February 17, 2023

Dr. Valerie Arkoosh, Acting Secretary
Pennsylvania Department of Human Services
Health & Welfare Building
625 Forster Street
Harrisburg, PA 17120

Dear Acting Secretary Arkoosh:

We are a group of Pennsylvania health, law, and policy advocates who work directly with and on behalf of Medical Assistance (MA) and Children's Health Insurance Program (CHIP) enrollees. For approximately one year, we have been meeting regularly with DHS staff to discuss DHS' unwinding plans to resume regular operations when the federal provision for continuous coverage, put into place in March 2020 at the onset of the COVID-19 pandemic by the Families First Coronavirus Response Act (FFCRA), ends.

DHS has an unprecedented task ahead: conducting MA eligibility checks for an estimated 1.1 million MA enrollees, who either no longer appear to be eligible or have overdue renewals.

We remain very concerned about the enormous administrative workload the County Assistance Offices (CAOs) will face when redetermining eligibility for this large volume of cases while resuming regular operations after 3 years, and how that is likely to translate into individuals losing coverage, though remaining eligible. To illustrate, federal researchers estimate that 3 out of every 4 children who lose their coverage during the redetermination process will still be eligible. We continue to work with DHS staff on tangible ways to minimize the risk of terminations and churn for children and adults who remain MA-eligible.

Even under "normal" pre-pandemic circumstances, DHS renewal processes result in a significant number of eligible MA enrollees losing coverage and access to care and having to return to the CAO to get their MA turned back on through a new application or reconsideration—we often refer to this as MA "churn." The most recent pre-pandemic data available show that 55% of MA renewals in a given month result in MA termination. The vast majority (89%) of those who lose MA are reconnected to MA within four months following the termination, either by the MA recipient submitting a new application or a request for reconsideration, both of which must be processed by the CAO. This accounts for more than 100,000 MA-eligible people who lose access to MA and then must submit additional paperwork to be processed by the CAO to restore MA each month.

As we near the April 1 start of the unwinding of the continuous coverage protection, we strongly recommend DHS take the following actions to keep as many individuals connected to health care as possible through policy improvements, to reduce churn and the associated backlogs that could

take years to reverse, and to operate in a transparent manner by sharing data throughout the unwinding period.

1. **Publish unwinding data**

DHS is required under federal law to collect and report to CMS data on Medicaid cases closed, Medicaid cases transferred to other health care programs, and call center volume over the 15 months following April 1, 2023. We urge DHS to publish this and other data related to unwinding. This transparency around unwinding is critical to ensuring the state and stakeholders can evaluate the unwinding process and its impacts, share successes, and recommend course corrections if needed.

We also ask that DHS collect and publish additional data other than what is required by federal law. In particular, we urge DHS to collect and publish data on cases that are closed and then quickly reopened within four months, and to publish these data monthly. It will be vital to track the number of people whose benefits (Medicaid, SNAP and TANF) are terminated and who then return to get benefits restored. This "churning" on and off of eligible people creates expensive burdens for the state by requiring the CAOs to needlessly process reapplications and creates hardship for recipients who go months without access to the benefits they are eligible to receive. Churning can quickly lead to major logjams at the CAO, so it is critical to track churning trends so that action can be taken to control it.

2. **Initiate short-term improvements to ex parte renewals**

Federal Medicaid law requires Pennsylvania to attempt an automated (or "ex parte") renewal of every Medicaid case before sending a paper renewal form to the household. DHS should determine through electronic data sources whether the household's income and assets qualify them for continued Medicaid, and, if so, DHS should renew the coverage without the need for the family to do more than review an eligibility notice for accuracy. Unfortunately, Pennsylvania's computer system currently excludes the vast majority of cases from this automated renewal process, notably cases where the family is getting both Medicaid and SNAP, resulting in only about 4% of Medicaid cases being renewed automatically (while other states renew over 75% this way). We strongly urge DHS to take steps to fix the system issues that prevent it from sending most cases through automated renewals. We want to remind you as a condition of the enhanced match, CMS specifically requires ex parte review for all cases.

