



THE STATE  
of **ALASKA**  
GOVERNOR SEAN PARNELL

**Department of  
Health and Social Services**

DIVISION OF HEALTH CARE SERVICES  
Director's Office

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December 18, 2013

Council of Athabascan Tribal Governments  
Norton Sound Health Corporation  
Eastern Aleutian Tribes

RE: Tribal response to DHSS CS14 Tribal Consultation Letter – ACA 2101(f)

Dear Tribal Health Leaders:

Thank you for your responses submitted on or before November 8, 2013 to CHIP Tribal Consultation CS14.

The Department acknowledges and appreciates your conditioned support and general approval for the CHIP SPA related to the ACA 2101(f). The Department has chosen to submit a Medicaid State Plan Amendment (SPA), which will categorize these children under the “optional reasonable classification” of children for this 12 month grace period.

We understand that you are concerned about how the new modified adjusted gross income (MAGI) rules will impact eligibility for children. To paraphrase from the CMS State Health Official (SHO) Letter #12-0003, ACA #22, dated December 28, 2012 – **RE: Conversion of Net Income Standards to MAGI Equivalent Income Standards** - under ACA, states were tasked with transitioning to MAGI-based income eligibility standards for the applicable eligibility groups that “are not less than the effective levels” that were used to determine Medicaid and CHIP income eligibility as of the enactment of ACA. The conversion of the current income eligibility standards to equivalent MAGI-based income eligibility standards accounts for any income disregard currently used. The standardized conversion methodology does not make any adjustments for differences between current Medicaid financial methodologies and certain aspects of the MAGI rules which address household composition and income counting. For more information related to Medicaid CHIP eligibility levels, click on this link - <http://www.medicaid.gov/AffordableCareAct/Medicaid-Moving-Forward-2014/Medicaid-and-CHIP-Eligibility-Levels/medicaid-chip-eligibility-levels.html> .

The Department chose, and CMS approved, an alternative to the standardized MAGI conversion methodology to account for the hold harmless provision in Alaska Statute that relates to the Permanent

Fund Dividend (PFD). This was done to make the pre-MAGI and MAGI treatment of the PFD comparable. This alternate methodology includes national Survey of Income and Program Participation (SIPP) data in the development of MAGI based income standards, SIPP plus 1% (SIPP+1). SIPP+1 adjusts the SIPP by adding one percentage point to account for the Alaska PFD as shown below for children and pregnant women categories. The annual PFD is considered Exempt Income in the current Alaska Medicaid Eligibility Manual, and is not added to the applicant's Medicaid income for eligibility determination. Alaska Statute 43.23.075 does not allow the PFD to be considered as income for Public Assistance eligibility.

While the 2101(f) provision is related to only children, the table immediately below is an excerpt from the approved Alaska MAGI Conversion Plan (full plan attached as an addendum to this document) and reflects the MAGI thresholds for both children and pregnant women. The SIPP+1 column represents the new upper income eligibility levels highlighted in green.

Population/Type	Family Type	Citation	Unit Size	Original Standard	Converted Standard	SIPP +1
Pregnant women & deemed infants		1902(a)(10)(A)(ii)(IX)		175% FPL	184% FPL	200%
Children < 19		1902(a)(10)(A)(i)(VI),(VII) & 1902(a)(10)(A)(ii)(IX)		150% FPL	158% FPL	177%
Children <1 Pre-CHIP		1902(a)(10)(A)(i)(IV)		133% FPL	141% FPL	159%
Child 1-5 Pre-CHIP		1902(a)(10)(A)(i)(VI)		133% FPL	141% FPL	159%
Children 6-18 Pre-CHIP		1902(a)(10)(A)(i)(VII)		100% FPL	107% FPL	124%
Uninsured Children < 19		1902(a)(10)(A)(ii)(XIV)		175% FPL	185% FPL	203%

