



DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

Center for Medicaid and State Operations
7500 Security Boulevard
Baltimore, MD 21244-1850

April 21, 1997

Dear State Medicaid Director:

Recently, in various discussions on the implementation of welfare reform, States have expressed concern that possible Medicaid Eligibility Quality Control (MEQC) errors could be cited for eligibility decisions based on information obtained from the State Data Exchange (SDX). You should be aware that section 7264 of the 'State Medicaid Manual' provides that MEQC errors are not cited in cases where the State caseworker made an incorrect eligibility determination based on current but inaccurate information received from any primary source Federal agency using automated computer matching. A primary source agency is one which is the originator of the information. For example, the Social Security Administration is the primary source of information concerning SSI and RSDI benefits. This MEQC policy has been in effect since April 1994.

This SMM provision originated from States complaints that information contained on the SDX was outdated in many cases, leading to MEQC errors cited during the Federal re-review. We revised the SMM (section 7264) to address this situation. Although we have ceased Federal MEQC re-reviews, we will maintain the policy that MEQC errors are not cited if the Federal agency provided erroneous information and the State requested the information correctly. For example, an aged alien loses Supplemental Security Income due to his immigration status. As part of the ex parte review, the Medicaid caseworker obtained from the SDX information that the beneficiary received a Title II benefit of \$250 per month. Using this information, the caseworker determines the alien Medicaid eligible under another category. During the State's subsequent MEQC review, the reviewer learned that the beneficiary's Title II benefits were actually \$300 a month at the time of the eligibility determination. Although the case is in error due to excess income, the reviewer would not cite an MEQC error since the caseworker relied on the latest information available from the SDX at the time of the eligibility determination.

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Rather, the reviewer should forward a corrective action notice to the caseworker for proper and immediate attention.

If the State has data available through client reporting or other means that are more accurate than current information available through a Federal primary source, the State should use its information in making eligibility determinations.

If you have any questions on this matter, please contact Ms. Janet E. Reichert at (410) 786-4580.

Sincerely,

/s/

Judith D. Moore
Acting Director
Medicaid Bureau

cc:

All HCFA Regional Administrators
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Lee Partridge, American Public Welfare Association
Joy Wilson, National Conference of State Legislature
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