

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244-1850



Center for Medicaid and State Operations

SMDL #04-001

January 28, 2004

Dear State Medicaid Director:

This is to advise you that Section 103(f) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Pub. L. No. 108-173) extends the Qualifying Individuals (QIs) benefit through September 30, 2004. The new law was enacted December 8, 2003. This means that there is 100 percent Federal funding for States to pay the Medicare Part B premiums for existing QIs, without interruption, and to enroll new QIs up to each State's allocation. The QIs, described in section 1902(a)(10)(E)(iv) of the Social Security Act (the Act), are persons entitled to Part A of Medicare with incomes of at least 120 percent, but less than 135 percent, of the official Federal poverty line and resources that do not exceed twice the standard used in the Supplemental Security Income program, and not otherwise eligible for Medicaid. Authority for benefits for these individuals had been scheduled to expire on March 31, 2004.

Section 401 of Pub. L. No. 108-89 amended section 1902(a)(10)(E)(iv) of the Act to eliminate reference to the QI-2 benefit that had sunset on December 31, 2002, and extended the QI-1 benefit for persons with incomes of at least 120 percent, but less than 135 percent, of the official Federal poverty line (now referred to as QIs) through March 31, 2004. Section 401 also amended section 1933 of the Act to set the total amount available for allocation for the QI program at \$400,000,000 for each of fiscal years (FYs) 2002 and 2003, and \$100,000,000 from January 1, 2004, through March 31, 2004, and to change the formula for determining the State allocations to eliminate the inclusion of the QI-2 program. Under the new provisions, the amount allocated for the QI Program for January 1, 2004, through September 30, 2004, is \$300,000,000.

We are currently in the process of revising the formula as specified in the statute in order to eliminate calculations attributable to the QI-2 individuals. This revised formula will be used to determine the State allocations under the new program extension. The allocations will be for the period beginning January 1, 2004, and ending September 30, 2004. We will be communicating each respective State allocation through the CMS Regional Offices in the next few weeks. If you have any questions regarding the extension or change in State allocations, you may contact Glenn Stanton of my staff at (410) 786-6768.

Sincerely,

/s/

Dennis G. Smith, Director

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cc:

CMS Regional Administrators

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