The Division of Health Care Services acknowledges the commitment made at the Medicaid Task Force Meeting in fall 2013 and will do what it can to track pre and post-MAGI Medicaid and CHIP eligibility in Alaska. As stated earlier, the impact due to the loss of current disregarded income under MAGI should be minimal and with the additional one percentage point added to the SIPP conversion to account for PFD income, the impact should be lessened. Finally, on October 22, 2013, the Division of Public Assistance Director, Ron Kreher, asked Charlene Walker to distribute to the Tribal Health Organizations the MAGI income that can be excluded under CFR 435.603(e) as requested at the fall Medicaid Task Force meeting. We hope the information contained in and with this letter and Ron Kreher's information will help answer some of your questions.

Title XXI State Response to EAT, NSHC and CATG  
December 18, 2013  
Page 3

Sincerely,

Handwritten signature of Barbara F. Hale in cursive script.

Barbara F. Hale  
Children's Health Insurance Program Administrator  
Title XXI Denali KidCare State Plan

c: William J. Streur, Commissioner; Dr. Craig Christenson, Deputy Commissioner; Margaret Brodie, Health Care Services and Medicaid Director; Ronald Kreher, Public Assistance Director; Renee Gayhart, Tribal Health Liaison Program Manager; Nikolay Barkov, Medicaid Budget Manager; Deborah Etheridge, Medical Assistance Administrator; Gennifer Moreau-Johnson, Medicaid State Plan Coordinator

## Modified Adjusted Gross Income (MAGI) Conversion Plan

This MAGI Conversion Plan is being submitted to CMS by [Alaska](#) as required by Section 1902(e)(14)(E) of the Social Security Act, which requires each state to submit for approval the income eligibility thresholds for Medicaid and the Children's Health Insurance Program (CHIP) proposed to be established using modified adjusted gross income (MAGI). As described in the December 28, 2012 State Health Officials' Letter on Modified Adjusted Gross Income (MAGI) income conversion, states can choose among three options to convert net standards for Medicaid and CHIP to MAGI equivalent standards.<sup>1</sup> The purpose of the MAGI Conversion Plan is to provide CMS with information about each state's MAGI conversion methodology, as well as the data used and results of conversion. CMS will be reviewing the submitted materials and notifying the State with their approval or disapproval by **June 15, 2013**.

**Eligibility and FMAP claiming conversions.** States are required to submit information about their conversion methodology, data and results for income conversions related to eligibility and those required for FMAP claiming in accordance with CMS' FMAP rule. For additional information about the FMAP rule, please see: <https://s3.amazonaws.com/public-inspection.federalregister.gov/2013-07599.pdf>.

**Note about Income Eligibility Conversions and State Plan Amendments:** Converted income standards will be used to set maximum MAGI-equivalent standards for adults in 2014 and will be used as the actual income standard in effect for children through October 2019. States will use the state plan amendment (SPA) process to identify the minimum and maximum MAGI-equivalent standards and to select the state's MAGI-based income standard for each eligibility group to which MAGI will apply in 2014. For adults for whom the Maintenance of Effort requirement expires in 2014, the selected income standard in the SPA will be anywhere between the minimum and the maximum derived through the income conversion process.

Please indicate the MAGI conversion method chosen by your state and follow the appropriate directions:

- Option 1a** – Standardized Methodology with SIPP data, **no** state data adjustments for time-limited disregards  
Attach Excel spreadsheet with finalized SIPP results of eligibility and FMAP conversions to this cover page and submit to [incomeconversion@cms.hhs.gov](mailto:incomeconversion@cms.hhs.gov).
- Option 1b** – Standardized Methodology with SIPP data, **with** state data adjustments for time-limited disregards.  
Please follow instructions below and submit to [incomeconversion@cms.hhs.gov](mailto:incomeconversion@cms.hhs.gov)
- Option 2** – Standardized Methodology with State data  
Please follow the instructions below and submit this plan to [incomeconversion@cms.hhs.gov](mailto:incomeconversion@cms.hhs.gov).

