OFFICE OF HEALTH POLICY

DATA POINT
November 14, 2024

HP-2024-24

Evaluating Medicaid Strategies to Streamline *Ex Parte* Renewals

National estimates indicate that streamlined renewal options for Medicaid beneficiaries would provide timely and accurate eligibility determinations.

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KEY POINTS

- When renewing eligibility for Medicaid, states must first attempt to use reliable information available from data sources and the beneficiary case record to verify that an individual continues to be eligible and automatically renew the individual, without requiring information from the individual (known as an *ex parte* renewal).
- Use of a streamlined renewal option for Medicaid beneficiaries with incomes below 100 percent of the federal poverty level and without an *ex parte* income data source would accurately redetermine eligibility approximately 92 percent of the time. ASPE estimates that, nationally, nearly 16 percent of Medicaid enrollees would likely meet the criteria for a streamlined renewal. Within the broader context of all Medicaid renewals, employing this streamlined renewal option would result in a potentially erroneous eligibility determination for 1.2 percent of all Medicaid beneficiaries at renewal.
- These data demonstrate that these strategies can be used by states to reduce administrative burdens for states and beneficiaries while improving states' ability to efficiently renew coverage for eligible individuals.

BACKGROUND

As part of the renewal process for Medicaid eligibility, states must make a redetermination of eligibility for all beneficiaries without requiring information from the individual if it is possible to do so based on reliable information contained in the individual's account or other more current information available to the state Medicaid agency, including from electronic data sources.[*] This process is known as an *ex parte* renewal. States are required to use data sources to verify financial information to the extent they determine them useful. Many states verify wages, net earnings from self-employment, unearned income, and resources using information from data sources such as the State Wage Information Collection Agency (SWICA), the Social Security Administration (SSA), state agencies administering state unemployment compensation, and human services programs, among other sources. By streamlining the renewal process, *ex parte* renewals can make it easier for

[*] 42 CFR 435.916(b)(1)

eligible beneficiaries to renew their Medicaid coverage and can reduce administrative burden for state Medicaid agencies.[1] *Ex parte* renewals can also reduce rates of administrative churn, or the loss of Medicaid coverage among individuals who continue to be eligible. However, renewals may be more difficult to complete on an *ex parte* basis for certain groups of individuals, including individuals with income that is difficult to verify electronically, such as individuals with no income, individuals with unstable income or employment, and individuals who are self-employed.[1]

In 2023, states resumed Medicaid eligibility renewals following the end of the Medicaid continuous enrollment condition[†] that was in place during the COVID-19 Public Health Emergency, a process often referred to as Medicaid "unwinding." During unwinding, CMS made available a number of section 1902e(14)(A)[‡] waiver strategies for states to adopt to streamline renewals and improve *ex parte* rates in order to help eligible individuals renew coverage. Two of these strategies – the "Zero-Dollar" and "100 Percent FPL" income strategies – permit states to complete an *ex parte* renewal when the state reviews all available income data sources, but no income data is returned. As of October 2024, 17 states had a waiver to implement the Zero-Dollar income strategy, and 19 states and the District of Columbia had a waiver to implement the 100 Percent FPL income strategy.[2]

Recently, CMS conducted a review of the waiver strategies made available during unwinding to determine which could be implemented by states on a more permanent basis.[3] As part of this review, CMS evaluated the Zero-Dollar and 100 Percent FPL income strategies. CMS determined that it would be reasonable for a state to determine that the previously verified household income (for MAGI-based beneficiaries[§]) or total countable income (for non-MAGI beneficiaries) in a beneficiary's account is reliable in conducting an *ex parte* renewal if:

(1) the individual had a previously verified attestation of income at or below an income level (including zero-dollar income) elected by the state, not to exceed 100 percent of the FPL;
(2) the state has checked all available income data sources in accordance with its verification plan and no information is received; and
(3) the state follows its verification plan to confirm the beneficiary's continued state residency.

As with *ex parte* renewals generally, a core benefit of the Zero-Dollar and 100 Percent FPL income strategies is that they reduce administrative churn, which ensures more eligible individuals maintain Medicaid coverage and lowers administrative costs. A potential risk is that an individual who has coverage renewed under these strategies may in fact no longer be eligible for Medicaid because at the time of renewal they had income that could not be identified by the state's data sources and the individual now has income above the state's income eligibility standard.

