.

Julie Sonier: Great, thanks. We're running out of time. I'd like to thank everyone for their great questions. And I am going to turn things back over to Carrie Au-Yeung who will provide information on how you can submit input for the study, and some other closing comments.

Carrie Au-Yeung: Thanks Julie. As we noted earlier, we are soliciting input on the study design in order to ensure that the method and algorithms for FMAP claiming and income conversion are both accurate and administratively feasible for states to implement.

Examples of the types of input we are seeking at this point include, what modifications might be needed to make methodologies more feasible for states to implement, and what special considerations should be taken into account in the analysis of algorithm.

If you'd like to send any comments on these or similar issues, you can send them to Julie Sonier by email at J Sonier, J-S-O-N-I-E-R at umn.edu. That is a J, although it looks like an I. Please send your comments by next Friday, November 4. SHADAC will review all comments received and make recommendations to RAND and CMS for how the study should take these issues into account.

With that I'd like to thank everyone for attending today's Webinar, and to thank our speakers, Stephanie, Christine and Julie for presenting. A recording of today's event, along with a transcript will be posted at www.shadac.org/fmapmethodologywebinar. We will also include a direct link to the recording and today's slides in a follow-up email to all attendees. And the slides are also available at that URL.

To stay updated on the work of SHADAC, we encourage you to sign up for our mailing list, and to follow us on Twitter and Facebook. Finally, thank you to the Robert Wood Johnson Foundation for supporting this Webinar, and everyone, have a great afternoon. Thank you.

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