



**DEPARTMENT OF HEALTH & HUMAN SERVICES**  
**Health Care Financing Administration**

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

May 2, 1997

Dear State Medicaid Director

**IMPACT ON MEDICAID OF ONE MONTH GAP IN INITIAL SSI PAYMENT**

We are writing to provide you information about the impact on Medicaid eligibility of the change in the first month of SSI payment to individuals eligible for SSI. This change in law affects all SSI eligible individuals. However the change in the first month of SSI payment affects Medicaid eligibility only in those States where Medicaid eligibility depends on receipt of cash assistance.

Public Law 104-193 requires that initial SSI payments generally may only begin the later of the first day of the month following the date the application is filed or the date the person first becomes eligible for benefits. States that have an optional or mandatory eligibility group under which these persons can be covered by Medicaid in the gap month, such as the optional group of persons who meet SSI income and resource requirements, can provide Medicaid to these individuals for the gap month in which no SSI payment is made, and can provide up to three months retroactive coverage for those months in the retroactive period for which the person had incurred medical expenses and met the eligibility requirements of the group.

However, there are some States which do not have an eligibility group to provide Medicaid coverage to persons who are eligible for SSI benefits but do not receive them. Current manual guidance, implemented before welfare reform, does not allow States to provide retroactive coverage on the basis of a determination that the person would have met the eligibility requirements to receive SSI benefits. (See Section 3502.4 of the State Medicaid Manual.) As a result, the change in the date of the initial SSI payment creates a one month gap in Medicaid coverage in these States. In order to address this unintended consequence of welfare reform in a manner consistent with current law, we have developed a policy that will address Medicaid eligibility in these States.

We are developing a State Medicaid Manual instruction to revise the existing instruction at section 3502.4 to permit States to provide retroactive coverage on the basis of a determination that the person would have received an SSI benefit if the person had applied in the retroactive months. This is of particular import in thosePage 2 -- State Medicaid Director States which do not cover individuals who are eligible for SSI benefits, but do not receive them. This policy will eliminate the gap in Medicaid eligibility caused by the change in the date of the initial SSI payment made by section 204 of welfare reform. States will be permitted to provide Medicaid eligibility in this situation for the month prior to the first month of SSI payment and the two preceding months if the individual meets all Medicaid eligibility requirements in those months. Although we have not completed the development and clearance of the new manual instruction, we are advising you that you may use this policy on an interim basis until the new manual instruction is issued. We will be issuing the new manual instruction shortly.

This letter does not address the continuation of Medicaid coverage for legal immigrants who lose their SSI benefits. We will be providing additional guidance on this issue in the near future.

If you have questions on this letter, please call Bob Tomlinson, at (410) 786-4463.

Sincerely,

/s/

Judith D. Moore

Acting Director Medicaid Bureau

cc:

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