



EVERY TEXAN

Formerly Center for Public Policy Priorities

**TO: Executive Commissioner, Cecile Young
Chief Program & Services Officer, Michelle Alletto
Acting Chief Operating Officer/Chief Policy and Regulatory Officer, Victoria Ford
Texas Health and Human Services**

COPY: Stephanie Stephens, Wayne Salter, Suling Homsy, Michael Ghasemi, Allison Morris, Hilary Davis, Bill D’Aiuto

FROM: Anne Dunkelberg, Melissa McChesney, Stacey Pogue – Every Texan (formerly Center for Public Policy Priorities)

Re: Improving Renewals for Medicaid and the Children’s Health Insurance Program (CHIP)

Date: November 16, 2020

Executive Summary

The need for programs administered by Texas HHS such as Medicaid, CHIP, and SNAP has grown substantially during the COVID-19 pandemic as household incomes drop and people lose access to insurance. Since the beginning of the pandemic, nearly 3.7 million Texans have filed for unemployment¹. SNAP enrollment grew by over 716,000 Texans between February and September² and continues to rise. Many who lost jobs with employer-sponsored insurance either already lost coverage, or risk losing it in the future when a temporary lay-off with benefits becomes a permanent termination. Researchers have estimated that nearly 660,000 Texans have already lost their job-based coverage in 2020³, and estimates for 2021 are even higher. Many of these individuals, especially children, will be eligible for health coverage through Medicaid or CHIP.

In addition to the increased demand for services created by the pandemic, Texas HHS has proposed reducing the number of staff that process applications for benefits. While advocates and providers hope to eliminate or mitigate those cuts, we believe that Texas HHS must prioritize opportunities for efficiency to meet the increased demand for services created by the pandemic regardless. A clear and attainable option to improve efficiencies and reduce burden

¹ Texas Tribune (2020, October 17) *Texans have filed nearly 3.7 million unemployment claims during coronavirus pandemic*
<https://apps.texastribune.org/features/2020/texas-unemployment/>

² Texas Health and Human Service (HHS), SNAP Statistics, *Monthly SNAP cases and Eligible Individuals Statewide*.
<https://hhs.texas.gov/about-hhs/records-statistics/data-statistics/supplemental-nutritional-assistance-program-snap-statistics>

³ National Center for Coverage Innovation at Families USA. (2020, July 17). *The COVID-19 Pandemic and Resulting Economic Crash Have Caused the Greatest Health Insurance Losses in American History*.
<https://www.familiesusa.org/resources/the-covid-19-pandemic-and-resulting-economic-crash-have-caused-the-greatest-health-insurance-losses-in-american-history/>

on clients is leveraging the Medicaid administrative renewal process, to reduce the number of renewals that eligibility staff must process manually.

The top three recommendations to improve administrative renewals are as follows:

1. HHSC should allow the use of TWC quarterly wage data from the **two quarters prior** to the current quarter.
2. Stop using New Hire Report data during the automated administrative renewal process.
3. Continuously evaluate the administrative renewal process to identify and correct additional barriers.

Additional recommendations for improvement to the administrative renewal process are made below.

In addition to improving efficiency and reducing administrative burden on clients, a more streamlined renewal process would help to address the client confusion that has resulted from Texas HHS attempting to renew Medicaid coverage during the Public Health Emergency, despite the guarantee of coverage through the end of the PHE. Finally, substantial improvements to the administrative renewal process will be imperative to mitigate the impact of eliminating auto-enrollment from Medicaid for pregnant women into Healthy Texas Women (HTW) under the 1115 Waiver. Increased barriers to HTW enrollment for postpartum mothers will render the new HTW Plus benefits directed by Senate Bill 750 less effective. Now that the Public Health Emergency has been extended until January 20, 2020, Texas HHS should use the additional time and the flexibility to make much-needed process improvements.

Background on Administrative Renewals for Medicaid and CHIP

Since 2014, federal rules have required state Medicaid agencies to first attempt to renew Medicaid eligibility using available electronic data before requiring the client to provide updated information (42 CFR §435.916). Texas' current policies and systems for performing administrative renewals for MAGI-based eligibility groups result in one of the least effective systems in the country, with fewer than 9% of clients renewed administratively. According to [a 50-state survey](#) from the Kaiser Family Foundation, **Texas is one of only eight states with an administrative renewal rate of less than 25%**⁴.