ASPE conducted this analysis to assess this risk and estimate the percent of individuals renewed under these strategies who are accurately determined eligible and the percent of individuals who no longer meet the applicable eligibility standard. To get at this, we use longitudinal data to examine changes in income over a 12-month period for individuals who would be subject to the 100 Percent FPL income strategy. We also estimate

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[†] Throughout the COVID-19 PHE, states adopted many flexibilities to respond effectively to issues caused by the pandemic and to comply with conditions for receipt of a temporary 6.2 percentage point federal medical assistance percentage (FMAP) increase set forth at section 6008 of the FFCRA. One of these conditions, the continuous enrollment condition, required states to maintain the enrollment of nearly all Medicaid beneficiaries through March 31, 2023. FFCRA (P.L. 116-127) as amended by CAA, 2023 (P.L. 117-328, Section 5131 of division FF, title V).

[‡] Section 1902(e)(14)(A) of the Social Security Act ("the Act") permits CMS to approve time-limited waivers of any provisions of titles XIX and XXI of the Act "as are necessary to ensure that states establish income and eligibility determination systems that protect beneficiaries."

[§] Modified adjusted gross income (MAGI) is a methodology used to determine consumers eligibility for certain Medicaid eligibility groups. Generally, MAGI is a household's adjusted gross income plus any untaxed foreign income, non-taxable social security benefits, or tax-exempt interest. Unless someone is receiving Social Security benefits, it is often identical or very close to a household's adjusted gross income.

the percent of individuals likely to be ineligible for Medicaid coverage under more conservative strategies, such as a 10 percent, 25 percent, or 50 percent FPL income strategy, to reflect the potential outcomes for states that opt to elect a lower FPL as their threshold for assuming no change in income since the state last verified a beneficiary's income verification without using this strategy. While the Zero-Dollar and 100 Percent FPL income strategies were made available to states as two distinct strategies, the Zero-Dollar is akin to states electing 0 percent FPL as its threshold for assuming no change in income since the state last verified a beneficiary's income without using this strategy. This study does not use 0 percent FPL as a threshold; however, the findings associated with the 10 percent FPL threshold are likely a close approximation of the Zero-Dollar income strategy.

DATA AND METHODS

This analysis is based on the 2014 panel of the Survey for Income and Program Participation (SIPP). The SIPP is a nationally representative, longitudinal panel survey in which respondents are followed across multiple years (four years in total for each panel) during which time income and health insurance enrollment information is collected monthly. Importantly for our analysis, the SIPP asks about income from a variety of different sources. For this analysis we use data on Medicaid enrollees from January 2014 through January 2016.

Ideally, we would track income changes between the point when someone either first gains Medicaid coverage or renews that coverage and one year later, when they are up for renewal. However, it is not possible in the SIPP data to identify enrollment spells this precisely. Instead, we analyze a sample of SIPP respondents reporting Medicaid coverage in January 2014 and then measure their income 12 and 24 months later.

For each analysis period, we present results for all Medicaid enrollees and those without an *ex parte* data source at the time of renewal. To identify individuals without an *ex parte* data source, we excluded people reporting income that would be captured by a data source that states use for verifying financial eligibility, such as Social Security benefits, Supplemental Security Income (SSI), supplementary SSI payments, tax return data, unemployment benefits, General Assistance, Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), State Wage Information Collection Agency (SWICA), and Work Number (a third-party data source that provides employment and income information).[**]

We impute Medicaid eligibility using state-specific income eligibility limits in effect as of 2016. To illustrate the impact of using the 100 Percent FPL income strategy, or electing a lower FPL threshold, we calculated the share of Medicaid enrollees who remain eligible within different income categories at baseline. Because self-employment income is a potentially important source of income that is not well captured by the data sources available to state Medicaid programs, we also conduct the analysis using two alternative income measures. The main results include self-employment income in the calculation of total income at renewal. Alternative estimates, which we report in the appendix, exclude self-employment income. Comparing results from these two approaches provides a sense of how the limited ability of states to observe self-employment income might affect the number of ineligible individuals whose coverage is renewed. We classify a Medicaid enrollee as having self-employment income, if either the head or the spouse of the tax unit has self-employment income at the time of Medicaid renewal.[††]

[**] These data sources are the same regardless of whether they are being used at application or at renewal.
[††] Because net profit or loss from self-employment is an annual concept in the SIPP, we are not able to capture short-term variation in self-employment income.