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<sup>1</sup> SHO letter available at <http://www.medicaid.gov/Federal-Policy-Guidance/downloads/SHO12003.pdf>

**X Option 3 – State proposed Alternative Method**

Please follow the instructions below and submit this plan to

[incomeconversion@cms.hhs.gov](mailto:incomeconversion@cms.hhs.gov).

	Part 1 – Conversions for Eligibility		Part 2 – Conversions for FMAP Claiming and TB Group	
	Pages to Complete	Due Date	Pages to Complete	Due Date
Option 1a: Standardized Methodology, no adjustments	Page 1	May 31, 2013	Page 1	Fall 2013
Option 1b Standardized Methodology, state adjustments for time limited disregards	Pages 1 and 3	May 31, 2013	Pages 1 and 14	Fall 2013
Standardized Methodology with State Data	Page 4-11	April 30, 2013*	Pages 15-18	Fall 2013
Alternative Methodology	Page 4-13	April 30, 2013*	Pages 15-18	Fall 2013

\*Eligibility conversion plans are due April 30, 2013, or within 15 days of receiving SIPP results, whichever is later.

**Option 1b -- Standardized Methodology with SIPP data, with state adjustments for time limited disregards**

**Eligibility Conversions**

Please provide information about the state-specific weighting strategy and relevant conversions for groups with time limited disregards in the table below.

Eligibility group: Please list each eligibility group (e.g., 1931 parents/caretaker relatives) where your state applied its own weight for time-limited disregards.

Time-Limited weight: Please list, for each relevant eligibility group, the weight your state applied for the conversion. For example, if you determined that 15% of enrollees received time-limited disregards in a given category and applied that as your weight, you would simply list 15%.

Data Used to Derive weight: Please describe, for each relevant eligibility group, the data used to calculate the time-limited weight, e.g. "state data for all 1931 enrolled individuals in March of 2012."

Application of Weight: Please show the formula used to apply the weight, e.g., if standard with time-limited disregard is 100 and without time-limited disregard is 75 and weight is .15, the formula would be  $(100 \times .85) + (75 \times .15) = \underline{\quad 79 \quad}$

Converted standard: Please fill in the converted standard for each eligibility group. This will be the weighted average of the applicant (e.g., standard including time-limited disregards) and beneficiary calculations you originally received from CMS, applying the time-limited weight to the applicant conversion.

<u>Eligibility Group</u>	<u>Time-limited Weight</u>	<u>Data Used to Derive Weight</u>	<u>Application of Weight</u>	<u>Converted Standard</u>

**Options 2 and 3 -- Standardized Methodology with State Data Method  
and  
Alternative Method:**

Please provide a state contact who can answer questions about the conversion plan, data, and methods:

Name: Monica Mitchell Title: Public Assistance Programs Officer

E-mail: monica.mitchell@alaska.gov Phone: (907) 465-5835

**Supplemental Information:** In addition to the information provided in the attached MAGI Conversion Plan, during the review and approval process, CMS may determine that supplemental information regarding the income conversion results is necessary. If CMS determines that a supplemental review of these results is necessary, your state may be required to submit:

- Descriptive statistics of the data used. Such descriptive statistics could include for each eligibility group converted with state data:
  - Net income statistics and disregard statistics for the full population or sample and for the population used in conversion (e.g., the 25% band) including: Total N, Mean Net Income, Standard Deviation of Mean Net Income, Median Net Income, and Number of individuals with Positive Net Income
- Data files used for conversion
- Annotated programming code used in the analysis

## PART 1: ELIGIBILITY CONVERSIONS- TABLE 1 – DUE APRIL 30, 2013

For States Using  
Standardized Methodology with State Data  
Or  
Alternative Method

Please fill out Table 1 below to provide CMS with information about how state data were used for MAGI income conversion. All cells in rows for eligibility groups that do not have a converted income standard in your state (for example, if your state does not cover independent foster care adolescents or does not apply an income standard to this group) should be marked "N/A."

