



DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

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

February 6, 1997

Dear State Medicaid Director:

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and the Contract with America Advancement Act of 1996 changed Federal law in ways that affect the Medicaid eligibility of large numbers of individuals. These changes will require States to redetermine the eligibility of many of these individuals, including children currently eligible for SSL, many non U.S. citizens, and individuals receiving disability cash assistance (SSI) based on alcoholism and drug addiction. In most cases, these SSI redeterminations must be completed by August 22, 1997.

This letter calls your attention to a new redetermination regulation that allows a State more flexibility in the time frames required to accomplish its obligations related to redeterminations and continuation of Medicaid coverage.

1. State Ex Parte Redeterminations

When an individual is about to lose Medicaid because of loss of eligibility for cash assistance (such as the loss of **AFDC benefits through the transition from AFDC to the States TANF program, or the** loss of SSI benefits in States which provide Medicaid to individuals because they receive S SI), the State determines whether that individual is eligible for Medicaid under another eligibility group. This process is derived from two court decisions: *Stenson v. Blum* and *Massachusetts Association of Older Americans v. Sharp*.

The redetermination can be based on information contained in the individual's Medicaid file if the State believes that information is accurate. If the State needs additional or updated information to base a determination of eligibility under another group, the State will contact the individual for information, or take other reasonable steps to obtain the information it needs. Once a determination has been made, the State promptly notifies the individual either of the change in eligibility status or, if the individual is not Medicaid eligible under another group, that his/her eligibility is terminated. The State also notifies the individual of his/her right to appeal any adverse decision. (See regulations at 42 CFR 431 Subpart E for rules on proper notice of actions affecting Medicaid eligibility).

2. Terminations From Medicaid

States generally are not permitted to terminate an individual until they have determined that the individual is not eligible under any other eligibility group. States are expected to not drop individuals from the Medicaid rolls while the redetermination process is underway. During the redetermination process, if an individual fails to cooperate within a reasonable period of time in providing information the State requires for its determination, then, with due notice, the individual could be terminated from Medicaid.

If an individual has lost SSI because he or she no longer meets the definition of disability because of changes in the law (e.g., pertaining to alcohol or drug abuse or childhood disability), the State must continue Medicaid during the SSI redetermination and during any subsequent timely appeal to SSA of its termination decision. Thus, Medicaid benefits continue throughout the hearing process.

3. States Will Have More Time for Completing Redeterminations While Implementing Welfare Reform Than Under Normal Circumstances

On January 13, 1997, we published a regulation (MB-105-FC) which provides States with up to 120 days to process all redeterminations of Medicaid eligibility relating to individuals losing SSI because of the changes brought about by welfare reform. This extension of the normal time period for redeterminations is intended to recognize the extra

workload States face because of welfare reform, and it assures that Federal Financial Participation (FFP) will continue on behalf of those Medicaid beneficiaries while the process of redeterminations is underway. This 120-day period has been triggered by a provision of the new regulation which permits a Secretarial waiver of the normal timeframe. The waiver will continue through December 31, 1997, unless the Secretary further extends the waiver.

I would also like to mention that HCFA has been working with the APWA and the Social Security Administration to develop Medicaid-related language which will be inserted in the SSI notices of termination from that program. This language will provide some information to the SSI beneficiaries about the Medicaid redetermination process. Further information and guidelines about the SSI termination notices will be issued in the future by the Medicaid Bureau.

Thank you for your continued cooperation in the implementation of the Medicaid aspects of welfare reform.

Sincerely,

/s/

Joseph D. Dunne for Judith D. Moore

Acting Director

Medicaid Bureau

cc:

All Regional Administrators

All Associate Regional Administrators for Medicaid

Lloyd Bishop, OLIGA

Jennifer Baxendall, NGA

Lee Partridge, APWA

Joy Wilson, NCSL