

## Modified Adjusted Gross Income (MAGI) Conversion Plan

This MAGI Conversion Plan is being submitted to CMS by \_\_\_\_\_ (**insert state name**) as required by Section 1902(e)(14)(E) of the Social Security Act, which requires each state to submit for approval the income eligibility thresholds for Medicaid and the Children's Health Insurance Program (CHIP) proposed to be established using modified adjusted gross income (MAGI). As described in the December 28, 2012 State Health Officials' Letter on Modified Adjusted Gross Income (MAGI) income conversion, states can choose among three options to convert net standards for Medicaid and CHIP to MAGI equivalent standards.<sup>1</sup> The purpose of the MAGI Conversion Plan is to provide CMS with information about each state's MAGI conversion methodology, as well as the data used and results of conversion. CMS will be reviewing the submitted materials and notifying the State with their approval or disapproval by **June 15, 2013**.

**Eligibility and FMAP claiming conversions.** States are required to submit information about their conversion methodology, data and results for income conversions related to eligibility and those required for FMAP claiming in accordance with CMS' FMAP rule. For additional information about the FMAP rule, please see: <https://s3.amazonaws.com/public-inspection.federalregister.gov/2013-07599.pdf>.

**Note about Income Eligibility Conversions and State Plan Amendments:** Converted income standards will be used to set maximum MAGI-equivalent standards for adults in 2014 and will be used as the actual income standard in effect for children through October 2019. States will use the state plan amendment (SPA) process to identify the minimum and maximum MAGI-equivalent standards and to select the state's MAGI-based income standard for each eligibility group to which MAGI will apply in 2014. For adults for whom the Maintenance of Effort requirement expires in 2014, the selected income standard in the SPA will be anywhere between the minimum allowed and the maximum derived through the income conversion process.

Please indicate the MAGI conversion method chosen by your state and follow the appropriate directions:

- Option 1** – Standardized Methodology with SIPP data  
Attach Excel spreadsheet with finalized SIPP results of eligibility and FMAP conversions to this cover page and submit to [incomeconversion@cms.hhs.gov](mailto:incomeconversion@cms.hhs.gov).
  
- Option 2** – Standardized Methodology with State data  
Please follow the instructions below and submit this plan to [incomeconversion@cms.hhs.gov](mailto:incomeconversion@cms.hhs.gov).
  
- Option 3** – State proposed Alternative Method  
Please follow the instructions below and submit this plan to [incomeconversion@cms.hhs.gov](mailto:incomeconversion@cms.hhs.gov).

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<sup>1</sup> SHO letter available at <http://www.medicaid.gov/Federal-Policy-Guidance/downloads/SHO12003.pdf>

	Part 1 – Conversions for Eligibility		Part 2 – Conversions for FMAP Claiming	
	Pages to Complete	Due Date	Pages to Complete	Due Date
Standardized Methodology	Page 1	May 31, 2013	Page 1	August 1, 2013
Standardized Methodology with State Data	Page 3-10	April 30, 2013	Pages 13-18	August 1, 2013
Alternative Methodology	Page 3-12	April 30, 2013	Pages 13-18	August 1, 2013

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**Standardized Methodology with State Data Method  
and  
Alternative Method:**

Please provide a state contact who can answer questions about the conversion plan, data, and methods:

Name: \_\_\_\_\_ Title: \_\_\_\_\_

E-mail: \_\_\_\_\_ Phone: \_\_\_\_\_

**Supplemental Information:** In addition to the information provided in the attached MAGI Conversion Plan, during the review and approval process, CMS may determine that supplemental information regarding the income conversion results is necessary. If CMS determines that a supplemental review of these results is necessary, your state may be required to submit:

- Descriptive statistics of the data used. Such descriptive statistics could include for each eligibility group converted with state data:
  - Net income statistics and disregard statistics for the full population or sample and for the population used in conversion (e.g., the 25% band) including: Total N, Mean Net Income, Standard Deviation of Mean Net Income, Median Net Income, and Number of individuals with Positive Net Income
- Data files used for conversion
- Annotated programming code used in the analysis

**PART 1: ELIGIBILITY CONVERSIONS- TABLE 1 - DUE APRIL 30, 2013**

For States Using  
Standardized Methodology with State Data  
Or  
Alternative Method

Please fill out Table 1 below to provide CMS with information about how state data were used for MAGI income conversion. All cells in rows for eligibility groups that do not have a converted income standard in your state (for example, if your state does not cover independent foster care adolescents or does not apply an income standard to this group) should be marked "N/A."