### Instructions for Table 1:

SIPP results used: Your state may have used SIPP results for converting some groups. For conversions based on SIPP, please mark yes in the first column of Table 1 and provide the converted standard from those results. Please list the group below (e.g., pregnant women) and an explanation of why the SIPP results are being used for this eligibility group (e.g., data unavailable). Also, for groups that have time-limited disregards, if the state chooses to provide its own weighting, please provide the state-specific weighting strategy that was used to derive the converted standard. The explanation of the weighting strategy should include the percent assumed to have time limited disregards and the data on which this calculation was based (e.g., 15%: based on analysis of state data for those enrolled in the 1931 group in CY 2012). Attach additional pages if necessary. **Note that for groups that need to be converted both for eligibility and FMAP purposes (e.g., childless adults) the same income conversion method/data source (i.e., SIPP or state data) must be used.**

Alaska has elected to use an alternate method including SIPP data in the development of MAGI based income standards, SIPP+1. SIPP+1 adjusts the SIPP by adding a percentage (to child and pregnant women categories) or an amount (to family categories) to account for the Alaska Permanent Fund Dividend (PFD). The annual PFD is considered Exempt Income in the current Alaska Medicaid Eligibility Manual, and is not added to the applicant's Medicaid income for eligibility determination. Alaska Statute 43.23.075 does not allow the PFD to be considered as income for Public Assistance eligibility.



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For all conversions using state data, please provide the following information:

Time period-Specify the time period of data that was used, for example, June 2011-May 2012. If a time period other than 12 months was used, please explain why below and summarize the methods used to determine that the time period is unbiased. Attach additional pages if necessary:

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Sampling: Please mark this column yes or no. If yes (in other words, the analysis did not include all records in the eligibility group), please provide a detailed explanation below of the sampling approach that was used (i.e., simple random sample, stratified sample, etc.). Please also provide information about the total population and the number of records sampled. Attach additional pages if necessary.

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Net income standard- Please fill in the net standard that was converted for each eligibility group. This should reflect the bolded standard from the eligibility template that you developed with CMS. For conversions that were based on fixed dollar thresholds, please specify the net standard for each family size. You may use fewer or more family sizes than indicated in Table 1.

For 1115 demonstrations, please enter a row for each MAGI-included 1115 demonstration group, specifying whether it is Medicaid or S-CHIP.

Income band used in conversion-This column should reflect the net standard minus 25 percentage points of FPL. For example, if the net standard was 120% FPL, the income band used in conversion would be 95% FPL to 120% FPL. For standards at or below 25% FPL, the income band will include all records—e.g., for a net standard of 18% FPL, the income band used in conversion should be 0-18% FPL. For conversions of fixed dollar thresholds, please specify the income band (expressed as a percentage of FPL) for each family size.<sup>2</sup> For states using an alternative method, this column should only be filled out if it is applicable (e.g., if the marginal approach was used).

Converted standard -Please fill in the converted standard. Fixed dollar standards should be given in dollars for each family size.

**Special note for premium payment groups:** if your state charges premiums for any eligibility group, please indicate which method you selected below and attach a separate sheet showing the MAGI Conversion Plan information requested (time period, net income standard, income band used in conversion, and the converted standard) for each income level used to determine premium payments.

Premium conversion method: Premiums may be converted either using the Standardized MAGI Conversion Methodology; or, using a ratio of the converted standard for the group to the net standard for the group for which premiums are charged. For example, if your state charges premiums for people between 150% and 300% FPL and the standard for 300% of FPL converted to 309%, you would multiple the remaining levels by 1.03 (309/300).