Limitations

One limitation is that this analysis classifies individuals as receiving an *ex parte* renewal if they have income or a benefit that would be captured by *any* data source used for verifying financial eligibility in their state, not whether the state would renew a particular individual's eligibility based on the information returned from that data source. That someone has income captured by the data sources used by their state does not guarantee that an *ex parte* renewal will be successful. As such, these results should be interpreted as an upper limit for the number of people who can be renewed on an *ex parte* basis.

Income distributions reflect Medicaid eligibility in 2014 and may not reflect the change in the distribution of incomes, especially among adult Medicaid enrollees resulting from the 2014 Medicaid expansion, subsequent state expansions, or those from the Medicaid continuous coverage condition implemented during the PHE. Finally, these estimates are based on a national sample and therefore may not reflect the shares that are correctly or incorrectly determined eligible under the 100 Percent FPL income strategy for individual states as states have different Medicaid eligibility thresholds and income distributions. A state level analysis was not possible in the SIPP due to small sample sizes.

FINDINGS

Table 1 presents the share of enrollees in different (cumulative) income bands who do not report income from *ex parte* sources at the start of the simulated enrollment spell and who are estimated to be eligible or ineligible for Medicaid 12 months after the initial point that income is measured, approximating one renewal cycle. The samples with incomes less than 100 percent of the FPL at initial enrollment represent the group of individuals to whom the 100 Percent FPL income strategy would apply, while other income bands estimate outcomes should a state elect a lower FPL threshold.

A key objective of this analysis is to gauge the potential that adopting the 100 Percent FPL income strategy may result in people whose Medicaid coverage would be renewed despite no longer meeting the program's income eligibility standard. We estimate that 15.7 percent of Medicaid enrollees have income less than 100 percent of the FPL and do not have an *ex parte* income source and would thus have their coverage renewed on an *ex parte* basis under the 100 Percent FPL income strategy. Of this group, 92.1 percent would remain eligible for Medicaid coverage after 12 months.

Table 1. Share of Enrollees in June 2024 (Estimated) and Cumulative Percent of Enrollees Eligible and Ineligible after 12-month Redetermination by Narrow Income Band, Among Enrollees *without* an *Ex Parte* Income Source

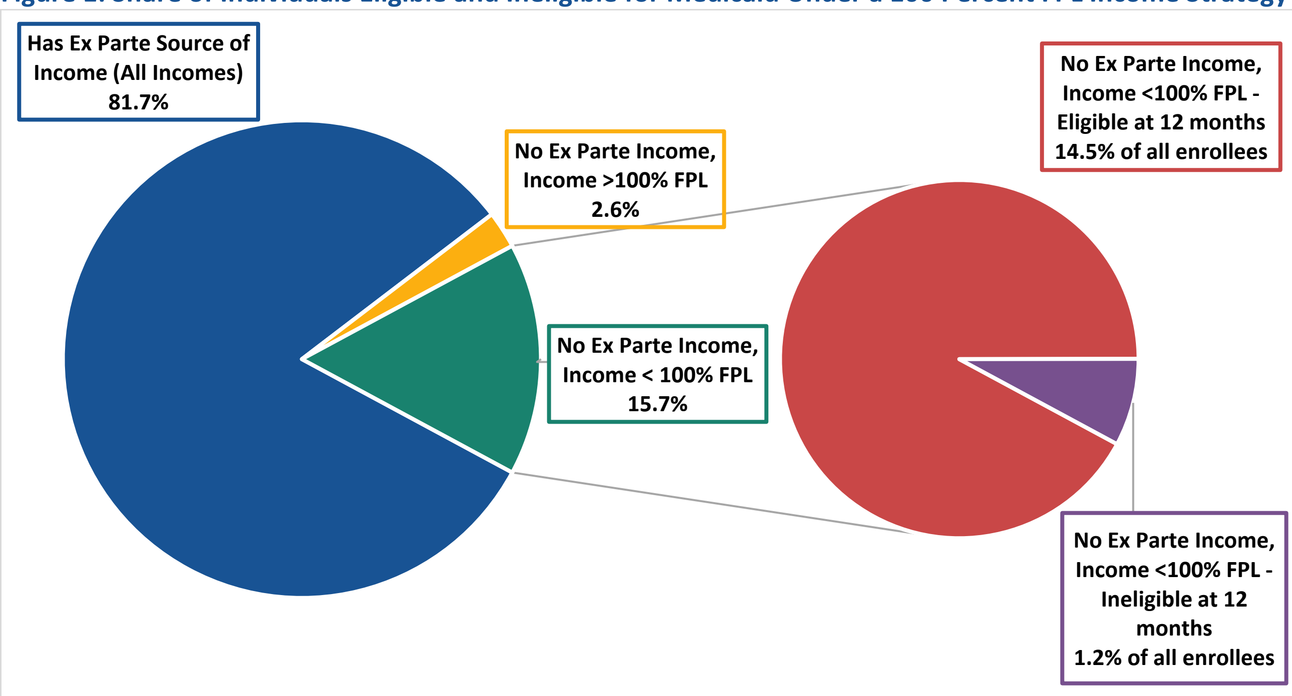
% FPL at Initial Enrollment	% of Total Enrollment (estimated June 2024) *	% Eligible	% Ineligible
All Incomes	18.3%	90.9%	9.1%
Less than 100% FPL	15.7%	92.1%	7.9%
Less than 50% FPL	14.1%	92.8%	7.2%
Less than 25% FPL	13.3%	92.8%	7.2%
Less than 10% FPL	12.8%	92.8%	7.2%

