



DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services

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

February 3, 1998

Dear State Medicaid Director:

This letter is one of a series that provides guidance on the implementation of the Balanced Budget Act. The purpose of this letter is to provide information concerning the payment of Medicare Part B premiums for the two new mandatory eligibility groups of low-income Medicare beneficiaries called Qualifying Individuals or QIs. A previous letter on this topic was released on December 15, 1997.

We are pleased to advise that States will have administrative flexibility with regard to the payment method for the QI-2 benefit. In the case of QI-2s, with income at least 135%, but less than 175% of the poverty level, the benefit in 1998 is equivalent to \$1.07 per month. The benefit may be paid directly to the eligible QI-2, prospectively or retroactively, on a monthly, quarterly, or annual basis. We hope that this payment flexibility makes it easier to administer this important new benefit. As we indicated in our previous letter, States will be able to pay the full Medicare Part B premium using the State buy-in process for QI-1s.

The FY 1998 State allocation table was published in the Federal Register on January 26, 1998, and a copy of it is enclosed. Also enclosed is a chart indicating the specific income limits to be used, based on the percentages of poverty that are applicable for each of the Medicare low-income beneficiary groups, until the new Federal Poverty Levels are published by the Department of Health and Human Services in the Federal Register in the spring.

We want to help assure this new benefit is utilized to its maximum potential for these very vulnerable individuals. We will continue to work with States, the various technical advisory groups and representatives of the beneficiary community to accomplish this goal both for this year and in the future. And, to this end, we encourage you to consider using simplified application forms for this program, allowing individuals to apply for benefits without making a trip to the Medicaid office and, working with representatives of the beneficiary community to reach out to the general public about this program.

If you have any questions about this provision or the contents of this letter, please contact Robert Nakielny of my staff at (410) 786-4466.

Sincerely,

/s/

Sally K. Richardson Director

Center for Medicaid and State Operations

Enclosures (2)

cc: All HCFA Regional Administrators

All HCFA Associate Regional Administrators for Medicaid and State Operations
Lee Partridge - American Public Welfare Association Joy Wilson - National
Conference of State Legislatures Jennifer Baxendell - National Governors'
Association HCFA Press Office

Estimated State Allotments for Medicaid Payment of Medicare Part B Premiums

State FY98 (a) (b)(c) State Share Allocation

State M11 M22 [2 x (a)] + (b) of (c) (in thousands)

AK	0	2	2	.03%	\$63
AL	36	65	137	2.14%	4,283
AR	21	37	79	1.23%	2,470
AZ	18	50	86	1.34%	2,688
CA	99	311	509	7.96%	15,911
CO	13	33	59	0.92%	1,844
CT	13	65	91	1.42%	2,845
DC	2	3	7	0.11%	219
DE	4	9	17	0.27%	531
FL	89	270	448	7.00%	14,004
GA	42	102	186	2.91%	5,814
HI	4	9	17	0.27%	531
IA	15	49	79	1.23%	2,470
ID	4	15	23	0.36%	719
IL	75	167	317	4.95%	9,909
IN	25	92	142	2.22%	4,439
KS	13	41	67	1.05%	2,094
KY	18	91	127	1.98%	3,970
LA	27	56	110	1.72%	3,439
MA	37	83	157	2.45%	4,908
MD	25	72	122	1.91%	3,814
ME	7	27	41	0.64%	1,282
MI	44	122	210	3.28%	6,565
MN	18	55	91	1.42%	2,845
MO	30	81	141	2.20%	4,408
MS	26	42	94	1.47%	2,938
MT	8	16	32	0.50%	1,000
NC	58	110	226	3.53%	7,065
ND	5	11	21	0.33%	656
NE	10	26	46	0.72%	1,438
NH	7	17	31	0.48%	969
NJ	51	118	220	3.44%	6,877
NM	10	29	49	0.77%	1,532
NV	7	19	33	0.52%	1,032
NY	92	271	455	7.11%	14,223
OH	56	167	279	4.36%	8,721
OK	26	47	99	1.55%	3,095
OR	22	53	97	1.52%	3,032
PA	82	213	377	5.89%	11,785

RI	7	18	32	0.50%	1,000
SC	27	52	106	1.66%	3,314
SD	5	9	19	0.30%	594
TN	39	56	134	2.09%	4,189
TX	78	221	377	5.89%	11,785
UT	4	18	26	0.41%	813
VA	19	81	119	1.86%	3,720
VT	4	7	15	0.23%	469
WA	9	67	85	1.33%	2,657
WI	10	56	76	1.19%	2,376
WV	19	39	77	1.20%	2,407
WY	2	4	8	0.13%	250
Total	1362	3674	6398	100.00%	200,000

- 1.) Three-year average of number (000) of Medicare beneficiaries in State who are not enrolled in Medicaid but whose incomes are at least 120 but less than 135 of Federal Poverty Line
- 2.) Three-year average of number (000) of Medicare beneficiaries in State who are not enrolled in Medicaid but whose incomes are at least 135 but less than 175 of Federal Poverty Line

INCOME LIMITS BASED ON PERCENTAGE OF POVERTY

QMB Monthly Income Limits using 1997 (100% + \$20)*

All States except Alaska and Hawaii: \$ 678 - individual \$ 905 - couple

Alaska: \$ 843 - individual \$1,126 - couple

Hawaii: \$ 776 - individual \$1,037 - couple

SLMB Monthly Income Limits using 1997 (120% + \$20)*

All States except Alaska and Hawaii: \$ 809 - individual \$1,081 - couple

Alaska: \$1,007 - individual \$1,347 - couple

Hawaii: \$ 927 - individual \$1,240 - couple

QI-1 Monthly Income Limits using 1997 (135% + \$20)*

All States except Alaska and Hawaii: \$ 908 - individual \$1,214 - couple

Alaska: \$1,131 - individual \$1,513 - couple

Hawaii: \$1,041 - individual \$1,393 - couple

QI-2 Monthly Income Limits using 1997 (175% + \$20)*

All States except Alaska and Hawaii: \$1,171 - individual \$1,568 - couple

Alaska: \$1,460 - individual \$1,956 - couple

Hawaii: \$1,343 - individual \$1,800 - couple

* \$20 = amount of the monthly SSI income disregard