

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR**

ACTION REFERRAL

TO <i>Supra</i>	DATE <i>3-22-13</i>
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DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER 000289	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>cc: Mr. Keck, COS, Deps, CMS file</i>	<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____
	<input type="checkbox"/> FOIA DATE DUE _____
	<input checked="" type="checkbox"/> Necessary Action

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1.			
2.			
3.			
4.			

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



MAR 15 2013

Director Tony Keck
State of South Carolina, Department of Health and Human Services
1801 Main Street, P.O. Box 8206
Columbia, SC 29201-8206

RECEIVED

MAR 21 2013

Department of Health & Human Services
OFFICE OF THE DIRECTOR

Dear Mr. Keck:

CMS recently issued Questions and Answers, which can be found at <http://medicaid.gov/State-Resource-Center/Frequently-Asked-Questions/Downloads/ACA-FAQ-BHP.pdf>, to provide states with more information about the availability of increased federal medical assistance percentages (FMAPs, or federal match) provided in the Affordable Care Act. We provided states that previously expanded Medicaid eligibility through statewide title XIX section 1115 demonstrations information they will need to analyze demonstration benefits to enable CMS to determine the applicable FMAP for populations previously covered by such demonstrations. We are writing to provide additional guidance to South Carolina on the process CMS will use to help identify populations for which expenditures may be matched at the “newly eligible” FMAP beginning in 2014. More guidance about the method states will use to distinguish among populations for purposes of applying the appropriate FMAP will be provided in forthcoming FMAP final regulations.

As you know, beginning in 2014 the Affordable Care Act authorizes two types of increased federal Medicaid matching rates for state expenditures for low-income individuals in the new adult group (that is, the group described by section 1902(a)(10)(A)(i)(VIII) of the Social Security Act (the Act)): the newly eligible FMAP and the expansion state FMAP. Under the statute, these two increased federal matching rates are only available to states that adopt the new adult group.

- The newly eligible FMAP is available to all states, including those identified as expansion states, for expenditures for individuals in the new adult group who would not be eligible for full state plan, benchmark, or benchmark-equivalent Medicaid benefits under state rules in effect as of December 1, 2009. This includes expenditures for individuals that would have been eligible for such coverage, but were not enrolled due to enrollment limitations under the demonstration.

- The “expansion state” FMAP is available to qualifying states for expenditures for certain nonpregnant childless adults (those who are enrolled in the new adult group and who the state may require to enroll in benchmark coverage), to the extent that such individuals do not qualify for the newly eligible FMAP. A qualifying state is a state that, as of March 23, 2010 (the date of enactment of the Affordable Care Act), had provided a specified level of health benefits coverage, which we refer to as “specified” coverage,¹ (whether through Medicaid or a fully state-funded program) statewide to both low-income parents and nonpregnant childless adults up to at least 100 percent of the federal poverty level (FPL).

Because South Carolina had not expanded title eligibility statewide through its section 1115 demonstration as of the date of enactment of the Affordable Care Act, CMS has concluded that South Carolina is not an “expansion state” as defined above. This means that the state will receive either the regular FMAP or the newly eligible FMAP for populations covered beginning in January 2014. If you disagree with this conclusion about your state’s status as an “expansion state,” please contact CMS and we will work with you and your staff to ensure that the correct FMAP is applied to expenditures for each population covered in 2014 and beyond. Because South Carolina did not significantly expand coverage to adults prior to the Affordable Care Act, should you decide to elect the new Affordable Care Act adult coverage group, we anticipate that a sizeable portion of expenditures will qualify for the newly eligible FMAP.

We are committed to working with you and your staff to move towards the new MAGI-based eligibility structure and to confirm the applicable FMAPs in a timely manner. We understand that you may have not made a decision about whether and/or when to adopt the new adult coverage category and consulting with CMS about applicable FMAPs will not obligate South Carolina to any particular decision. Rather, this letter seeks to provide you with information about the FMAP(s) that might apply depending on the state’s decision. Please work with your State Operations and Technical Assistance (SOTA) team or contact Allison Orris at Allison.Orris@cms.hhs.gov with FMAP questions.

Sincerely,



Kristin A. Fan
Acting Director
Financial Management Group

cc:

Jackie Glaze, Associate Regional Administrator, Division of Medicaid and Children’s Health Operations

Barbara Edwards, Director, Disabled and Elderly Health Programs Group

Jennifer Ryan, Acting Director, Children and Adults Health Programs Group

¹ The standards for specified coverage are set forth in section 1905(z)(3) of the Act statewide; it is coverage that included inpatient hospital services, was not dependent on access to employer coverage, employer contribution, or employment, and was not limited to premium assistance, hospital-only benefits, a high deductible health plan, or alternative benefits authorized under a demonstration program authorized under section 1938 of the Act