

**Center for Medicaid, CHIP and Survey & Certification**

---

***CMCS Informational Bulletin***

**DATE:** June 21, 2010

**FROM:** Cindy Mann  
Director  
Center for Medicaid, CHIP and Survey & Certification (CMCS)

**SUBJECT: Recent Developments in Medicaid Policy**

This Informational Bulletin is to inform you of some new developments in Medicaid policy and program operations and to share with you our preliminary communications plan as we move forward in implementing the many provisions of the Affordable Care Act (ACA) that affect State Medicaid and CHIP and survey and certification programs.

**State Activity**

First, let me congratulate the **State of Connecticut** on being the first State in the nation to receive approval for electing the new option available under the Affordable Care Act (ACA) to receive Federal matching funds for covering low-income individuals without children in the Medicaid program. Secretary Sebelius contacted Governor Jodi Rell earlier today to let her know that Connecticut's State plan amendment to provide Medicaid coverage for individuals with incomes up to 56 percent of the federal poverty level has been approved. We are already working with other States interested in pursuing this historic new option.

**Federal Guidance**

This memo is also to announce the release today of three letters to State Medicaid Directors that provide clarification and guidance on Medicaid program operations and financing:

- **Political Subdivisions.** This letter provides clarification regarding the provision known as the "political subdivision" requirement in section 5001(g)(2) of the American Recovery and Reinvestment Act of 2009 (Recovery Act). This provision was further clarified under section 10201(c)(6) of the ACA to establish the circumstances under which a State that requires political subdivisions within the State to contribute toward the non-Federal share of expenditures meets the requirements of the Recovery Act. We believe this guidance will provide useful information about how States may demonstrate compliance with the political subdivision provision in the Recovery Act.

- **PARIS.** The second letter provides information about the Public Assistance Reporting Information System (PARIS) and the provision in the Qualifying Individual (QI) Program Supplemental Funding Act of 2008 that requires States to have eligibility determination systems that provide for data matching through the Public Assistance Reporting Information System (PARIS) project or any successor system. PARIS is a system for matching data from certain public assistance programs, including State Medicaid programs, with selected Federal and State data for purposes of facilitating appropriate enrollment and retention in public programs.
- **Third Party Liability.** The third letter provides further guidance regarding Medicaid Third Party Liability (TPL). The Deficit Reduction Act of 2005 provided additional tools to strengthen States' ability to identify and collect payments from liable third parties before absorbing the costs into Medicaid. This letter specifically addresses the DRA requirement that the Secretary of HHS specify a manner in which State Medicaid agencies and health plans can exchange eligibility and coverage data.

This guidance announces transmission formats for sharing eligibility and benefit information between the State, or its agent, and health plans. These recommended formats serve as a tool to enable States to comply with the DRA data exchange requirements. The transmission formats are:

- Payer Initiated Eligibility/Benefit (PIE) Transaction
- Accredited Standards Committee (ASC) X12 270/271 Health Care Eligibility/Benefit Inquiry and Response Standard Transactions (“270/271 Transactions”)

Use of these formats will help to ensure standardization among plans, particularly those that operate in multiple States, as well as minimize administrative cost and burden on States and plans. The letter also includes a set of questions and answers to further elucidate CMS's policy regarding TPL. The questions and answers supplement the guidance provided in December 2006, which can be accessed at:

<http://www.cms.hhs.gov/SMDL/SMD/>.

CMCS will be using these Informational Bulletins to transmit guidance to State Medicaid Directors and State Health Officials in the future in hopes of offering a more consistent and predictable mechanism for sharing information with States and other interested parties. We will also include other items that may be of interest, including new research and data, information about State innovations and initiatives that are underway, and updates on federal Medicaid and CHIP outreach and enrollment activities.

I hope you will find this information helpful. Thank you for your continued commitment to the success of these critical health coverage programs. As always, we welcome any feedback on this new communications format as well as other policy issues that may arise. Look for our next CMCS Informational Bulletin in early July!

Attachments