

**DATE:** November 14, 2014

**OPERATIONS MEMORANDUM** 14-11-03

**SUBJECT:** Transition of “Grandfathered” Children from the Children’s Health Insurance Program (CHIP) to Medical Assistance (MA) Effective January 1, 2015

**TO:** Executive Directors

**FROM:** Tom Strickler  
Director  
Bureau of Operations

**PURPOSE**

To inform County Assistance Offices of the transition of “grandfathered” children from CHIP to MA and the processing procedure of applications for children who exception out from an automated conversion process.

**BACKGROUND**

Under the Affordable Care Act, changes to MA and CHIP included Modified Adjusted Gross Income conversions of the income limits for children. The income limit for children ages 6-18 for MA changed from 100 percent of the Federal Poverty Limit (FPL) to 133 percent.

Children ages 6-18 who were open for CHIP with household income between 100 percent and 133 percent of the FPL remained enrolled in CHIP. CHIP recipients that would have been eligible for MA due to updated FPL limits as of December 31, 2013 were flagged with the “grandfather” flag. The families of these children had the choice to switch from CHIP to MA during 2014. According to the federal requirements, the remaining “grandfathered” children who continue to be enrolled in CHIP and who are eligible for MA must be transitioned to MA by January 1, 2015.

**DISCUSSION**

**Automated Conversion Process**

On December 6, 2014, the “grandfathered” CHIP children ages 6-18 who have countable household income between 100 percent and 133 percent of the FPL and who would have been eligible for MA on December 31, 2013 will be converted to MA by means of a one-time automated process. Children who turn 19 in December 2014 will not be included in the conversion.

The MA renewal date for the converted children will be set to the same due date as their CHIP renewal with the exception of those who have a due date in December 2014, January 2015, and February 2015. Those renewal dates will be set to March 2015.

The “grandfathered” children will have CHIP coverage through December 31, 2014. CHIP recipients, whose coverage will be terminated as a result of the conversion, will receive CHIP termination notices 30 days prior to CHIP plan termination.

MA eligibility determinations will not be performed during the conversion to MA. As a general rule, the decision on whether data from a CHIP case or current data in CIS is used during the conversion will depend on the following:

- If a CHIP recipient and family members are not known to the system or known to the system as inactive members, the MA budget will be opened using CHIP data.
- If a CHIP recipient and family members are currently eligible for benefits, the MA budget will be opened using existing CIS information.

Children who qualify for CHIP to MA conversion will be opened in an appropriate MA category/program status code effective January 1, 2015.

- “Grandfathered” children ages 6-18 with current household income between 100 percent and 133 percent of the current FPL will be opened for MG19.
- “Grandfathered” children under the age of 19 with current household income under 100 percent of the current FPL will be opened for MG00.

For cases that were opened through the automated conversion process, the system will automatically enter the following comment:

“CHIP to MA Conversion. MA for the child(ren) was opened through the automated conversion process.”

### **Exceptions**

Exceptions that will occur during the automated conversion will be sent for processing through the existing Health Care Handshake process. These applications will be processed by the Central Unit by December 15, 2014 to assure Managed Care plan enrollment effective January 1, 2015. The Central Unit will manually track any exceptions processed after December 15, 2014 and provide this information to the Bureau of Operations to ensure Managed Care plan enrollment on January 1, 2015.

Below is the list of scenarios for exceptions:

- A CHIP recipient is currently receiving TANF, SSI, MA, or PA CAP (FS70)
- A CHIP recipient's county does not match with his/her active CIS county
- A CHIP recipient's county does not match with his/her eCIS/LIHEAP-only county
- A CHIP household has more individuals than the active CIS case record
- A CHIP recipient or family members have eligibility segments in multiple eCIS/LIHEAP-only cases

### **Processing Exceptions**

The below policy will be applied to the "grandfathered" cases that fall out of the automated process and require manual completion.

The COMPASS PDF referral received from the Pennsylvania Insurance Department (PID) for "grandfathered" children will be identical to current PID referrals. There will be NO designation on the COMPASS Summary PDF that a child is a "grandfathered" child. Referrals for "grandfathered" children will be processed using the current policy for PID referrals.

If the information indicated on the CHIP referral application is inconsistent with the existing information in CIS and the information cannot be obtained from a data source, the Central Unit must contact the client for clarification and request verification if it is required. If the inconsistency is resolved, the Central Unit will process MA for the child by using the Special Category MG19 on the Program Request Questions screen.

**Important:** If required verification is not received, the Central Unit must still process MA by December 15, 2014 for the child by using the Special Category MG19 on the Program Request Questions screen based on the information in CIS.

**Example:** If a CHIP recipient's county does not match with his/her active CIS county, the caseworker must contact the household to inquire about the inconsistency. If the household provides their current residence address, the caseworker will open the child for MA, using the Special Category MG19 on the Program Request screen, in the county in which the household resides without requesting verification. If the explanation is questionable, the caseworker will attempt to verify the child's residency. If the requested verification is not received, the caseworker will open MA for the child in the county in which the case is active in CIS and use the Special Category MG19 on the Program Request Questions screen.

**Example:** If a CHIP household has more individuals than the active CIS case record, the caseworker must contact the household to inquire about the inconsistency. If the household provides an explanation for the inconsistency and it is not questionable, the caseworker will open the child for MA, using the Special Category MG19 on the Program Request screen. If the explanation is questionable, the caseworker will attempt to verify the household composition. If the requested verification is not received, the caseworker will process MA for the child based on the information in CIS and use the Special Category MG19 on the Program Request Questions screen.

On the Client Notice screen, the 966 notice will be presented. The caseworker must select option A from the Option dropdown.

The caseworker will start the narrative with “CHIP to MA Conversion” and will clearly narrate all actions taken on the case.

### MA Renewal Dates

The Central Unit will receive a document listing each exception and its corresponding CHIP renewal date. Once the child is open for MA, the caseworker will set the MA renewal date based on the CHIP renewal date the caseworker finds in the document. If the CHIP renewal date is in December 2014, January 2015, and February 2015, the caseworker will set the MA renewal date to March 2015.

### NEXT STEPS

1. Share and review this information with appropriate staff members.
2. Please contact your Area Manager if you have questions regarding this Operations Memorandum.