

MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES

NOTICE OF PROPOSED POLICY

Public Act 280 of 1939, as amended, and consultation guidelines for Medicaid policy provide an opportunity to review proposed changes in Medicaid policies and procedures.

Please review the policy summary and the attached materials that describe the specific changes being proposed. Let us know why you support the change or oppose the change.

Submit your comments to the analyst by the due date specified. Your comments must be received by the due date to be considered for the final policy bulletin.

Thank you for participating in the consultation process.



Director, Program Policy Division  
Bureau of Medicaid Policy and Health System Innovation

<b>Project Number:</b> 1528-CSHCS	<b>Comments Due:</b> July 23, 2015	<b>Proposed Effective Date:</b> September 1, 2015
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**Policy Subject:** Insurance Premium Payment Assistance

**Affected Programs:** Children's Special Health Care Services (CSHCS)

**Distribution:** Federally Qualified Health Centers (FQHCs), Hospitals, Local Health Departments (LHDs), Practitioners, Rural Health Clinics (RHCs)

**Policy Summary:** The CSHCS program is revising the CSHCS Chapter of the Medicaid Provider Manual due to new insurance premium assistance requirements.

**Purpose:** Current policy is incomplete regarding the requirements for insurance premium assistance. This is especially true for defining when the beneficiary needs the assistance.

# Proposed Policy Draft

Michigan Department of Health and Human Services  
Medical Services Administration

**Distribution:** Federally Qualified Health Centers (FQHCs), Hospitals, Local Health Departments (LHDs), Practitioners, Rural Health Clinics (RHCs)

**Issued:** August 1, 2015 (Proposed)

**Subject:** Insurance Premium Payment Assistance

**Effective:** September 1, 2015 (Proposed)

**Programs Affected:** Children's Special Health Care Services (CSHCS)

The CSHCS program is revising the CSHCS Chapter of the Medicaid Provider Manual due to new insurance premium assistance requirements. The Insurance Premium Payment Benefit Section will be replaced with the following:

## **INSURANCE PREMIUM PAYMENT BENEFIT**

CSHCS may be able to assist in paying the beneficiary's portion of an insurance premium cost (as related to the CSHCS qualifying diagnosis) for private insurance, Medicare Part B, or Medicare Part D. Premium payment assistance may also be available when the beneficiary has lost or is about to lose insurance coverage.

Depending on the timing of the event, CSHCS may be able to assist the family in reactivating or maintaining that coverage. Cost-effectiveness requirements described below always apply.

Premium payment assistance may be available when:

- 1) The current cost of the premium payment is determined to be cost-effective for CSHCS. Cost-effectiveness is defined as when the cost of the insurance premium is less than the projected cost to CSHCS for covering the CSHCS-related care; AND
- 2) The beneficiary/family lacks sufficient financial resources to pay for the CSHCS beneficiary's part of the premium. The lack of ability to pay the insurance premium is defined as follows:
  - When the family has a CSHCS payment agreement that is within the two lowest payment agreement categories, the financial need is automatically established.
  - When the family has a CSHCS payment agreement that is above the two lowest income categories, the family must describe the reason for the lack of resources that is impacting the ability to pay for insurance. Examples include:
    - The additional out-of-pocket expenses to address only the special needs of the beneficiary(ies) is 10% or more of the gross family income. Documentation is required; or
    - The family income has dropped and a revised payment agreement still results in a payment agreement that is above the lower two payment agreement levels but extenuating financial circumstances interfere with the family's ability to pay insurance premiums, etc. Documentation is required.

To apply for CSHCS insurance premium payment assistance, the following documents are required from all applicants:

- A completed CSHCS Payment of Health Insurance Premiums form (MSA-0725) (Refer to the Forms Appendix for additional information);
- A copy of a billing statement from the insurance carrier or a statement from the employer or Notice of Medicare Premium Payment Due (CMS-500) that verifies the cost of the premium;
- Copies of previous Explanation of Benefits (EOB) statements or expenditure summaries over the past 12 months from the private health insurance carrier or Medicare; and
- A pharmacy report(s) documenting the cost of the prescriptions and the amount paid by the private health insurance carrier or Medicare, or written evidence the coverage does not include a prescription benefit.

The following additional documentation is required under two specific circumstances:

- 1) When the family obtained private insurance through the Federally Facilitated Marketplace (FFM) and has a subsidy, proof is required that the subsidy arrangement is the Advanced Premium Tax Credit. Any other subsidy through the FFM enrollment is not eligible for the insurance premium payment assistance; OR
- 2) When the beneficiary lost insurance coverage within three (3) months before application due to termination of employment, death of the policy holder, divorce, etc. Beneficiaries may be eligible for the insurance to remain in place due to the Consolidated Omnibus Budget Reconciliation Act (COBRA); a COBRA Election Form is required.

The beneficiary/family may contact the Local Health Department CSHCS office to obtain the MSA-0725 form and for assistance in completing the MSA-0725 form.

### **Effective Date of Insurance Premium Payment Assistance**

When premium payment assistance has been approved, the effective date for the coverage is the first day of the month in which the premium payment application was received by CSHCS. Insurance premium payments are not usually covered retroactively for periods before the application was received.

**NOTE:** Premium payment assistance for retroactive periods before the application is received may occur only when existing insurance coverage is still active, but will be terminated due to non-payment of the premium and will terminate within 30 days of the application being received. The assistance, when approved for past coverage, is applicable only for the beneficiary's portion of the unpaid premiums and only if those payments will make it possible for the family to pay the remainder of back-payments and maintain the insurance policy. The assistance is limited to a one-time-only event.

### **Annual Review for Renewal of Eligibility**

A new application must be submitted each year. The annual eligibility review for continuing premium payment assistance occurs each year after CSHCS renewal has been completed based on program requirements at that time.

### **Requirement to Repay CSHCS for Funds Expended on Terminated Policies**

In the event that a premium payment has been sent to the family (either directly from the Michigan Department of Health and Human Services [MDHHS]/CSHCS or as a refund to the family by the insurance company), the family is required to return those funds to CSHCS. If the money has not been returned within 60 days of notification, the Michigan Department of Treasury may collect the funds from the family.