



July 30, 2012

Cindy Mann, Director
Center for Medicaid and CHIP Services
Centers for Medicare and Medicaid
Department of Health and Human Services

Re: Conversion of Net Income Standards to Equivalent Modified Adjusted Gross Income Standards and Solicitation of Public Input

Submitted electronically to incomeconversion@cms.hhs.gov

Dear Ms. Mann:

AARP is pleased to respond to the Solicitation of Public Input on Conversion of Net Income Standards to Equivalent Modified Adjusted Gross Income Standards. The Centers for Medicare & Medicaid Services (CMS) has offered two potential methodologies for converting the various income eligibility standards currently used under Medicaid and the State Children's Health Insurance Program (CHIP) to equivalent standards under the Modified Adjusted Gross Income (MAGI) definitions, as required for certain Medicaid eligibility categories under the Patient Protection and Affordable Care Act (ACA).

We support CMS' goal of conducting the MAGI conversion using a method that will meet the statutory requirement to maintain current effective income eligibility levels without unduly burdening states. Ideally, state administrative data would be used to replace the existing income disregards and expense adjustments with the MAGI definitions and standard income disregard. However, it is our understanding from the Solicitation that all the necessary data for this purpose may not be available in every state's eligibility data systems, in which case outside data sources may be needed to substitute for or supplement Medicaid program data.

We are pleased that CMS has work underway in ten pilot states to test the feasibility of the alternative methods described in the Solicitation. However, we would caution you not to make any conclusions on proposed conversion methodologies until the pilot has been completed. The results of this work will be very important to consider in determining a final conversion method or methods. While the Solicitation describes the basic steps to be used under the two potential methodologies, it is impossible to fully evaluate the implications of these methods without information about how they work in practice with actual data. This information will come from the pilot states. In the interest

Director Mann
July 30, 2012
Page 2

of transparency, CMS should make public the results of the pilot studies as soon as they are available.

While CMS and the states face a tight timetable for carrying out the conversion to MAGI-based income eligibility standards, implementation of the conversion will also require subsequent ongoing monitoring. That is, identification and application of a conversion methodology in a state should not be the final step in the process. Once a method is chosen, CMS should monitor how the conversion is applied in each state, including validation of proper implementation and analysis of the effects of the conversion methodology on Medicaid eligibility over time.

This ongoing process of assessing the impact of the conversion methodology should be transparent to the public, which has a strong interest in this issue. Where the Medicaid income eligibility level is set in a state will directly affect the health insurance status and out of pocket health care costs for many individuals. Public review will help assure that the process of conversion to the use of MAGI has the intended effect of not lowering each state's effective Medicaid eligibility standards.

Thank you for the opportunity to comment on these important matters. If you have any questions regarding these comments, please do not hesitate to contact KJ Hertz on our Government Affairs staff at (202) 434-3732 or khertz@aarps.org.

Sincerely,

A handwritten signature in black ink, appearing to read "David Certner". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

David Certner
Legislative Counsel and Legislative Policy Director
Government Affairs