

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



February 19, 2015

Roderick L. Bremby, Commissioner
Department of Social Services
25 Sigourney Street
Hartford, CT 06106-5033
Reference: File No. NY-2014-03-MAP

Re: Claiming Increased FMAP for New Adult Group Expenditures

Dear Commissioner Bremby:

Thank you for your letter requesting that the Centers for Medicare & Medicaid Services (CMS) reconsider the allowability of increased Federal Medical Assistance Percentage (FMAP) under section 1905(y) of the Social Security Act (the Act) for claims relating to dates of service prior to January 1, 2014. After careful consideration, we confirm that only those expenditures for services rendered to individuals who were enrolled in the Medicaid new adult eligibility group at the time the service was delivered are eligible for the increased FMAP.

The statutory language at section 1905(y) of the Act is clear that only expenditures for services rendered to newly eligible individuals who are described in the new adult eligibility group are eligible for the increased FMAP. Under section 1902(a)(10)(A)(i)(VIII) of the Act, the new adult group description is not effective until January 1, 2014, the same date on which the State of Connecticut adopted this eligibility group and enrolled individuals in the eligibility group. Prior to that date, an individual could not have been within the description of the new adult group. Therefore, only expenditures for services provided to individuals on or after January 1, 2014 qualify for the increased FMAP at section 1905(y) of the Act.

Your letter also states that limiting the increased FMAP under section 1905(y) of the Act to services provided on or after January 1, 2014 is inconsistent with longstanding CMS guidance regarding claiming Federal Financial Participation (FFP). Specifically, you highlight prior federal guidance that the FMAP is determined by the date of an incurred state Medicaid expenditure and is not determined by the date of service.

The increased FMAP under section 1905(y) of the Act is different from circumstances involved in the prior guidance. That prior guidance addressed instances where the statute provided for an increase in the FMAP rate generally applicable to medical assistance, and the expenditures were qualified for the FMAP rate generally applicable to medical assistance. In contrast, the expenditures at issue are not qualified for the increased FMAP under section 1905(y) because they were for individuals who were not described in section 1902(a)(10)(A)(i)(VIII) of the Act when they received medical assistance (because the description is not effective until January 1, 2014). Because the increased FMAP is specifically tied to the individual's eligibility status

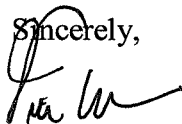
when they receive medical assistance, the eligibility status of the individual on the date of service is applicable for determining the appropriate FMAP available for the states' expenditure. (Similarly, expenditures are not allowable at all for individuals who, at the time the service was furnished, were not eligible at all, even if they later became eligible.)

Typically, an individual's eligibility status and eligibility category under the Medicaid program has not been an issue for purposes of the FMAP, since in general the FMAP rate does not vary by eligibility category. That is, as long as the individual is eligible under Medicaid, the FMAP would only be determined based on the date of the state expenditure. However, the FMAPs for the expenditures for individuals in the new adult eligibility group, effective January 1, 2014, are different than the regular FMAPs. Therefore, particularly with respect to the new adult eligibility group, an individual's eligibility category on the date of service is relevant for determining the appropriate FMAP available for the related expenditures.

In sum, there are two principles for determining the applicable and appropriate FMAPs available for states expenditures incurred under the Medicaid program. First, in cases for which the FMAP varies by an individual's eligibility category/status, the appropriate FMAP is the FMAP that is applicable to the eligibility category of the individual based on the date of service. Second, once the eligibility category and applicability has been established, FMAP is further determined based on the date that the state incurs the expenditure related to the service (e.g. a state payment to a hospital for a covered Medicaid service provided to a Medicaid enrolled individual). For expenditures relating to the new adult eligibility group, both the date of service and date of payment must be evaluated to determine applicable FMAP.

If you have any questions or need additional information, please contact Timothy Hill at 410-786-1685.

Sincerely,



Vikki Wachino
Acting Director

cc: Rich McGreal
Boston Regional Office