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<sup>2</sup> See page 15 of *How States Can Implement the Standardized Modified Adjusted Gross Income (MAGI) Conversion Methodology from State Medicaid and CHIP Data* for more information on converting fixed dollar standards to FPL.  
<http://aspe.hhs.gov/health/reports/2013/MAGIHowTo/rb.cfm>.

Please indicate which approach was used and provide upper income net and converted standards if you applied the ratio method:

Standardized method

Ratio Method

Upper income level, net standard \_\_\_\_\_

Upper income level, converted standard \_\_\_\_\_

**Table 1**

Population/Type	Family Type	Citation	Unit Size	Original Standard	Converted Standard	SIPP +1
Family 1988		AFDC 5/1/1988	1	\$275	\$334	\$446
			2	\$692	\$771	\$995
			3	\$779	\$878	\$1,214
			4	\$866	\$985	\$1,433
			5	\$953	\$1,093	\$1,653
			6	\$1,040	\$1,200	\$1,872
			7	\$1,127	\$1,307	\$2,091
Family 1996			addon	\$87	\$104	\$216
	Adult not included	AFDC 7/16/1996	1	\$452	\$528	\$640
			2	\$554	\$656	\$880
			3	\$656	\$785	\$1,121
			4	\$758	\$913	\$1,361
			addon	\$102	\$123	\$235
	Adult included		1	N/A	N/A	N/A
			2	\$821	\$950	\$1,174
			3	\$923	\$1,085	\$1,421
			4	\$1,025	\$1,220	\$1,668
Single adult			5	\$1,127	\$1,356	\$1,916
			addon	\$102	\$128	\$352
			1	\$514	\$580	\$692

Population/Type	Family Type	Citation	Unit Size	Original Standard	Converted Standard	SIPP +1
Family 1931 for 2013		1931 for 1/1/2013	1	\$857	\$1,221	\$1,333
			2	\$1,369	\$1,858	\$2,082
			3	\$1,541	\$2,156	\$2,492
			4	\$1,713	\$2,454	\$2,902
			5	\$1,885	\$2,752	\$3,312
			6	\$2,057	\$3,050	\$3,722
			7	\$2,229	\$3,347	\$4,131
			8	\$2,401	\$3,645	\$4,541
			9	\$2,573	\$3,943	\$4,951
			10	\$2,745	\$4,241	\$5,361
			addon	\$172	\$273	\$385
Pregnant women		1902(a)(10)(A)(ii)(IX)		175% FPL	184% FPL	200%
Children < 19		1902(a)(10)(A)(i)(VI),(VII) & 1902(a)(10)(A)(ii)(IX)		150% FPL	158% FPL	177%
Children <1 Pre-CHIP		1902(a)(10)(A)(i)(IV)		133% FPL	141% FPL	159%
Child 1-5 Pre-CHIP		1902(a)(10)(A)(i)(VI)		133% FPL	141% FPL	159%
Children 6-18 Pre-CHIP		1902(a)(10)(A)(i)(VII)		100% FPL	107% FPL	124%
Uninsured Children < 19		1902(a)(10)(A)(ii)(XIV)		175% FPL	185% FPL	203%

Coverage Category	SIPP Results used (Yes/No)	Time Period	Sampling (yes/no)	Net Income Standard	Income band used in conversion (Alternative Method states to fill out only if applicable)	Converted Standard
Parents and other caretaker relatives (mandatory under Section 1931)				% FPL _____ or Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	% FPL _____ or % FPL by Family size (for groups with fixed dollar standards) 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	% FPL _____ or Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____

Coverage Category	SIPP Results used (Yes/No)	Time Period	Sampling (yes/no)	Net Income Standard	Income band used in conversion (Alternative Method states to fill out only if applicable)	Converted Standard
Parents and other caretaker relatives (optional under 1902(a)(10)(A)(ii)(I))				% FPL _____ or Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	% FPL _____ or Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	% FPL _____ or Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____
Pregnant women, full benefits						
Pregnant women, pregnancy only coverage						
Children under age 1						
Children ages 1 to 5						
Children ages 6 to 18						
M-CHIP optional targeted low-income children						
Optional reasonable classifications of individuals under age 21						
State adoption assistance						
Independent foster care adolescents						
Family planning services						

