



DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

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

October 6, 1997

Dear State Medicaid Director:

This letter is one of several providing policy guidance and clarification for the recent legislative changes under the Balanced Budget Act (BBA) of 1997. Specifically, the purpose of this letter is to inform you that Section 4709 of the Balanced Budget Act of 1997 made changes to the 6 months guaranteed eligibility for individuals enrolled in managed care. Previously, States could elect to cover individuals who have become ineligible for Medicaid for up to 6 months if they are enrolled in: 1) an HMO that is qualified under title XIII of the Public Health Service Act, 2) an entity described in section 1903(m)(2)(B)(iii), (2)(E), (2)(G), or (6) under a contract described in section 1903(m)(2)(A), or 3) a Competitive Medical Plan (CMP) with current Medicare contracts.

The legislation has expanded the States' option to guarantee up to 6 months eligibility in two ways: 1) it expands the types of HMOs whose members may have guaranteed eligibility in that now it includes anyone who is enrolled with a Medicaid managed care organization as defined in section 1903(m)(1)(A), and 2) it expands the option to include those enrolled with a primary care case manager as defined in section 1905(t) of the Social Security Act. These changes are effective October 1, 1997.

Finally, note that as a result of these expansions, States may need to amend their State plans. If a State previously elected the 6 months guaranteed eligibility option, it should amend its State plan to reflect the BBA changes. If a State now wants to elect this option, it will also need to amend its State plan to do so. Your HCFA regional office will be glad to work with you to develop appropriate plan amendment pages pending publication by HCFA of final preprint pages.

If your staff have questions about this letter, please have them contact your HCFA regional office.

Sincerely,

/s/

Sally K. Richardson

Director

Center for Medicaid and State Operations

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 Legislature Jennifer
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