

# **DMA ADMINISTRATIVE LETTER NO. 16-01, NC Health Choice Enrollment Freeze**

**DATE: DECEMBER 1, 2000**

**Subject: NC Health Choice Enrollment Freeze**

**Distribution: County Director of Social Services  
Medicaid Income Maintenance Directors  
NCHC/F&C Medicaid Supervisors  
NCHC/F&C Medicaid Caseworkers**

## **I. BACKGROUND**

The Federal Balanced Budget Act of 1997 established Title XXI of the Social Security Act providing health insurance for uninsured children with income up to 200% of the federal poverty limit. North Carolina's program is called NC Health Choice for Children. Title XXI is not an entitlement program. If federal and state matching funds are insufficient to cover the number of eligible children, states must limit enrollment or pay for the unmatched program costs using all state funds.

North Carolina has had great success in its outreach programs with a monthly growth rate of 2.5 to 3% and enrollment in excess of 68,000 children. It has been determined that, based on these figures, North Carolina has reached its funding limits for this program. To ensure coverage will continue for children already enrolled in the NC Health Choice program, North Carolina will implement an enrollment freeze effective January 1, 2001.

This means no new children will be enrolled in NC Health Choice beginning January 1, 2001. Applications and certain re-enrollments taken and denied during the enrollment freeze will be placed on a statewide waiting list based on the EIS application number and date of application. The enrollment figures will be monitored and, when enrollment numbers are at a level that can be supported with the funding, a reactivation will occur for those on the waiting list. The number reactivated will coincide with the number funding can support. You will receive instructions regarding the reactivation at a later time.

The purpose of this letter is to provide implementation instructions for cases affected by this enrollment freeze.

## **II. IMPLEMENTATION**

### **A. New Applications and Re-applications**

Follow instructions in MA-3225 to determine if applications are complete. Applications are not registered in EIS unless they are complete. The application date is the date the complete application is received by the county department of social services. Key the DSS-8124 into EIS within three days of receipt of the complete application.

1. **Applications with dates of applications prior to January 1, 2001 are not affected by the enrollment freeze.**
  - a. Process the application using current policies and procedures.
  - b. First, evaluate the case for Medicaid. If eligible, approve the case under the appropriate Medicaid program.
  - c. If ineligible for Medicaid, evaluate the case for NC Health Choice and, if eligible, approve for NC Health Choice. The case can be approved for NC Health Choice even if it is dispositioned after January 1, 2001. If ineligible, deny the case using the appropriate denial code.
  - d. Advise clients requesting to withdraw their NC Health Choice application that, due to the enrollment freeze, their child may not be able to enroll in NCHC at a later date.
2. **Applications taken January 1, 2001 or later are affected by the enrollment freeze.**
  - a. First, evaluate the application for Medicaid. If the case is eligible for Medicaid, approve it under the appropriate Medicaid program.
  - b. If ineligible for Medicaid, evaluate the case for NC Health Choice. Change the Health Choice indicator on the DSS-8124 to "Y" if not previously done to ensure the county will continue to draw the administrative funds.

There are two possible outcomes for the NC Health Choice applications taken 1/1/01 or later:

- (1) The first possibility is that the case is ineligible for NC Health Choice due to failure to meet eligibility requirements. In this case deny the application using the appropriate denial code for NC Health Choice.
- (2) The second possibility is that the child is determined to be eligible for NC Health Choice. In this case deny the application using denial code "C4". The DSS-8109 notice will state, "Your child is eligible for NC Health Choice but the program is not funded to cover more children at this time. If additional funds are made available you will be contacted about enrolling your child in NCHC."

***It is imperative that these applications be keyed into EIS and denied using the "C4" code. The waiting list is built using the application number of cases dispositioned with a denial code of "C4".***

- c. Advise clients requesting to withdraw their NC Health Choice application that, due to the enrollment freeze, their child, if otherwise eligible for NCHC except for lack of funding, would be placed on a waiting list. The client is notified when the application for the child is reactivated. By withdrawing the application, inform the client that he is forfeiting that child's position on the list. In order to protect the child's position on the waiting list, the client may decide to continue with the application process. Follow steps in II.A.2.b. above.

**NC Health Choice applications with application dates on or after January 1, 2001 cannot be approved.**

## **B. Applications to Include Children**

Follow instructions in MA-3225 to determine if the application is complete. Applications are not registered in EIS unless they are complete. The application date is the date the complete application is received by the county department of social services. Key the DSS-8124 into EIS within three days of receipt of the complete application. Use application type 6 to include a child in an existing case.

1. **Applications taken prior to January 1, 2001 to include children in an ongoing NC Health Choice case are not affected by the enrollment freeze.**
  - a. Process these applications using current policies and procedures.
  - b. First, evaluate the child for Medicaid. If eligible, approve the case under the appropriate Medicaid program.
  - c. If found ineligible for Medicaid, evaluate the child for NC Health Choice. If eligible, include the child in the ongoing case. If found ineligible, deny the application using the appropriate NC Health Choice denial code.
  - d. Advise clients requesting to withdraw their NC Health Choice add-on application that, due to the enrollment freeze, their child may not be able to enroll in NCHC at a later date.
  