Coverage Category	SIPP Results used (Yes/No)	Time Period	Sampling (yes/no)	Net Income Standard	Income band used in conversion (Alternative Method states to fill out only if applicable)	Converted Standard
Other Medicaid section 1115 demonstration (e.g., childless adults). Insert more rows if needed.						
Separate CHIP State plan <ul style="list-style-type: none"> <li>Children</li> </ul>						
Separate CHIP State plan <ul style="list-style-type: none"> <li>Pregnant Women option</li> </ul>						
Separate CHIP State plan <ul style="list-style-type: none"> <li>Unborn child option</li> </ul>						
Other S-CHIP section 1115 demonstration (e.g., pregnant women). Insert more rows if needed.						
AFDC payment standard 5/1/1988				Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	% FPL by family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____



Coverage Category	SIPP Results used (Yes/No)	Time Period	Sampling (yes/no)	Net Income Standard	Income band used in conversion (Alternative Method states to fill out only if applicable)	Converted Standard
AFDC payment standard 7/16/1996				Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	% FPL by family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____
Pre-CHIP Medicaid as of 3/31/97				< age 1 _____ 1-5 _____ 6-13 _____ 14-18 _____	< age 1 _____ 1-5 _____ 6-13 _____ 14-18 _____	< age 1 _____ 1-5 _____ 6-13 _____ 14-18 _____

**Premium Payment Determination:** Please indicate whether the Standardized MAGI Conversion methodology was used or a ratio of the converted standard at the upper ranges of the eligibility threshold was used.

**PART 1: ELIGIBILITY CONVERSIONS**

Option 3-- Alternative Method, additional information

Please provide a summary of the alternative method and data source or sources used for income conversion, including how the method differs from the Standardized MAGI Conversion Methodology specified in the December 28, 2012 State Health Officials' Letter on Modified Adjusted Gross Income (MAGI) Income Conversion. Please include equations showing how the method is applied mathematically and a description of how fixed dollar standards were converted, if relevant. Attach additional pages if necessary.

Every Alaska resident is eligible to receive an annual Permanent Fund Dividend (PFD) with few exceptions. Currently, a Medicaid applicant's PFD is not added to the household's income before comparison to the Net Income Standard. Because the MAGI rules in 2014 require that the PFD amounts be added to the household's income before comparison to the Converted Standard, the standard must be increased to make the Pre-MAGI and MAGI treatment of the PFD comparable.

For each MAGI Eligibility Category, the attached table determine what percentage the PFD is of the Alaska Federal Poverty Guidelines, and then adds that percentage to the SIPP Converted Standard to arrive at the SIPP+1 Converted Standard. The average PFD over the past five years has been \$1,341 a year per person. Assuming that continues, the annual PFD would represent 9.34% of the annual 2013 Alaska Federal Poverty Guidelines (\$1,341 / \$14,350) for a 1 person household. A 2 person household would receive two PFDs (2 x \$1,341 = \$2,682) which is a higher 13.84% of poverty (\$2,682 / \$19,380) for a 2 person household. As the number of household members increases, so does the percentage of poverty that the PFDs represent. Because we are only allowed one Converted Standard percentage for each Eligibility Category, we have weighted the PFD-as-a-percentage-of-poverty by Alaska's current distribution of household sizes in each Category, and then added that weighted percentage to the SIPP.

Each household size number is the count of people who were included in that household budget for the eligibility determination. Also, the distribution for each Category is based on the sum of client counts in each household size over the most recent six months, and is not expected to vary seasonally.

