

# Administrative Simplicity Provisions in the Affordable Care Act

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By reforming the health insurance market, creating purchasing exchanges, and expanding the Medicaid program, the Patient Protection and Affordable Care Act (PPACA) promises to bring health insurance coverage to millions more people. The law’s drafters sought to ensure that the new systems and structures they created to expand coverage do not add unwarranted administrative complexity to the already-complicated health care system. They included in the law several provisions to encourage administrative simplicity, especially in the interaction between the new Exchanges and existing state Medicaid and CHIP programs.

## Background

The new law establishes the principle that applicants for subsidized coverage will find “no wrong door” when applying, requires the state and federal officials responsible for different coverage sources to work together behind the scenes, and seeks to maximize the use of automated data matching to determine eligibility.

By providing premium and cost-sharing tax credits and expanding Medicaid, PPACA is expected to expand coverage to 32 million more Americans. In addition, the law’s individual responsibility requirement will oblige nearly all Americans to obtain coverage. Together, these provisions will lead many to seek coverage, but they may not know whether they qualify for Medicaid or the tax credits. Moreover, families may qualify for different programs — children in Medicaid or CHIP while parents are eligible for subsidized Exchange coverage. The law requires there to be “no wrong door” when individuals or families apply to any of the subsidized coverage programs — once an applicant applies to Medicaid, CHIP, or subsidized Exchange coverage, they will be enrolled in whichever of the programs the family members are eligible for, without requiring any further information or action on the part of the applicant. To facilitate this process, the law directs the development of a single application form that can be used for all of the subsidized coverage sources. Applications will be accepted online, over the phone, by mail, and in person.

In addition to initial enrollment, the law also seeks to make transitions between coverage sources more simple. Today, when individuals’ income or circumstances change, they often must deal with separate sources of health coverage. Losing a job might mean going from employer-sponsored private health coverage to applying for Medicaid. A new job might not offer health coverage, but put the individual’s income above Medicaid eligibility, sending the person into the individual market to buy coverage. Each of these coverage sources might require a separate application with varying standards. All of these coverage sources will continue to exist under PPACA; the law, though, promotes greater coordination between them. It requires Medicaid, CHIP, and Exchange coverage to calculate income the same way — using the tax definition of modified adjusted gross income. Further, income changes that move individuals between Medicaid and subsidized Exchange coverage or vice versa should be handled automatically.

***Example: How administrative simplicity benefits consumers***

*Today, the patchwork of different health coverage sources can make it difficult for families to apply for and keep coverage, but the health reform law aims to create a more streamlined system with fewer barriers to enrollment.*

*Jane earns \$22,000 annually and has two children, Justin, age 8, and Christa, age 5. In many states, covering the whole family would require an application to Medicaid for Christa and to CHIP for Justin, both requiring paystubs to document income and other paperwork like birth certificates. Since most low-paying jobs don't offer health coverage, Jane would likely search the Internet or talk to a broker to find an individual policy to purchase, which may or may not be affordable for her. Under health reform, all of the family members would qualify for Medicaid. Jane could obtain coverage for everyone with a single application completed online or over the phone — verification of income, identity, and citizenship status would be handled through electronic data matches with other databases.*

The law requires Medicaid, CHIP, and Exchange coverage to share information among themselves and other data sources, allowing them to make eligibility determinations without requesting paperwork from families who are applying. States must create data exchanges to facilitate enrollment and the federal government is directed to develop standards and protocols to guide states in matching information from state and federal sources as well as allowing individuals to manage their eligibility online. While states already use data matching to varying degrees in their publicly supported coverage programs, the Affordable Care Act requires more sharing of information and assures that new entities like Exchanges are included.

The new law envisions a coordinated, consumer-friendly system in which low-and moderate-income individuals are enrolled into the most appropriate subsidized coverage source for them, based on a single application form. Others buying coverage in the individual or small group markets will also have a simplified purchasing experience through healthcare.gov. Making this vision a reality, though, will require careful implementation of the law. Medicaid and CHIP enrollment procedures vary greatly from state to state; each Medicaid and CHIP program will have to seek the best way to interact with the to-be-developed Exchanges. The law provides important principles like “no wrong door” for applications; it will be up to states to fulfill these principles by modernizing and simplifying the administration of their subsidized coverage programs.

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