**Instructions for Table 1:**

SIPP results used: Your state may have used SIPP results for converting some groups. For conversions based on SIPP, please mark yes in the first column of Table 1 and provide the converted standard from those results.<sup>2</sup> Please list the group below (e.g., pregnant women) and an explanation of why the SIPP results are being used for this eligibility group (e.g., data unavailable). Attach additional pages if necessary. **Note that for groups that need to be converted both for eligibility and FMAP purposes (e.g., childless adults) the same income conversion method/data source (i.e., SIPP or state data) must be used.**

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For all conversions using state data, please provide the following information:

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<sup>2</sup> If SIPP results include conversions for applicants and beneficiaries, both should be included.

Time period-Specify the time period of data that was used, for example, June 2011-May 2012. If a time period other than 12 months was used, please explain why below and summarize the methods used to determine that the time period is unbiased. Attach additional pages if necessary:

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Sampling: Please mark this column yes or no. If yes (in other words, the analysis did not include all records in the eligibility group), please provide a detailed explanation below of the sampling approach that was used (i.e., simple random sample, stratified sample, etc.). Please also provide information about the total population and the number of records sampled. Attach additional pages if necessary.

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Net income standard- Please fill in the net standard that was converted for each eligibility group. This should reflect the bolded standard from the eligibility template that you developed with CMS. For conversions that were based on fixed dollar thresholds, please specify the net standard for each family size. You may use fewer or more family sizes than indicated in Table 1.

For 1115 demonstrations, please enter a row for each MAGI-included 1115 demonstration group, specifying whether its Medicaid or S-CHIP.

Income band used in conversion-This column is applicable only for the State Data method and should reflect the net standard minus 25 percentage points of FPL. For example, if the net standard was 120% FPL, the income band used in conversion would be 95% FPL to

120% FPL. For standards at or below 25% FPL, the income band will include all records—e.g., for a net standard of 18% FPL, the income band used in conversion should be 0-18% FPL. For conversions of fixed dollar thresholds, please specify the income band (expressed as a percentage of FPL) for each family size.<sup>3</sup>

Converted standard for applicants-Please fill in the converted standard for applicants. Fixed dollar standards should be given in dollars for each family size.

Converted standard for beneficiaries (if relevant)- If your state applies different disregards based on whether someone is applying or being renewed for coverage, and you are doing a separate conversion for beneficiaries, please provide. Fixed dollar standards should be given in dollars for each family size.

*Special note for premium payment groups: if your state charges premiums for any eligibility group, you will need to attach a separate sheet showing the MAGI Conversion Plan information requested for each income level used to determine premium payments.*

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<sup>3</sup> See page 15 of *How States Can Implement the Standardized Modified Adjusted Gross Income (MAGI) Conversion Methodology from State Medicaid and CHIP Data* for more information on converting fixed dollar standards to FPL.

<http://aspe.hhs.gov/health/reports/2013/MAGIHowTo/rb.cfm>.

**Table 1**

Coverage Category	SIPP Results used (Yes/No)	Time Period	Sampling (yes/no)	Net Income Standard	(For State Data Method Only) Income band used in conversion	Converted Standard for Applicants	Converted Standard for Beneficiaries (if relevant)
Parents and other caretaker relatives (mandatory under Section 1931)				% FPL _____ <b>or</b> Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	% FPL _____ <b>or</b> % FPL by Family size (for groups with fixed dollar standards) 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	% FPL _____ <b>or</b> Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	% FPL _____ <b>or</b> Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____

Coverage Category	SIPP Results used (Yes/No)	Time Period	Sampling (yes/no)	Net Income Standard	(For State Data Method Only) Income band used in conversion	Converted Standard for Applicants	Converted Standard for Beneficiaries (if relevant)
Parents and other caretaker relatives (optional under 1902(a)(10)(A)(ii)(I))				% FPL _____ or Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	% FPL _____ or % FPL by Family size (for groups with fixed dollar standards) 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	% FPL _____ or Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	% FPL _____ or Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____
Pregnant women, full benefits							
Pregnant women, pregnancy only coverage							
Children under age 1							
Children ages 1 to 5							
Children ages 6 to 18							
M-CHIP optional targeted low-income children							
Optional reasonable classifications of individuals under age 21							
State adoption assistance							
Independent foster care adolescents							