In the interim, however, there are some short-term improvements that would help during the unwinding process:

a. Instruct caseworkers to check the electronic data sources *manually* ("do a manual ex parte check") to determine if DHS has enough information to renew eligibility before cutting off Medicaid and renew as many of those cases as possible. Specifically:

1) Do a manual ex parte check of any case where a renewal form was not submitted.
2) Use the Asset Verification System (an electronic system, through a vendor, that provides DHS with up-to-date bank balance information) to confirm that a family's assets are still low enough for eligibility, rather than requiring seniors and people with disabilities to submit paper bank statements.
3) Use income information that DHS has collected and verified for the SNAP program as an acceptable income verification source for Medicaid, even that information is older or came from a verification source (like TALX) that Medicaid does not use independently. (SNAP income information is verified every six months.)
4) Require contact with a Medicaid recipient to sort out a discrepancy before cutting off their Medicaid if the information previously reported for SNAP shows eligibility for Medicaid, even if electronic data sources show income that is too high. Currently DHS may cut off Medicaid in these instances without contacting the recipient.

b. Send more cases through the automated ex parte process, specifically joint Medicaid-SNAP cases that are in ESAP (SNAP Elderly/Disabled Simplified Application Project). The justification for excluding most joint SNAP/Medicaid cases is that these cases require a SNAP renewal anyway. But ESAP cases are only renewed every 3 years. In the two years between ESAP renewals, these cases are just like every other Medicaid-only case and should be able to be sent through the ex parte renewal process. DHS has previously indicated that this should be a relatively easy systems change (unlike the overall systems fix that will be needed to send most joint SNAP/Medicaid cases through the automated renewal process). ESAP cases are about 22% of the SNAP caseload, so this would be substantial increase in cases potentially renewed automatically.

3. **Improve staffing at the CAOs and DHS call centers**

County Assistance Offices across the state are experiencing high rates of staff vacancies and wait times at the Customer Service Centers are long and growing. More staff will be required at both the CAOs and the Customer Service Centers to effectively handle the onslaught of work this Spring and over the following 12 months.

CAO staff receive and process paper renewal applications; they are on the frontlines of renewal processing. In-person access is vital for seniors who do not own or use technology, for homeless people who may not get mail regularly, for Limited English Proficient individuals who cannot navigate online systems, and people with emergency situations. When the renewal process goes awry, the CAO is often the only option many people have for fixing those problems quickly and in time to maintain benefits. DHS must ensure that this access is maintained by keeping CAOs open and fully staffed.

The Customer Service Center is often the first point of contact for people with questions or concerns and for people who need to report changes. Fully staffing the Customer Service Center so that these calls are answered without long wait times will be crucial to a functional unwinding period. The Consumer Service Center (different than the Customer Service Center) is the only option for submitting Medicaid renewals by phone, but DHS has not taken any action to increase staffing here. The CAOs and the CSCs are staffed by state employees, but the Consumer Service Center is a contracted service, so could potentially more easily and quickly increase its staffing levels. We urge DHS to take action immediately to hire more staff and to immediately begin discussions with the Consumer Service Center contractor to increase its capacity.

4. **Implement 12-month continuous coverage for children now**

Continuous health insurance prevents harmful gaps in coverage, increases access to care, and reduces expensive ER visits. Yet in Pennsylvania, unnecessary red tape has historically led to thousands of children falling on and off coverage over the course of a year. One of the easiest ways to minimize coverage losses among children is by moving quickly to implement Medicaid 12-month continuous coverage.

Federal law will require states to implement 12-months continuous coverage for all children in Medicaid starting next year (currently only available to PA children under age 4 in MA and to all children enrolled in CHIP), but by putting this policy in place now, Pennsylvania will create a more efficient system, reduce administrative burden, protect children from harmful gaps in care, and provide peace of mind for low-income parents.

Continuous coverage also supports working parents by ensuring that even if they take on extra hours or seasonal employment, they don't have to worry about their child losing coverage. Without 12-month continuous eligibility, families must report changes in circumstances, including temporary changes in income that may result in disenrollment, only to re-enroll in a matter of weeks or months. Research shows that low- and moderate-income households experience several months each year when their income is 25 percent higher than their average monthly income. This results in coverage churn that is administratively inefficient and costly to the state, disincentivizes work, and leaves gaps in access to health care for kids. Consistent access to health care can help mitigate these negative effects while ensuring that medical debt, the most common cause of bankruptcy, does not compound the difficulties these families face.