Please provide a description below of how your method meets the criteria specified in the December 28, 2012 State Health Officials' Letter on Modified Adjusted Gross Income (MAGI) Conversion: unbiased, accuracy, precision, and data quality. Attach additional pages if necessary. More

detailed information about these criteria is available in the ASPE issue brief *Modified Adjusted Gross Income (MAGI) Income Conversion Methodologies*.<sup>3</sup>

Unbiased: Across all eligibility categories, the method does not systematically increase or decrease the number of eligible individuals within a given eligibility group or systematically increase or decrease the costs to states.

Our intention is to be unbiased and not systematically increase or decrease the number of eligible individuals; however, limiting the Converted Standard to a single value percentage of poverty for the child/pregnant women categories may increase or decrease the eligible individuals. The single weighted percentage that is added to the SIPP to account for the Permanent Fund Dividend (PFD) is more than a 1 person household, who is just under the poverty level, needs to cover the extra income of the PFD and still be eligible, but the single weighted percentage is less than an 8 person household, who is just under the poverty level, needs to keep them from becoming ineligible due to the PFD. The implementation of the one-percentage-for-all-household-sizes SIPP+1 will likely favor the smaller household who will be allowed a higher income than necessary to cover the PFD amount and might penalize the large household sizes who's PFD amounts will exceed the value of the additional "+1" weighted percentage of poverty.

Accuracy: To the extent possible, the method minimizes changes in eligibility status by minimizing losses and gains in eligibility for a given category of coverage.

Without this "+1" consideration for the PFD in the MAGI standards, the changes in eligibility status will not be minimized. The SIPP+1 method increases the accuracy by minimizing the losses in eligibility that would have occurred if the MAGIs, which include the PFD, were compared to the unadjusted SIPP standards.

The most accurate method would be to continue the current practice of excluding the PFD from income before applying the standards, but given the MAGI restrictions, the SIPP+1 method will increase accuracy.

Precision: The converted standard must be stable and repeatable. In other words, if the methodology to arrive at the converted standard were repeated, it would arrive at the same result. For example, if a sampling methodology is used, the sample size must be large enough to ensure that the conversion method, if calculated on another sample, would in general yield the same converted standard.

The SIPP+1 method is stable and repeatable. To recalculate the "+1" portion of the percent-of-poverty standards, only three sets of information are needed: an estimate of the PFD, the Alaska Federal Poverty Guidelines, and the number of clients by household size for each Category.

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<sup>3</sup> See [http://www.shadac.org/files/2-%20ASPE%20Brief%20-%20MAGI%20Income%20Conversion%20Methodologies%20\(March%202013\).pdf](http://www.shadac.org/files/2-%20ASPE%20Brief%20-%20MAGI%20Income%20Conversion%20Methodologies%20(March%202013).pdf).

Data quality: The data used are representative of the income and disregards of the population so as not to bias the converted standard due to poor data quality.

No income data from Alaska's Eligibility Information System was used. Alaska's current Medicaid budgeting data does not include the PFD amounts because they are excluded income.

**Option 1b -- Standardized Methodology with SIPP data, with state adjustments for time limited disregards**

**Eligibility Conversions**

Please provide information about the state-specific weighting strategy and relevant conversions for groups with time limited disregards in the table below.

Eligibility group: Please list each eligibility group (e.g., 1931 parents/caretaker relatives) where your state applied its own weight for time-limited disregards.

Time-Limited weight: Please list, for each relevant eligibility group, the weight your state applied for the conversion. For example, if you determined that 15% of enrollees received time-limited disregards in a given category and applied that as your weight, you would simply list 15%.

Data Used to Derive weight: Please describe, for each relevant eligibility group, the data used to calculate the time-limited weight, e.g. “state data for all 1931 enrolled individuals in March of 2012.”

Application of Weight: Please show the formula used to apply the weight, e.g., if standard with time-limited disregard is 100 and without time-limited disregard is 75 and weight is .15, the formula would be  $(100 \times .85) + (75 \times .15) = \underline{\quad 79 \quad}$

Converted standard: Please fill in the converted standard for each eligibility group. This will be the weighted average of the applicant (e.g., standard including time-limited disregards) and beneficiary calculations you originally received from CMS, applying the time-limited weight to the applicant conversion.