2. **Applications taken January 1, 2001 or later to include children in an ongoing NC Health Choice case are affected by the enrollment freeze.**
  - a. First, evaluate the child for Medicaid. If eligible, approve the case under the appropriate Medicaid program.
  - b. If the child is found ineligible for Medicaid, evaluate the child for NC Health Choice. Change the Health Choice indicator on the DSS-8124 to "Y" if not previously done to ensure the county will continue to draw administrative funds.

There are two possible outcomes for the NC Health Choice add-on applications taken 1/1/01 or later:

- (1) The first possibility is that the child is ineligible for NC Health Choice due to failure to meet the eligibility requirements. In this case deny the application using the appropriate denial code for NC Health Choice.
  
- (2) The second possibility is that the child is determined to be eligible for NC Health Choice. In this case deny the application using denial code "C4". The DSS-8109 will state, "Your child is eligible for NC Health Choice but the program is not funded to cover more children at this time. If additional funds are made available you will be contacted about enrolling your child in NCHC."

***It is imperative that these applications be keyed into EIS and denied using the "C4" code. The waiting list is built using the application number of cases dispositioned with a denial code of "C4".***

- c. Advise clients requesting to withdraw their NC Health choice add-on application that, due to the enrollment freeze, their child, if otherwise eligible for NCHC except for lack of funding, would be placed on a waiting list. The client is notified when the application for the child is reactivated. By withdrawing the application, inform the client that he is forfeiting that child's position on the list. In order to protect the child's position on the waiting list, the client may decide to continue with the application process. Follow steps in II.B.2.b. above to determine eligibility.

**NC Health Choice applications with application dates on or after January 1, 2001 cannot be approved.**

### **C. Re-enrollments**

1. MIC-N or Medicaid Re-enrollments – Case Eligible for MIC-N
  - a. MIC-N cases that are recertified without a change to the classification code are not affected by the enrollment freeze.
  - b. Other Medicaid or Work First cases that have children determined eligible for MIC-N at redetermination or change in situation are not affected by the enrollment freeze.
2. MIC-N Re-enrollments – Case Becomes Ineligible for MIC-N
  - a. Evaluate MIC-N cases determined ineligible for MIC-N for NC Health Choice when the DMA-5063R is received and the case is reviewed prior to January 1, 2001. If found eligible, enroll in NC Health Choice. These cases are not affected by the enrollment freeze and will be processed using current policy and procedures.
  - b. MIC-N cases that are determined ineligible for MIC-N and have the DMA-5063R returned January 1, 2001, or later or have the review completed January 1, 2001, or later are affected by the enrollment freeze. They are not eligible for NC Health Choice.

Terminate these MIC-N cases using the appropriate termination code.

- (1) If the case is ineligible for both Medicaid and NC Health Choice due to income continue to use termination codes 74 or 09.
- (2) If the case is ineligible for both Medicaid and NC Health Choice for a reason other than income, use the appropriate termination code currently in policy.
- (3) If the case is ineligible for Medicaid but eligible for NC Health Choice use termination codes 1E (timely) or 6E (adequate). These codes use the same notice text as 74 and 90. These codes must be used during the enrollment freeze for tracking purposes.

Children in these cases would be eligible for NCHC except for the lack of funding. Enter a DSS-8124 into EIS for NC Health Choice. Deny the application using denial code "C4". The DSS-8109 will state, "Your child is eligible for NC Health Choice but the program is not funded to cover more children at this time. If additional funds are made available you will be contacted about enrolling your child in NCHC."

***It is imperative that these applications be keyed into EIS and denied using the "C4" code. The waiting list is built using the application number of cases dispositioned with a denial code of "C4".***

3. NCHC Re-enrollments – Case Eligible for MIC-N

These cases are not affected by the enrollment freeze. Process these cases following current policy.

4. NCHC Re-enrollments – Case Remains Eligible for NCHC

- a. Re-enrollment for NC Health Choice will not be affected by the enrollment freeze provided the DMA-5063R is returned by the established deadline and the fee, if any is paid by the established deadline. Re-enroll children already enrolled in NC Health Choice provided they continue to meet the eligibility requirements. Children listed on the DMA-5063R received on or after January 1, 2001 who are not currently enrolled cannot be added to the case. See B.2. above.

- b. Evaluate NC Health Choice cases terminated for failure to return the DMA-5063R for reopen if the form and all information needed to determine eligibility is returned by the 10<sup>th</sup> calendar day of the month following the month of termination and the case remains NCHC eligible. Reopen the case following current procedures.
- c. Evaluate NC Health Choice cases terminated for failure to pay the fee for reopen if the fee is paid by the 10<sup>th</sup> calendar day of the month following the month of termination. Reopen the case following current procedures.
- d. Effective January 1, 2001, do not re-enroll the child in NC Health Choice if the NCHC case is terminated for failure to provide the DMA-5063R and the form is received after the 10<sup>th</sup> calendar day of the month following the month of termination. This is considered a new enrollment and no new children will be enrolled during the enrollment freeze. Register the application as a NC Health Choice application to ensure the county will continue to draw the administrative funds.