Source: Analysis of 2014 SIPP using January 2014 to January 2015 data

States may choose to use a different percent of the FPL as its threshold for assuming no change in income since the state last verified a beneficiary's income verification without using this strategy. Two important considerations in the choice of an income threshold are the number of individuals to whom the strategy would apply and the percentage of enrollees that would be incorrectly renewed. Choosing a lower threshold necessarily means that the strategy will apply to fewer people. Whether a lower threshold yields a lower error rate is an empirical question. The results in Table 1 suggests that the error rate is relatively insensitive to the income threshold chosen. For example, the error rate for a 50 Percent FPL income strategy is only slightly lower than the error rate for a 100 Percent FPL income strategy (7.2 percent vs. 7.9 percent).

Figure 1 provides a graphical summary of the results for the 100 Percent FPL income strategy applied to beneficiaries of all ages without an *ex parte* source of income. These results correspond to the top panel of Table 1. Multiplying the share of enrollees that would be subject to a 100 Percent FPL income strategy (15.7 percent) by the percent that would no longer meet income eligibility standards after 12 months (7.9 percent) implies that adopting the 100 Percent FPL income strategy would lead to potentially incorrect renewals for 1.2 percent of all Medicaid enrollees (.157 x .079 = .012).

Figure 1: Share of Individuals Eligible and Ineligible for Medicaid Under a 100 Percent FPL Income Strategy*



*Estimated shares of sample respondents with and without an *ex parte* income source are based on 2014 SIPP data.

Self-employment income is not an income type that is captured by the data sources most states use. As such, one question is whether using the 100 Percent FPL income strategy may result in renewing financially ineligible beneficiaries who have self-employment income, but for whom data sources return no information. To analyze this scenario, we looked at the share ineligible when self-employment income is excluded from the eligibility determination to simulate the information states would have at the point of conducting the *ex parte* renewal. Self-employment income had little impact on ineligibility, with 6.7 percent of people with incomes less than 100 percent of the FPL and no *ex parte* income source found to be ineligible after 12 months when self-employment income is excluded (Appendix Table 3), compared to 7.9 percent when self-employment income is included. This is not surprising, as very few enrollees who are not initially self-employed become self-employed (2.2 percent after 12 months).

States implementing the 100 Percent FPL income strategy must establish and document the maximum amount of time that is permitted to elapse since the state last verified a beneficiary's attested income without using this strategy (either at initial application or a renewal).[‡‡] We repeated the above analysis to assess eligibility 24 months after baseline income, to simulate outcomes from electing to use the strategy for two consecutive renewal cycles. These results are reported in Table 2 for enrollees without an *ex parte* source of income and in Appendix Table 2 for all enrollees (those with and without an *ex parte* source of income).

As would be expected, for all samples analyzed the share estimated to be ineligible at 24 months is higher than the corresponding share at 12 months. Among individuals without *ex parte* sources of income, 90.2 percent are estimated to be eligible at 24 months (Table 2), compared to 92.1 percent at 12 months (Table 1).