Coverage Category	SIPP Results used (Yes/No)	Time Period	Sampling (yes/no)	Net Income Standard	(For State Data Method Only) Income band used in conversion	Converted Standard for Applicants	Converted Standard for Beneficiaries (if relevant)
Family planning services							
Individuals needing TB-related services							
Other Medicaid section 1115 demonstration (e.g., childless adults)							
Separate CHIP <ul style="list-style-type: none"> <li>Children</li> </ul>							
Separate CHIP <ul style="list-style-type: none"> <li>Pregnant Women</li> </ul>							
Separate CHIP <ul style="list-style-type: none"> <li>Unborn child option</li> </ul>							
AFDC payment standard 5/1/1988				Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	% FPL by family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____

Coverage Category	SIPP Results used (Yes/No)	Time Period	Sampling (yes/no)	Net Income Standard	(For State Data Method Only) Income band used in conversion	Converted Standard for Applicants	Converted Standard for Beneficiaries (if relevant)
AFDC payment standard 7/16/1996				Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	% FPL by family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____	Fixed dollar standards Family size 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____ Add-on for additional family members if relevant _____
Premium payment determination	<b>PLEASE ATTACH A SEPARATE SHEET SHOWING REQUESTED INFORMATION FOR EACH RELEVANT INCOME LEVEL USED TO DETERMINE PREMIUM PAYMENTS</b>						
Pre-CHIP Medicaid as of 3/31/97				< age 1 _____ 1-5 _____ 6-13 _____ 14-18 _____	< age 1 _____ 1-5 _____ 6-13 _____ 14-18 _____	< age 1 _____ 1-5 _____ 6-13 _____ 14-18 _____	< age 1 _____ 1-5 _____ 6-13 _____ 14-18 _____

**PART 1: ELIGIBILITY CONVERSIONS**

Alternative Method, additional information

Please provide a summary of the alternative method and data source or sources used for income conversion, including how the method differs from the Standardized MAGI Conversion Methodology specified in the December 28, 2012 State Health Officials' Letter on Modified Adjusted Gross Income (MAGI) Income Conversion. Please include equations showing how the method is applied mathematically and a description of how fixed dollar standards were converted, if relevant. Attach additional pages if necessary.

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Please provide a description below of how your method meets the criteria specified in the December 28, 2012 State Health Officials' Letter on Modified Adjusted Gross Income (MAGI) Conversion: unbiased, accuracy, precision, and data quality. Attach additional pages if necessary. More detailed information about these criteria is available in the ASPE issue brief *Modified Adjusted Gross Income (MAGI) Income Conversion Methodologies*.<sup>4</sup>

Unbiased: Across all eligibility categories, the method does not systematically increase or decrease the number of eligible individuals within a given eligibility group or systematically increase or decrease the costs to states.

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<sup>4</sup> See [http://www.shadac.org/files/2.%20ASPE%20Brief%20-%20MAGI%20Income%20Conversion%20Methodologies%20\(March%202013\).pdf](http://www.shadac.org/files/2.%20ASPE%20Brief%20-%20MAGI%20Income%20Conversion%20Methodologies%20(March%202013).pdf).

Accuracy: To the extent possible, the method minimizes changes in eligibility status by minimizing losses and gains in eligibility for a given category of coverage.

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Precision: The converted standard must be stable and repeatable. In other words, if the methodology to arrive at the converted standard were repeated, it would arrive at the same result. For example, if a sampling methodology is used, the sample size must be large enough to ensure that the conversion method, if calculated on another sample, would in general yield the same converted standard.