Adopting continuous eligibility now, rather than waiting until January 2024, will help reduce the workload that DHS will experience as the unwinding begins. At a time when staff capacity will be stretched, we should relieve the administrative effort needed to process reported changes in circumstances that are temporary or do not impact eligibility.

When children have uninterrupted access to high-quality care, they perform better in school, are more likely to participate in the workforce as adults, and less likely to have high-cost chronic conditions that go untreated. Making sure kids have continuous health insurance now pays off for Pennsylvania in the long run.

5. **Delay implementation of operational changes in CHIP**

Two operational changes, implementation of Workers with Job Success in the MAWD program and the transition of eligibility determinations from the CHIP contractors to the County Assistance Offices (CAOs), will coincide with the initiation of renewals for MA and CHIP.

The expansion of MAWD to include workers with countable income above 250% of the federal poverty guidelines was initially set to begin in December of 2021 but has been delayed due to the federal prohibition on increasing premiums and/or disenrolling Medicaid enrollees.

With the end of the pandemic continuous eligibility requirements in sight, Workers with Job Success will be implemented at the same time as renewal for overdue or COVID-flagged MA cases. Workers with Job Success is an expansion of coverage for individuals who might otherwise lose coverage. This expansion is required to be implemented pursuant to Act 69 of 2021 and cannot lawfully be delayed.

At the same time, a planned transition of eligibility determinations from the ten CHIP contractors to the local County Assistance Offices is set to begin April 1, 2023. Almost 130,000 children and teens are currently enrolled in CHIP coverage. Tens of thousands of children currently enrolled in MA through the continuous eligibility requirements will become eligible for CHIP at their renewal and will transfer to CHIP. An influx of new enrollees in the midst of an untested systems transition is problematic at best. An influx of new enrollees into a new system that coincides with a reinstitution of renewals after 3 years should be avoided completely.

More than 3 million people are enrolled in MA. All of them will have to complete a renewal over the 12-month period beginning April 1, 2023. Many who enrolled in MA after the start of the pandemic in March of 2020 have never completed a renewal. Not surprisingly, we expect that customer services will be overwhelmed with inquiries. We are concerned that many individuals who remain eligible for MA will be denied due to administrative paperwork.

The CHIP eligibility transition involves 10 CHIP contractors and the CAPS system, the current CHIP IT system. Families enrolled in CHIP have little familiarity with CAOs. Procedures for enrollment and renewal will change and families will have to reach CAO caseworkers with questions. The CHIP contractors are scrambling to implement a new IT

system that will interface with the CAOs and e-CIS. They lack documentation of the change/process flows, have not yet seen DHS' communications to members about eligibility and renewal notifications so they can understand and triage appropriately, they are waiting on DHS to develop a letter and a process for the contractors to follow for initial premium "binder" payments to subsidized and full cost members, and there are concerns about not having adequate time and test data for systems testing.

The children's health advocates have repeatedly asked to see the communications developed for this transition but have not seen any letters or notices nor had the opportunity to comment.

We are concerned that expected confusion around the return to annual renewals combined with an expansion of MAWD and a new IT system for CHIP will result in the loss of coverage for otherwise eligible individuals. Our concerns include overwhelmed customer service centers, misplaced or misdirected verification documents, problems in IT transfers in newly built systems, and stressed caseworkers.

With less than 45 days left to ensure an adequate transition, we strongly urge DHS to postpone the CHIP IT transition until later in 2023 when the impact of the unwinding of continuous eligibility can be assessed and addressed. Our understanding is that CMS has not required the timing of the CHIP IT transition to begin on April 1, which would allow the state some latitude on implementation.

Thank you for your consideration of the above recommendations. We look forward to hearing from you, and to continuing to work together on a strategic and thoughtful approach to this historic unwinding period.

Sincerely,

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