Table 2. Share of Enrollees in June 2024 (Estimated) and Cumulative Percent of Enrollees Ineligible after 24-month Redetermination by Narrow Income Band, Among Enrollees *without* an *Ex Parte* Income Source

% FPL at Initial Enrollment	% of Total Enrollment (estimated June 2024) *	% Eligible	% Ineligible
All Incomes	18.3%	88.1%	11.9%
Less than 100% FPL	15.7%	90.2%	9.8%
Less than 50% FPL	14.1%	90.4%	9.6%
Less than 25% FPL	13.3%	91.3%	8.7%
Less than 10% FPL	12.8%	91.1%	8.9%

Source: Analysis of 2014 SIPP using January 2014 to January 2016 data

CONCLUSION

Employing the 100 Percent FPL income strategy and renewing financial eligibility without requiring additional information from beneficiaries would potentially benefit an estimated 15.7 percent of all Medicaid beneficiaries, and result in an accurate determination of financial eligibility in 92.1 percent of cases among those eligible for the strategy. When considering the use of this strategy within the broader context of all Medicaid renewals, this strategy would result in a potentially erroneous determination for 1.2 percent of all Medicaid beneficiaries at renewal. The Zero-Dollar income strategy would likely account for an even smaller share of potentially erroneous determinations based on the trends identified in this study and given the smaller portion of the Medicaid beneficiary population the Zero-Dollar income strategy applies to, compared to the 100 Percent FPL income strategy. State-specific rates of accuracy associated with adopting these strategies will vary as different states have different Medicaid eligibility thresholds and different economic circumstances.

This analysis demonstrates that electing these strategies can reduce administrative burdens for states and beneficiaries while preventing individuals who are eligible for Medicaid from experiencing coverage gaps and disruptions. Individuals who churn in and out of Medicaid coverage are frequently disenrolled for administrative reasons, despite still meeting Medicaid's eligibility criteria. Adopting the Zero-Dollar and 100 Percent FPL income strategies can help states improve the efficiency of the renewal process and ensure more eligible individuals maintain coverage.

[‡‡] Centers for Medicare & Medicaid Services. Use of Unwinding-Related Strategies to Support Long-Term Improvements to State Medicaid Eligibility and Enrollment Processes. November 14, 2024. Accessed at: https://www.medicaid.gov/federal-policy-guidance/downloads/cibe1411142024.pdf

APPENDIX

12- AND 24-MONTH ELIGIBILITY AND INELIGIBILITY FOR ENROLLEES WITH AND WITHOUT AN EX PARTE DATA SOURCE OR INCOME

Appendix Table 1. Share of Enrollees in June 2024 (Estimated) and Cumulative Percent of Enrollees Eligible and Ineligible after 12-month Redetermination by Narrow Income Band, Among All Enrollees

% FPL at Initial Enrollment	% of Total Enrollment (estimated June 2024) *	% Eligible	% Ineligible
All Incomes	100.0%	88.7%	11.3%
Less than 100% FPL	71.8%	89.9%	10.1%
Less than 50% FPL	50.5%	89.8%	10.2%
Less than 25% FPL	42.9%	89.7%	10.3%
Less than 10% FPL	39.1%	90.0%	10.0%

Source: Analysis of 2014 SIPP using January 2014 to January 2015 data

Appendix Table 2. Share of Enrollees in June 2024 (Estimated) and Cumulative Percent of Enrollees Eligible and Ineligible after 24-month Redetermination by Narrow Income Band, Among All Enrollees

% FPL at Initial Enrollment	% of Total Enrollment (estimated June 2024) *	% Eligible	% Ineligible
All Incomes	100.0%	84.9%	15.1%
Less than 100% FPL	71.8%	86.3%	13.7%
Less than 50% FPL	50.5%	86.5%	13.5%
Less than 25% FPL	42.9%	86.2%	13.8%
Less than 10% FPL	39.2%	86.7%	13.3%

Source: Analysis of 2014 SIPP using January 2014 to January 2016 data

ELIGIBILITY AND INELIGIBILITY EXCLUDING SELF-EMPLOYMENT INCOME

Appendix Table 3. Cumulative Percent of Enrollees Ineligible after 12-month Redetermination by Narrow Income Band, Among Enrollees *without* an *Ex Parte* Income Source, Excluding Self-Employment Income

% FPL at Initial Enrollment	% of Total Enrollment (estimated June 2024) *	% Eligible	% Ineligible
All Incomes	18.3%	92.4%	7.6%
Less than 100% FPL	15.7%	93.3%	6.7%
Less than 50% FPL	14.1%	93.9%	6.1%
Less than 25% FPL	13.3%	93.9%	6.1%
Less than 10% FPL	12.8%	93.9%	6.1%

Source: Analysis of 2014 SIPP using January 2014 to January 2015 data

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
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SUGGESTED CITATION
Volkov E, Whitman A, De Lew N, Buchmueller T. Evaluating Medicaid Strategies (Issue Brief No. HP-2024-24). Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services. November 2024.

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