<u>Eligibility Group</u>	<u>Time-limited Weight</u>	<u>Data Used to Derive Weight</u>	<u>Application of Weight</u>	<u>Converted Standard</u>


## **PART 2: FMAP CONVERSIONS – DUE FALL 2013**

Options 2 and 3 -- For States Using  
Standardized Methodology with State Data  
Or  
Alternative Method

Please fill out Table 2 below to provide CMS with information about how state data were used for FMAP related conversions. If your state did not cover a certain eligibility group on December 1, 2009, all cells in that row should be marked "N/A." **All states** must fill out relevant conversions under "TB conversion", "MAGI groups relevant for FMAP" and "optional ABD groups." **209(b) states** must also fill out information for the relevant mandatory groups listed at the end of the table if the state applied a disregard on December 1, 2009 that varied from the standard SSI-related methodology disregards. All cells in rows for eligibility groups that do not have a converted income standard in your state (for example, if your state does not cover the options group for individuals who meet the requirements of SSI or optional state supplement, but who do not receive cash assistance) should be marked "N/A". In addition, if your state has elected the state TB group option for eligibility, please include those conversion results with Part 2.<sup>4</sup>

**Instructions for Table 2:** This template assumes that the information about sampling and income bands (if relevant) you provided for eligibility conversions in Part 1 of this plan also apply to the FMAP conversions in part 2. If not, please attach a separate explanation of how and why they differ. Similarly, it assumes that if an alternate methodology was used in part 1, the same was used for part 2, so the information provided on pages 12 and 13 apply. If not, please attach a separate explanation of how and why they differ.

SIPP results used: Your state may have used SIPP results for converting some groups. For conversions based on SIPP, please mark yes in the first column of Table 1 and provide the converted standard from those results. Please list the group below (e.g., the optional aged, blind or disabled poverty level group) and an explanation of why the SIPP results are being used for this eligibility group (e.g., state data unavailable). Also, for groups that have time-limited disregards, if the state chooses to provide its own weighting, please provide the state-specific weighting strategy that was used to derive the converted standard. The explanation of the weighting strategy should include the percent assumed to have time limited disregards and the data on which this calculation was based (e.g., 15% receive the \$65 or \$85 if no unearned income, and on-half of other earned income disregard based on analysis of state data for those enrolled in the

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<sup>4</sup> CMS did not complete SIPP conversions for the TB group during Phase 1 of the "template project" and will be completing them during Phase 2 when FMAP conversions are being done. Consequently, reporting of TB group conversions has been included with Phase 2 FMAP conversions.

medically needy group in CY 2012). Attach additional pages if necessary. **Note that for groups that need to be converted both for eligibility and FMAP purposes (e.g., childless adults) the same income conversion method/data source (i.e., SIPP or state data) must be used.**

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Net income standard: Please fill in the net standard that was converted for each eligibility group. For **MAGI groups relevant to FMAP claiming** (e.g., parent/caretaker relatives, childless adults, and reasonable classifications of children), in most cases this will be the effective income standard your state provided in Part 1. However, if the effective income standard was different on 12/1/2009, that standard should be listed here. For **ABD groups**, this standard will be the bolded effective income standard from the ABD template you completed with CMS. Please provide this information in % of FBR or in fixed dollar state supplement payments as relevant, and for different family sizes as applicable.

Converted standard -Please fill in the converted standard.



Table 2

Eligibility Group	SIPP Results used (Yes/No)	Time Period	Net Income Standard % FPL or fixed dollar standards by family size if applicable	Converted Standard
FMAP Conversions				
TBD				

PRA Disclosure Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-1148. The time required to complete this information collection is estimated to average 20 per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.