⁴ Brooks T, Roygardner L, Artiga S, Pham O, Dolan R. (2020, March) *Medicaid and CHIP Eligibility, Enrollment, and Cost Sharing Policies as of January 2020: Findings from a 50-State Survey*. Kaiser Family Foundation Report. <https://www.kff.org/medicaid/report/medicaid-and-chip-eligibility-enrollment-and-cost-sharing-policies-as-of-january-2020-findings-from-a-50-state-survey/>

Percentage of Renewals that are Automated (Completed without Enrollee Action) ²				
<25%	25%-50%	50%-75%	75%-90%	≥90%
8	13	13	9	0

HHSC should prioritize improving the administrative renewal process so that it can be utilized to more effectively renew coverage for eligible clients. An accurate and effective administrative renewal process reduces administrative burden on clients, state agency staff, and managed care programs. Furthermore, increasing the number of eligible clients who successfully renew coverage on time reduces churn and improves continuity of care for the Medicaid and CHIP population.

Recommendations to improve administrative renewals:

- 1. Texas HHS should allow the use of TWC quarterly wage data from the two quarters prior to the current quarter.** HHSC has stated that the largest constraint on the current administrative renewal process is that the system will not allow the use of any financial information that is more than 60 days old to verify income. This “policy” is simply part of the system’s Texas HHS-generated design. It is not required by Centers for Medicaid and Medicare Services (CMS) and is not documented in the State Plan, the Texas Administrative Code, the Texas Works Handbook, or Texas’ MAGI Verification Plan. It is therefore well within the agency's power to change this system design.

Background on TWC Wage Data and the 60-day restriction during an Administrative Renewal

- Effective January 1, 2014, Medicaid regulations were overhauled and states were required to use available electronic data *before* requesting information from clients (42 CFR §435.952). Available electronic data includes the use of any data source the state identifies as useful in its Verification Plan. Texas HHS’ Medicaid Verification Plan identifies TWC Quarterly Wage data as useful, and does not mention a limitation to only use data less than 60 days old.
- In the preamble to the final rule where these federal changes were codified, CMS makes clear that states cannot require individuals to provide paper documentation solely because of the inherent age of quarterly wage data. The preamble states, “The time lag in the availability of quarterly wage data would not justify a State concluding that such

data is not useful to verifying income eligibility and routinely relying instead on documentation provided by the individual.”⁵

- TWC Quarterly Wage Data is a core component of the administrative renewal process because it is now the only electronic data source used for *earned* income. [HHSC stopped](#) using paycheck data from the Equifax Work Number system (also known as TALX) in October 2019.
- Under the current system design for the administrative renewals, HHSC will be unable to verify earned income using TWC in *at least* 8 months out of the year. We provide an example using Quarter 2 (Q2):
 - Q2 ends June 30, employers have until July 31 to submit wage reports to TWC.
 - At best, Texas HHS has access to this data the first week of August.
 - Any renewals processed in August could make use of the TWC wage data for Q2.
 - Any admin renewals processed in September and October will not be able to use Q2 TWC wage data, because more than 60 days will have passed since the quarter has ended.
 - **This means most people with earned income will fail the administrative renewal process in these months.** (The only exception would be if a person recently directly verified their income with Texas HHS, for example during their SNAP renewal.)
 - New wage data for Q3 will be available at the earliest in the first week of November.
- Months during which TWC wage data can/cannot be used given the 60-day age constraint:
 - ~~January~~
 - February - Can use Q4
 - ~~March~~
 - ~~April~~
 - May - Can use Q1
 - ~~June~~
 - ~~July~~
 - August - Can use Q2
 - ~~Sept~~
 - ~~October~~
 - November - Can use Q3

⁵ Medicaid Program; Eligibility Changes Under the Affordable Care Act of 2010, 77 Fed. Reg. 17,175 (March 23, 2012). Available at <https://www.federalregister.gov/d/2012-6560/p-412>.

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- Texas HHS staff have identified that agency policy defines “current monthly income” as income received in the last 60 days. However, a citation for this policy is not documented formally in Texas HHS policy, including in the Texas Works Handbook. (As noted above, the requirement for data to be less than 60 days old is also not reflected in CMS federal policy, the Texas Medicaid State Plan, the Texas Administrative Code, or Texas’ MAGI Verification Plan.) Significantly, current Texas HHS policy for the use of TWC Quarterly Wage data by an eligibility worker when they *manually* process an application or renewal for Medicaid and CHIP allows for the use of the most recent available quarter with no restriction on the use of TWC data if it is more than 60 days old ([TWH Section A—1355.2](#)).
- The standards governing acceptable sources of verifying earned income (established by the FNS at USDA) are more restrictive for SNAP, however, the administrative renewal process is only used for Medicaid and CHIP.
- Texas HHS staff have pointed to Finding 08-12 of the Federal Portion of the Statewide Single Audit Report for the Fiscal Year Ended August 31, 2007 as the catalyst for defining current income as income received in the last 60 days.
 - o The audit noted that several reviewed cases lacked third-party verification of income. As a result it included the following recommendation:

“The State’s policies of what is “required” documentation to support the eligibility determinations should be refined and documented in a manner that will increase the efficiency of the case workers and provide concise, consistent guidance.”
 - o The agency's response was as follows:

“HHSC staff is conducting a review of verification and documentation requirements to ensure sufficient evidence exists to fully support Medicaid, TANF, and Food Stamp eligibility determinations. For example, agency policy requires that case workers obtain verification of residency, citizenship, and income, where applicable. Although there is no federal requirement regarding the specific evidence that must be retained, HHSC will review current processes and system documentation requirements to ensure that eligibility determinations are supported with sufficient documentation.”

