



Center for Medicaid and State Operations

SMDL #02-016

November 6, 2002

Dear State Medicaid Director:

This is to advise you of recent legislative changes relating to Medicaid coverage of Medicare cost-sharing for Qualifying Individuals (QIs), described in section 1933 of the Social Security Act. These are persons with incomes of 120-175 percent of the official Federal poverty line, whom Medicaid assists in paying all or part of the monthly Medicare Part B premium. Authority for benefits for these persons had been scheduled to expire on December 31, 2002.

A Continuing Resolution (Pub. L. No. 107-229, as amended by Pub. L. Nos. 107-240 and 107-244) has been enacted that extends, at current funding levels, the QI-1 benefit through January 21, 2003. QI-1s have incomes from 120-135 percent of poverty and receive Medicaid for the full Medicare Part B premium. Do not take any action to notify or terminate QI-1s at this time.

The Continuing Resolution did not extend the expiration date for QI-2s. The QI-2s have income from 135-175 percent of poverty. Therefore, effective January 1, 2003, the QI-2 benefit is no longer authorized and states should provide notice to the QI-2 beneficiaries of the termination action to be taken, consistent with the rules on advance notice at 42 CFR 431.211. You are currently required to pay \$3.91 per month toward the Medicare Part B premiums for QI-2s through December 31, 2002.

We request that in the notice, you inform beneficiaries that the termination of their benefit of \$3.91 per month toward their Medicare Part B premium, on December 31, 2002, was caused by Federal law. You should also advise the beneficiaries that if their income has changed, they may be eligible for other programs, such as the Qualified Medicare Beneficiary (QMB) or Specified Low-income Medicare Beneficiary (SLMB) programs, and should contact the state to get additional information. Your letter may also choose to point out that since the QI-2 benefit terminated because of Federal law, the state need not grant affected individuals an opportunity for a hearing.

We will keep you informed as we learn more information about the QI-1 program.

Sincerely,

/s/

Dennis G. Smith
Director

cc:

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