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KANSAS HEALTH POLICY AUTHORITY

To: EES Program Administrators & Staff
HealthWave Clearinghouse Staff

Date: December 11, 2009

From: Jeanine Schieferecke

RE: Implementation Instructions – HealthWave 21 Expansion

This memo provides instructions for implementing an increase in the HealthWave 21 income limit to 241% of the Federal Poverty Level (FPL). The increased income limit is effective January 1, 2010. These instructions are effective with reviews conducted for the benefit month of January, 2010 and applications and reviews processed on or after December 14, 2009. See KFMAM Section 2400.

A. HealthWave 21 Expansion Group

Eligibility policies and processes for families with incomes between 201 – 241% of the FPL, will be identical to existing HealthWave 21 policies unless insurance coverage has been dropped (see section C below), including continuous eligibility, uninsured status, access to state employee health insurance, and payment of outstanding premiums. Coverage is effective the day after coverage is initially authorized.

B. Premium Levels

Two new family premium obligation amounts have been established for the expansion group. If the income is equal to or greater than 201% of poverty but less than 226% of poverty, a $50 monthly premium is charged. If the income is greater than or equal to 226% of poverty, a $75 monthly premium is charged. The existing obligations of $20 and $30 for incomes below 201% have not changed. The income level is determined from the poverty level displayed on the KAECSES PLID screen. The premium amount is entered on the KAECSES PLGD screen.

Due to these higher premium obligations, it is expected that more HealthWave 21 families will indicate an inability to pay their premium. If a family requests their case be closed due to an inability to afford their premium obligation, the case should be closed as soon as possible. Timely notice is not required. The premium will still be required for any months in which coverage is provided.

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State Employee Health Plan:
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State Self Insurance Fund:
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C. Period of Ineligibility for Voluntarily Dropping Health Insurance Coverage

When comprehensive health insurance is voluntarily terminated, children with an FPL over 200% are ineligible for HW 21 coverage for 8 months. The 8 month waiting period begins with the month the household ended health coverage. For example, if health insurance was terminated in January for a child, the child would not be eligible for HealthWave 21 until September.

This provision is not applicable to coverage dropped by a non-custodial parent or by a caretaker relative. It is also not applicable to coverage which was terminated involuntarily for the following reasons:

- Loss of job (due to termination, layoff, or employee voluntarily leaving) from which health insurance was provided
- Death of the policy holder
- Dropping of coverage by the policy holder's employer
- Dropping of coverage due to financial hardship

Financial hardship exists when the cost of the monthly health insurance premium exceeds 10% of the gross monthly household income. Verification of the cost of health insurance is required to establish a financial hardship exemption.

Otherwise, coverage that is terminated would result in the waiting period regardless of whether the coverage provided only limited benefits or had high deductibles. Only termination of comprehensive coverage as defined in KFMAM 2410 shall result in a period of ineligibility.

The HealthWave application is being modified to obtain insurance information for the past 8 months, instead of 6 months. When other insurance is noted to have been in place, further information may be required from the applicant to determine the end date of the policy, the reason, and the relationship of the policy holder to the household. When the version of the application form submitted is prior to the revision referencing 8 months, additional follow up with the family is only required if there is reason to believe has had prior health insurance coverage.

If the waiting period ends in the month following the month of determination, the otherwise eligible applicant shall be approved for coverage starting in the month that follows the end of the waiting period. The benefit month in KAECSES will have to be changed to the future month to correctly establish eligibility. Otherwise, the family must re-apply if they are still interested in coverage at the end of their penalty period.

> For example, an application is processed on January 10th and it is determined that health insurance for a child was voluntarily terminated by the family in July. The waiting period runs through February. As this is the month following the month of determination, the application can be processed for the benefit month of March and approved if otherwise eligible. The benefit month in KAECSES will have to be changed to March to establish coverage in the correct month.

D. Processing in KAECSES/Implementation

The KAECSES system will be updated with the new poverty level standards on the afternoon of December 11, 2009.

Cases processed on or after December 14, 2009 for the benefit month of January, 2010 and later will be determined with the new income level.

The new income limit is used for all applications and reviews processed on or after December 14. For cases with excess income in the benefit month of December, the case shall then be processed for the month of January, 2010. To accommodate this, the Benefit Proration date is changed on the APMA screen to 1/1/2010. Eligibility is then processed for the benefit month of January 2010 to determine coverage at the higher poverty level.

Applications denied for voluntary termination of health insurance coverage shall be denied on KAECSES using denial code 'HI.' KAECSES notice P219 shall be used in these situations.

E. Conclusion

If you have any questions about the material included in this memo, please contact:

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Questions regarding any KAECSES issues are directed to the SRS Business Help Desk at helpdeskbusiness@srs.ks.gov .