- o **There is no mention of the definition of “current monthly income” or a 60-day requirement for age of income data in either the audit recommendation or the agency’s response.** The audit did include the following statement:

“The Federal Income, Eligibility, and Verification System (IEVS) is used to verify applicant’s income information from the Social Security Administration, Internal Revenue Service, and the State of Texas Workforce Commission. Through IEVS, applicants’ social security numbers are matched to respective agencies’ records to verify earned and unearned sources of income. Use of IEVS is required for Medicaid by 42 CFR 435.940 and TANF by the State Plan. IEVS is optional for Food Stamps (7 CFR 272.8).”

- o It would be inconsistent for the auditors to acknowledge that the use of TWC Quarterly Wage data is required by federal Medicaid regulations, but also propose the agency make a policy that would restrict the use of that data to only 4 months out of the year.
- o Finally, this audit was performed in 2007 and therefore, did not reflect the paradigm shift and changes to federal Medicaid law ushered in by the passing of the ACA in 2010 (as described above).

2. Stop using New Hire Report data during the automated administrative renewal process.

The process used to evaluate a new hire report during an administrative renewal is problematic and redundant. According to the [original Texas HHS bulletin](#) posted on administrative renewals, the system will request paper verification from a client due to a New Hire Report any time that the employer name and start date in the report do not match *exactly* with the employer name and date included in TIERS. These automated matches of employer names could be fraught with errors. Misspellings or uses of parent company names and “DBAs” could easily cause a mismatch. Lastly, the evaluation of the new hire report at renewal is unnecessary and redundant. The agency receives New Hire Report data through a monthly batch process and acts on these reports upon receipt.

3. Continuously evaluate the administrative renewal process to identify and correct

additional barriers. We urge the state to continuously evaluate samples of cases to identify instances where the administrative renewal was unsuccessful and yet the client is likely eligible. Using this analysis, the agency should continue to improve this process and to identify additional system barriers.

- 4. Use self-attestation for non-financial eligibility criteria to the extent possible; specifically residency.** If the client has not reported a change in their residency, they should not be required to reverify with paper documentation that they still live in Texas. This is already done by HHSC for children’s Medicaid and should be extended to more eligibility groups, including former foster care children (FFCC). This is a low-risk policy solution because Texas HHS will already be able to act on [returned mail](#), in the event the renewal packet is returned as undeliverable.

- 5. Eliminate system count of the number of employers, as it does not align with federal regulation.** The process for determining whether the client’s statement of income is considered “reasonably compatible” with electronic data is problematic. According to the [original Texas HHS bulletin](#), one scenario where a client’s statement of income may be determined not reasonably compatible with electronic data is if the, “Applicant or client has provided more income sources than are available from electronic data.” However, if both the client’s statement of income (at renewal this is what is included in the TIERS system) and electronic data on income show the client’s income to be below the Medicaid income limit, the income should be considered verified as required by federal regulation ([42 CFR § 435.952\(c\)\(1\)](#)). This system logic appears to violate this regulation. Additionally, because multiple employers and frequent job changes for low-income workers are typical, not rare, systems designed for this income group should take care to accommodate this reality.

- 6. Reinstate the use of the Work Number System** data (ended by HHSC October 2019) to improve the quality of available electronic data on earned income . This was the most detailed data available to verify income electronically without reaching out to the client.

Processing Renewals During the Public Health Emergency

Between March 2020 and August 2020 Texas HHS did not process renewals for Medicaid clients, instead focusing resources on more immediate concerns related to the pandemic. In early August, Texas began processing renewals for the approximately 879,000 clients who had their renewals extended since March. The agency has communicated that they did attempt to adjust the administrative renewal process to make it more effective at renewing eligibility for clients without either client action, or the need for outreach by Texas HHS and Medicaid managed care plans. Unfortunately, Texas HHS has communicated that this was a one-time change to the process and that all subsequent renewals would be done under the prior process, maintaining none of the temporary improvements. Texas HHS then processed renewals for September without attempting to renew any of the clients administratively, and instead

directed all clients due for renewal to complete a renewal packet. As noted above, state Medicaid agencies are required by federal law to attempt to renew a client administratively, using available electronic verification of eligibility.