There are two possible outcomes for terminated NC Health Choice cases when the DMA-5063R is returned after the 10<sup>th</sup> calendar day of the month:

- (1) The first possibility is that the child is ineligible for NC Health Choice due to failure to meet eligibility requirements. In this case deny the application using the appropriate denial code for NC Health Choice.
- (2) The second possibility is that the child is determined to be eligible for NC Health Choice. In this case deny the application using denial code "C4". The DSS-8109 will state, "Your child is eligible for NC Health Choice but the program is not funded to cover more children at this time. If additional funds are made available you will be contacted about enrolling your child in NCHC."

***It is imperative that these applications be keyed into EIS and denied using the "C4" code. The waiting list is built using the application number of cases dispositioned with a denial code of "C4".***

- e. Follow current procedures for re-enrollments when the DMA-5063R is received timely but the information to process it is received after the 10<sup>th</sup> calendar day of the month. The DMA-5063R is not accepted as the application in these cases. The family is required to provide a new DMA-5063. This is considered a new enrollment and no new children will be enrolled during the enrollment freeze. If the DMA-5063 is returned follow instructions in II.A.2.b. above.
- f. Advise clients requesting to withdraw their NC Health Choice application that due to the enrollment freeze, their child, if otherwise eligible for NCHC except for lack of funding, is placed on a waiting list. The client is notified when the application for the child is reactivated. By withdrawing the application, inform the client that he is forfeiting that child's position on the list. In order to protect the child's position on the waiting list, the client may decide to continue with the application process. Follow steps in d. above.

**NC Health Choice applications with application dates on or after January 1, 2001 cannot be approved.**

- g. Evaluate NC Health Choice cases determined to be income ineligible at re-enrollment for classification code "L". NC Health Choice cases eligible with a classification code of "L" are not affected by the enrollment freeze. Current policies and procedures for classification code "L" will be followed.

Families with children in NC Health Choice cases with a classification code of "L" may reapply for Medicaid or NC Health Choice during the 12-month certification period. These cases are treated as applications. See II. above for procedures to follow.

\*NOTE – If a NC Health Choice case is closed in error during the enrollment freeze, contact Medicaid EIS at 919-857-4019 for instructions regarding reopening of the case.

**D. Children with Special Health Care Needs**

Continue to have the DMA-5069 completed at application. If the DMA-5069 identifies a child with special health care needs and a waiting period for NC Health Choice would be imposed or the child is still covered under comprehensive insurance, send the DMA-5068 for completion by the physician. This procedure has not changed. Please refer to DMA Administrative Letter No. 09-01.



Inform families that, due to the enrollment freeze, they should not drop comprehensive insurance they now have for a child with special health care needs. Mark through number 4 on the DMA-5068 Letter of Explanation, which directs families to notify the insurance company of their wish to drop insurance, prior to sending it to the client. Instructions for handling reactivated cases with children identified with special health care needs and subject to a waiting period will be issued at a later date.

#### **E. Reports**

Counties will continue to receive all the reports they currently receive regarding NC Health Choice.

### **III. OVERVIEW OF WAITING LIST AND REACTIVATION PROCESS**

#### **A. Waiting List**

A statewide waiting list is created using information from EIS for children who would be otherwise eligible for NC Health Choice except for the lack of funding. Cases for the waiting list will be identified by the denial code of "C4". Once the cases are identified children are sequenced chronologically on the waiting list based on the application number in EIS. The application number is assigned sequentially as the application is keyed into EIS. NC Health Choice applications must be keyed timely and the appropriate denial code must be used to ensure the waiting list is accurate. Children will not be enrolled in NC Health Choice unless they are on the waiting list.

#### **B. Reactivation**

DMA monitors the funding of the NC Health Choice program and will notify DIRM when funding permits reactivation and the number of children who can be enrolled. DIRM reactivates applications using the waiting list in EIS. Counties are notified of the reactivated cases and will process the reactivated cases to enroll those children. **You will receive instructions regarding the procedures to follow to process reactivated applications at a later date.**

#### **C. Additional Reports**

In addition to those NCHC reports already received by the counties, the following reports will be generated. Both reports will be available in NCXPTR. The report names will be provided at a later date.

1. NCHC Limited Funding Denials

This report lists applications denied with code "C4". The report is run monthly on the 5<sup>th</sup> work night and two copies are sent to the county.

2. NCHC Applications Reactivated

This report lists applications that are reactivated automatically by EIS. The report will be run as slots are determined to be available. Two copies are sent to the county.

If you have any questions regarding this information, please contact your Medicaid Program Representative.

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Director

(This material was researched and written by Renee Boston, Policy Consultant, Medicaid Eligibility Unit.)