

## Modified Adjusted Gross Income (MAGI) Conversion Plan

This MAGI Conversion Plan is being submitted to CMS by **Indiana** 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: Matthew P. Cesnik, MPA Title: Eligibility Director, Office of Medicaid Policy and Planning

E-mail: matthew.cesnik@fssa.in.gov Phone: (317) 234 3394

**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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SIPP Data is being used for the following eligibility groups:

#### **Family Planning (MA-E)**

Enrollment for this group began January 1, 2013. As a result, actual state enrollment data is very limited and incomplete. \_

#### **Independent Foster Care Adolescents (MA-14)**

Although the result of the conversion using state data was the same as with SIPP data, actual enrollment for this group is small, and not fully credible.

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

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

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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*State enrollment data included all benefit months during CY 2012.*

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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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*No sampling was done. A complete extract was used.*

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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**

<b>Coverage Category</b>	<b>SIPP Results used (Yes/No)</b>	<b>Time Period</b>	<b>Sampling (yes/no)</b>	<b>Net Income Standard</b>	<b>(For State Data Method Only) Income band used in conversion</b>	<b>Converted Standard for Applicants</b>	<b>Converted Standard for Beneficiaries (if relevant)</b>
Parents and other caretaker relatives (mandatory under Section 1931)	No	CY 2012	No	% FPL _____ <b>or</b> Fixed dollar standards Family size 1_ \$139.50 2_ 229.50 3_ 288.00 4_ 346.50 5_ 405.00 6_ 463.50 7_ 522.00 Add-on for additional family members if relevant_58.50	% FPL _____ <b>or</b> % FPL <u>by Family size</u> (for groups with fixed dollar standards) 1_All 2_All 3_All 4_All 5_All 6_All 7_All Since current standards are below 25% FPL for all family sizes, all data was used.	% FPL _____ <b>or</b> Fixed dollar standards Family size 1_ \$152 2_ 247 3_ 310 4_ 373 5_ 435 6_ 498 7_ 561 Add-on for additional family members if relevant_63	% 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))	No	CY 2012	No	% FPL _____ <b>or</b> Fixed dollar standards Family size 1_ \$139.50 2_ 229.50 3_ 288.00 4_ 346.50 5_ 405.00 6_ 463.50 7_ 522.00 Add-on for additional family members if relevant_58.50	% FPL _____ <b>or</b> % FPL by Family size (for groups with fixed dollar standards) 1_All 2_All 3_All 4_All 5_All 6_All 7_All Since current standards are below 25% FPL for all family sizes, all data was used.	% FPL _____ <b>or</b> Fixed dollar standards Family size 1_ \$152 2_ 247 3_ 310 4_ 373 5_ 435 6_ 498 7_ 561 Add-on for additional family members if relevant_63	% FPL _____ <b>or</b> Fixed dollar standards Family size 1_ _____ 2_ _____ 3_ _____ 4_ _____ 5_ _____ 6_ _____ 7_ _____ Add-on for additional family members if relevant_ _____
Pregnant women, full benefits	No	CY 2012	No	AFDC Dollar standard. Same as for parents.	Same as for parents, above	Same as for parents, above.	
Pregnant women, pregnancy only coverage	No	CY 2012	No	200% FPL	176% - 200% FPL	208% FPL	
Children under age 1	No	CY 2012	No	200% FPL	176% - 200% FPL	208% FPL	
Children ages 1 to 5	No	CY 2012	No	150% FPL	126% - 150% FPL	158% FPL	
Children ages 6 to 18	No	CY 2012	No	150% FPL	126% - 150% FPL	158% FPL	
M-CHIP optional targeted low-income children				N/A			



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)
Optional reasonable classifications of individuals under age 21:	No	CY 2012	No	AFDC Dollar standard. Same as for parents.	Same as for parents, above	Same as for parents, above.	
State adoption assistance				Income not relevant			
Independent foster care adolescents	Yes			200% FPL		210% FPL	
Family planning services	Yes			133% FPL		141% FPL	
Individuals needing TB-related services				NA			
Other Medicaid section 1115 demonstration (e.g., childless adults)	No	CY 2012	No	200% FPL	176% - 200% FPL	208% FPL	
Separate CHIP <ul style="list-style-type: none"> <li>Children</li> </ul>	No			Does not use state income disregards – therefore does not require conversion. State income disregards are also not applied for premium breakpoints under the SCHIP program.			
Separate CHIP <ul style="list-style-type: none"> <li>Pregnant Women</li> </ul>				NA			
Separate CHIP <ul style="list-style-type: none"> <li>Unborn child option</li> </ul>				NA			

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 5/1/1988	Not converted			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 _____
AFDC payment standard 7/16/1996	Same as for parent groups (1902/1931)			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>						

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)
Pre-CHIP Medicaid as of 3/31/97				< age 1_150% FPL__ 1-5_133% FPL _ 6-13_100% FPL 14-18_100% FPL _	< age 1_126% - 150% FPL 1-5_109% - 133% FPL_ 6-13_76% - 100% FPL 14-18_76% - 100% FPL	< age 1_157% FPL 1-5__141% FPL_ 6-13_106% FPL__ 14-18_106% FPL —	< 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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Indiana used the Standardized Methodology with State Data

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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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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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<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).