

The Health and Human Service Integration Opportunity Toolkit

Enhanced Federal Funding to Support Eligibility Systems Available for Limited Time

In recognition of substantial systems changes needed to implement the Affordable Care Act, the federal government is providing, for a limited time, enhanced funding to support state investments in health care eligibility-related information technology (IT). Through Jan. 1, 2015, the federal government will pay for 100 percent of the cost of developing the health insurance exchanges, and through Dec. 31, 2015, the federal government will pay for 90 percent (rather than the usual 50 percent) of the cost of IT development for Medicaid eligibility systems.

Cost Allocation Requirements Waived through 2015

Human services programs can benefit from this opportunity because in August 2011 federal agencies issued guidance clarifying that the enhanced federal funding available under Medicaid and the Exchange can pay for the full cost

of necessary improvements to computer systems that are used by both health care programs and other programs, such as cash assistance under Temporary Assistance for Needy Families (TANF), the Child Care and Development Block Grant (CCDBG) and the Supplemental Nutrition Assistance Program (SNAP), so long as the costs would have been incurred anyway to develop systems needed by Medicaid, CHIP or the Exchange.

This is a break from usual practices under OMB Circular A-87, which require costs to be allocated across all the programs that benefit. As human service programs have less generous federal participation, this is a significant incentive for states to build and improve integrated systems. Many states are using extremely outdated eligibility systems that are expensive to maintain and update, as well as burdensome for eligibility workers and case managers to use. This presents a unique opportunity to modernize systems with enhanced federal support.

For example, much of the basic data required about individuals and families applying for health insurance coverage is also needed to apply for human services programs. These programs can also benefit from the systems being developed to match against other databases to determine income and citizenship status. Such costs can be charged entirely to the health care programs because they are necessary to determine health care eligibility.

To the extent that there are additional costs resulting from including other programs, such as the need to add screens asking about assets, these costs must be allocated to the appropriate program (and are subject to that program's applicable reimbursement rate). However, this is still far less expensive than building a stand-alone system.

States that develop unified systems will also improve the customer experience and lower administrative costs by not collecting the same information multiple times. Moreover, such systems are likely to ensure more people who are eligible receive all the needed services for which they qualify.

Data Connections to Human Service Systems May Also be Supported

of data connections with the ACA's eligibility systems. For example, under ACA, Medicaid coverage will be available for the first time to millions of poor adults who do not have minor children. These individuals do not have a relationship history with public health insurance programs; however, many of them are eligible for and receive benefits under SNAP. States may want to access SNAP eligibility files to identify these individuals and leverage the information that has already been collected and verified. However, if the state does not have a common eligibility system, it may need to develop translation protocols between SNAP program files and common data elements being used under ACA. States could make a reasonable case that such IT investments should qualify for the enhanced funding, since they would directly benefit Medicaid.

For human services programs that do not share a common eligibility system with Medicaid, enhanced federal funding for health IT systems might still support the development

Time is Limited

to have a system in place by this deadline and qualify for ongoing funding. This means that there is a limited window of possibility during the next six to 12 months to ensure human service programs are incorporated in the planning process.

Under ACA, states must have Exchanges functioning by Jan.1, 2014. Over the next year, states must meet a series of benchmarks to show that they are on track

To qualify for enhanced funding, states must submit an Advanced Planning Document for the system that meets federal standards regarding technology, transparency, ease of use and other factors. These documents must explain what incremental costs are attributed to additional programs and contain assurances that states will meet the ACA deadlines for having operational health insurance eligibility systems.

Even if states are not ready to build integrated systems, they should at a minimum build capacity into their systems to add additional programs at a future date since such additions are much less costly when planned for up front. The tri-agency letter notes that the waiver of cost-allocation principles applies through Dec. 31, 2015 to allow for the phased development of eligibility systems, with human services components added after the deadlines for implementing the ACA requirements.

The U.S. Department of Health and Human Services' Administration for Children and Families (ACF) and Center for Medicare and Medicaid Services (CMS), and the U.S. Department of Agriculture's Food and Nutrition Service (FNS) jointly issued the "tri-agency letter" on Aug. 10, 2011. The letter can be downloaded: http://cciiio.cms.gov/resources/files/final_tri_agency_Letter_081011.pdf.pdf

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