



DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

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

May 28, 1998

Dear State Medicaid Directors:

We are pleased to share with you initiatives that will assist in the implementation of Section 4913 of the Balanced Budget Act. This section provides that children who were receiving Supplemental Security Income (SSI) benefits on August 22, 1996, and who beginning July 1, 1997 would continue to be paid SSI but for the enactment of section 211(a) of welfare reform, will remain eligible for Medicaid. Because of this change in law, the States are required to assure that Medicaid eligibility continues for these children and that disability redeterminations are initiated when appropriate. Initial guidance was provided to you in a State Medicaid Directors letter dated November 13, 1997. Below is a description of several initiatives that should help you as you provide Medicaid coverage to these children.

Reevaluation of SSA Disability Determinations

We want to alert you that the Social Security Administration (SSA) redetermination process will continue for several months. SSA has mailed 74,000 notices to SSI children who were found to be no longer disabled AND who had either not appealed their redetermination cessation decision OR had appealed the decision but did not request SSI benefit continuation. Those notices explain that if they appeal now, payment can continue during the appeal process. SSA is also reviewing many of the disability redeterminations to assure that the new disability criteria were applied consistently.

This means that these children, who now have a payment status code of N07/N08 (i.e. no pay) on the SDX, could go back into payment status code COI (i.e. pay) if they are found to be disabled as a result of SSA's review of the redetermination cessation or through the appeals process. It also means that a child's status on the original listings provided by SSA may not match what is on the SDX.

Listings Identifying Children for Medicaid Continuation

Since October 1997, SSA has made available to the States three lists containing information about children who may lose their disability status as a result of this legislation. The most recent list, February 23, 1998, is now available from SSA in an electronic format. You can request this most recent list from your SSA Regional Administrator through the regional State Data Exchange Coordinator. You may want to use this list to identify SSI children who should have their Medicaid continued by matching the payment status code of N07/N08 on the SDX with the names on the list. SSA has informed us that they have already received requests for this data from 24 States.

In answer to requests from State agencies and to facilitate a seamless eligibility process, SSA has agreed to make available to the States new listing(s) limited to SSI children who have lost their SSI cash payment AND have exhausted their administrative appeal process. SSA has indicated that they will include disability diary dates on this list. The diary date would indicate when the next medical reevaluation (which will be the State's responsibility) would have been due if the child's eligibility for SSI had not been ceased. We are working out the listing details with SSA and will let you know when the list is available, the frequency and the format. The estimated delivery date of the first listing will be mid-summer.

Initiation of Medical Reexaminations

States assume responsibility for medical reexaminations of children who are covered by section 4913 of the BBA. States must not begin medical reexaminations until the child has exhausted all appeal rights under SSA or after expiration of the SSA appeal period if the child has not appealed. Recognizing the administrative complexities involved in this process, States can wait up to eighteen months from final SSA adjudication of the case to begin reexaminations, regardless of diary due dates. However, if a diary due date comes up after final SSA adjudication of the case, but before 18 months, the State is free to initiate the medical reexam at their convenience. Until the medical reexamination has been performed and the child is found ineligible for Medicaid, the child's Medicaid eligibility continues (unless there is a separate income-related reason for termination after appeals are exhausted). Please continue to apply the policies in our November 13, 1997 letter to all State Medicaid Directors.

Options for Obtaining Baseline Medical Evidence and/or Redetermining Eligibility for Medicaid

During discussions with our Eligibility Technical Assistance Group, there was much concern about getting baseline disability information and what entity was best suited for making the redeterminations for Medicaid eligibility. In discussions with SSA, we believe there are two basic options available to the States for obtaining baseline medical information and/or making the redeterminations on children who have been terminated from SSI due to the new disability definitions.

1. Disability Determination Services (DDS) Process of the Redeterminations for Medicaid Eligibility

This option enables the State to elect the DDS to process these claims. This option has strong advantages since the DDS has more experience in applying the disability determination criteria and is already familiar with these cases. In addition, the medical evidence is already available, either in the DDS or within other SSA operational components.

Some Medicaid State agencies already have agreements with SSA for the DDSs to perform work for the State in making Medicaid determinations of disability. Such arrangements require a memorandum of understanding (MOU) between the State and SSA. The MOU provides for the reimbursement of costs to SSA. These cases will be worked into the normal flow of SSA work performed by the DDS and thus should result in quick and efficient processing of these determinations.

2. SSA Photocopies the Medical Evidence for a Non-DDS Source to Conduct the Disability Determination

This option requires that the SSA field office copy the most recent medical evidence at the completion of the child's appeal process or after the SSA appeal period has expired if the child has not appealed, and mail it to the State. In these situations a MOU will also be required with SSA for the reimbursement of costs associated with the photocopying of the medical evidence. The State would need a place to accept and store the material, which may be needed for up to 7 years (depending on the due date for the next disability determination). Under this option, the State would be responsible for the processing of this workload.