Since renewals were resumed in August, community-based organizations, providers, and health plan staff have continued to report mass confusion from clients. Examples include:

- Notices with what clients read as contradictory information, such as a Medicaid end date in 2021, but the need for clients to submit a renewal packet now.
- Notices also do not address the confusing reality that clients are being asked to renew coverage even though they cannot be denied during the Public Health Emergency.
- Notices appear in a significant number of cases to conflict with information provided by 2-1-1 staff.
- The Texas HHS website functionality is confusing and doesn't support the directive given to clients (in the March-August renewal cohort) to renew online at Your Texas Benefits ; notices for the first batch of renewals provided incorrect information about how to renew coverage online. (Notices since have been sent to direct clients to a work-around.)
- Notices stating coverage would end in November, which is no longer true now that the public health emergency has been extended into 2021.

CMS COVID-19 FAQs make clear that states have flexibility in meeting the timeliness standards for renewing Medicaid eligibility during this public health emergency, and the public health emergency has been extended until January 20th, 2020. We urge Texas HHS to take advantage of the flexibility available to the agency to first improve the renewal process, client notices, and the online website functionality before continuing to process Medicaid renewal during the public health emergency.

Reduction in eligibility operations positions as part of Texas HHS' Five Percent Reduction Plan for the current biennium

Texas HHS is proposing reduced or delayed hiring for 742 eligibility and enrollment staff positions as a cost-savings measure to meet Governor Abbott's call for a 5% budget reduction. Texas HHS notes in their proposal that these cuts may create delays in processing applications for all programs, including Medicaid and CHIP. While advocates and providers hope to eliminate or mitigate these proposed cuts, the agency should be identifying new ways to automate and streamline operations regardless due to the increase in need for assistance programs resulting from the pandemic. Administrative renewals for Medicaid and CHIP allow the state to renew more eligible families without worker intervention. Texas HHS should prioritize improvements

to this process to improve efficiency. This would allow eligibility workers to focus on new applications and other processes that cannot be automated.

Impact to Transition of Women after Birth to Healthy Texas Women (HTW) under the 1115 Waiver

As part of the new federal HTW waiver, Texas Health and Human Services is planning to end auto-enrollment of new moms transitioning off of Medicaid for Pregnant Women 60 days after childbirth and instead use HHS's problematic administrative renewal process.

Auto-enrollment of new mothers was included in the design and launch of HTW in 2016 and is one reason why HTW enrollment has been increasing since then. In 2019, [more than 83,000](#) new mothers were auto-enrolled into HTW, which represents [30% of the 2019 average monthly](#) enrollment in HTW. Auto-enrollment streamlines enrollment into HTW and reduces burdens on women, clinic staff, and state eligibility workers and helps improve continuity of care for new mothers. It also contributes to the GR savings that HTW produces by increasing access to family planning services. In 2019, HTW generated a \$13 million GR savings to the state by helping women avoid unintended pregnancies, reducing state Medicaid spending related to pregnancy and newborn health⁶. GR savings from HTW services will increase in 2020 and beyond with the introduction of a 90% federal match on family planning services under the HTW waiver.

As noted above, less than 9 percent of Medicaid and CHIP clients have their coverage administratively renewed by Texas HHS at the end of their certification period. When this process is applied to women losing Medicaid for Pregnant Women, a postpartum mom with a month-old newborn is very likely to be asked to submit proof of income or other documentation to enroll in HTW. This seems certain to lead to a significant decrease in enrollment of postpartum women in HTW, which will in turn undermine the goal of Senate Bill 750 as "HTW Plus" is being rolled out. HTW Plus, created by SB 750, makes limited postpartum benefits available to postpartum women enrolled in HTW. Making it harder for new moms to get enrolled in HTW will disrupt continuity of care and render HTW Plus far less effective.

To mitigate the impact on enrollment in HTW and help improve maternal health through HTW Plus, Texas HHS must fix the administrative renewal process, *before* eliminating the auto-enrollment process for HTW.

⁶ Texas Health and Human Services. Women's Health Programs Saving and Performance Report Fiscal Year 2019. May 2020, <https://hhs.texas.gov/sites/default/files/documents/laws-regulations/reports-presentations/2020/tx-womens-health-programs-report-fy-2019.pdf>

Closing

Thanks for your attention to these pressing issues. We appreciate the wide range of issues HHSC is managing in the COVID-19 crisis, and hope that attention to these policies that impact so many Texans at a time of great need can also be elevated and addressed soon. We would welcome an opportunity to discuss them further with HHSC staff. You may reach us at dunkelberg@everytexan.org and mcchesney@everytexan.org, or via telephone at the numbers below.

Sincerely,

Anne Dunkelberg
Associate Director
C 512-627-5528

Melissa McChesney
Senior Policy Analyst
C 512-508-0759

Stacey Pogue
Senior Policy Analyst
C 512-663-7173