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Data quality: The data used are representative of the income and disregards of the population so as not to bias the converted standard due to poor data quality. \_\_\_\_\_

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## **PART 2: FMAP CONVERSIONS - DUE AUGUST 1, 2013**

For States Using  
Standardized Methodology with State Data  
Or  
Alternative Method

Please fill out Table 2 below to provide CMS with information about how state data were used for FMAP related conversions. If your state did not cover a certain eligibility group on December 1, 2009, all cells in that row should be marked "N/A." **All states** must fill out relevant conversions under "MAGI groups relevant for FMAP" and "optional ABD groups." **209(b) states** must also fill out information for the relevant mandatory groups listed at the end of the table (i.e., if the state applied a disregard on December 1, 2009 that varied from the standard SSI-related methodology disregards).

**Instructions for Table 2:** This template assumes that the information about sampling and time period selection you provided for eligibility conversions in Part 1 of this plan also apply to the FMAP conversions in part 2. If not, please attach a separate explanation of how and why they differ.

SIPP results used: Your state may have used SIPP results for converting some groups. For conversions based on SIPP, please mark yes in the first column of Table 1 and provide the converted standard from those results.<sup>5</sup> Please list the group below (e.g., TWWIIA basic group) and an explanation of why the SIPP results are being used for this eligibility group (e.g., state data unavailable). Attach additional pages if necessary. **Note that for groups that need to be converted both for eligibility and FMAP purposes (e.g., childless adults) the same income conversion method/data source (i.e., SIPP or state data) must be used.**

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<sup>5</sup> If SIPP results include conversions for applicants and beneficiaries, both should be included.

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Effective income standard: For **MAGI groups relevant to FMAP claiming**, in most cases this will be the effective income standard your state provided in Part 1. However, if the effective income standard was different on 12/1/2009, that standard should be listed here. **For ABD groups**, this standard will be the bolded effective income standard from the ABD template you completed with CMS. Please provide this information in % of FBR or in fixed dollar state supplement payments as relevant, and for different family sizes as applicable.

Converted standard for applicants-Please fill in the converted standard for applicants.

Converted standard for beneficiaries (if relevant)- If your state applies different disregards based on whether someone is applying or being renewed for coverage, and you are doing a separate conversion for beneficiaries, please provide. Fixed dollar standards should be given in dollars for each family size.

**Table 2**

<b>Eligibility Group</b>	<b>SIPP Results used (Yes/No)</b>	<b>Time Period (e.g., June 2011-May 2012)</b>	<b>Effective Income Standard</b>	<b>Converted Standard for Applicants</b>	<b>Converted Standard for Beneficiaries (if relevant)</b>
<b>MAGI groups relevant for FMAP claiming</b>					
Parents and other caretaker relatives					
Other Medicaid section 1115 demonstration (e.g., childless adults)					
Optional reasonable classifications of individuals under age 21					
<b>Optional ABD Groups</b>					
Aged, blind and disabled individuals financially eligible for SSI cash assistance					

Eligibility Group	SIPP Results used (Yes/No)	Time Period (e.g., June 2011-May 2012)	Effective Income Standard	Converted Standard for Applicants	Converted Standard for Beneficiaries (if relevant)
Aged, blind or disabled individuals receiving only optional state supplements in 1634 or certain SSI criteria states Aged, blind, or disabled individuals who would be financially eligible for SSI cash assistance if they were institutionalized					
Institutionalized individuals eligible under a special income level					
HCBS waiver enrollees eligible under institutional rules					
HCBS waiver enrollees eligible under institutional rules					



Eligibility Group	SIPP Results used (Yes/No)	Time Period (e.g., June 2011-May 2012)	Effective Income Standard	Converted Standard for Applicants	Converted Standard for Beneficiaries (if relevant)
Individuals receiving hospice care					
Aged, blind, or disabled poverty level group					
Aged, blind, or disabled individuals receiving only optional state supplements in 209(b) or certain SSI criteria states					
Work Incentives Eligibility Group (BBA group)					
TWWIIA Basic Group					
TWWIIA Medical Improvement group					
Family Opportunity Act group					
Katie Beckett Group (TEFRA children)					

Eligibility Group	SIPP Results used (Yes/No)	Time Period (e.g., June 2011-May 2012)	Effective Income Standard	Converted Standard for Applicants	Converted Standard for Beneficiaries (if relevant)
PACE group					
Medically Needy					
Mandatory Groups (209(b) states only)					
Aged, blind and disabled individuals in 209(b) states					
Disabled Adult children					
Early widows and widowers					
Pickle group					

**PRA Disclosure Statement**

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