If you are interested in either option, you must contact the SSA Regional Commissioner in your region. Under either option a memorandum of understanding would be needed to cover the cost by SSA.

Previously, HCFA polled the States to determine which States were interested in receiving baseline medical information from SSA and which States already contract with the DDS. If you have changed your position, please make my staff aware of your change. This information will ultimately be used by SSA to send information to the State. This becomes particularly important for States that chose the second option.

We look forward to working with your staff to bring about a seamless transition in your State. If members of your staff have questions, please ask them to contact Vicky Wallace on 410-786-3264 or Robert Tomlinson on 410-786-4463.

Sincerely

/s/

Sally K. Richardson
Director

CC:

All SSA Regional Commissioners

All HCFA Regional Administrators

All HCFA Associate Regional Administrators for Medicaid and State Operations

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5128198:Revised Ghain per Srichardson: f:ddsopt2.wp

5/13/98:Revised Rtomiinson per mtg. Mlept.ddsopt.smd

5/6/98:Revised VWallace per SSA: g:dl

4/9/98/Wallace/g:d.wpd

SOCIAL SECURITY

Memorandum

Date: May 28, 1998 **Refer To TAAE1:**

To: All Regional Commissioners
(Unnumbered)

From: Acting Associate Commissioner
For Disability

Subject: Implementation of the Medicaid Provisions of the Balanced Budget Act
Relating to Disabled Children--IMPORTANT

This is to inform you about activities taking place between SSA, the Health Care Financing Administration (HCFA) and the States to implement sections of the disabled children provisions of the Balanced Budget Act. We have also prepared a disability determination *services* (DDS) administrators' letter (attached) providing similar information to the DDSs.

SSA and HCFA have had a series of meetings to discuss means to assist States in the implementation of section 4913 of the Balanced Budget Act. Section 4913 provides that children who were receiving Supplemental Security Income (SSI) benefits on August 22, 1996, and who beginning July 1, 1997, would continue to receive SSI but for the enactment of section 211(a) of the Welfare Reform Act, will remain eligible for Medicaid. Because of this change in the law, the States are now required to perform a disability redetermination on these children for the purpose of determining Medicaid eligibility. This redetermination function is the responsibility of the State and does not fall under SSA's workload requirements. However, SSA wants to fully cooperate with HCFA and the States to ensure these redeterminations on children are done timely and equitably.

To that end, we have discussed two basic options for obtaining the medical evidence needed to review these cases and possibilities for having them processed. It will be at the discretion of each State which of these options is selected.

The first option is for the State to have the disability determination services (DOS) obtain the folder and process the redetermination using existing SSA disability policies and procedures. Because it may be necessary to obtain additional medical evidence, we believe that it will be necessary for the DOS to prepare a separate folder to house new evidence, as these will be State records and not SSA material. In addition, Federal records retention policies, disclosure rules and even the description of what records are maintained in the claims folder would be inapplicable to the new State material.

Under this scenario, each State would have to enter into a memorandum of understanding (MOU) with SSA to ensure all costs associated with processing this workload were reimbursed, similar to MOUs currently used when DOSs process "non-SSA" work. This would include the maintenance and storage of these folders, if housed in the ODB. Finalizing and approving these MOUs is the responsibility of the regional offices. However, we are preparing a standard MOU that can be used as the basis for your negotiations with the States that choose the DOSs to process this workload. We will be forwarding more information on the MOU process to you shortly.

The second option would be for SSA field offices to photocopy the medical evidence from the folders and send it to the location designated by the State for processing. Under this option, the State would have elected an entity other than the DOS to process the redetermination. However, an MOU would still be required between the State and SSA for the cost of photocopying and shipping the medical evidence. The State would be responsible for the processing of the case.

We believe that having the DDSS process these cases is the most efficient way to accomplish this workload. However, it will be a State determination as to who is charged with processing these Medicaid redeterminations. HCFA is in the process of sending out a letter to the State Medicaid Directors that will inform them of these options. If the State elects to have the DOS process these Medicaid redeterminations, the DOSs have been informed in the attached letter to contact their regional office, as soon as possible, in order to complete the necessary MOU agreement.

We wanted to provide this information to you and the States, as State officials may be contacting the DDSs to discuss this issue. As additional information becomes available, we will keep you apprised of the activities taking place.

/s/

Kenneth M. Nibali
Acting Associate Commissioner
for Disability

Attachment

cc:
Susan M. Daniels, Ph.D.
Carolyn W. Colvin

SOCIAL SECURITY ADMINISTRATION
OFFICE OF DISABILITY

DISABILITY DETERMINATION SERVICES ADMINISTRATORS'

LETTER NO

TO *State* Disability Determination Services Administrators

SUBJECT: Implementation of the Medicaid Provisions of the Balanced Budget Act
Relating to Disabled Children-*INFORMATION*

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/s/
Kenneth M. Nibali
Acting Associate Commissioner
for Disability

cc:
Susan M. Daniels, Ph.D.
Carolyn W. Colvin
All Regional Commissioners
All Disability Program Branch Directors