



DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

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

November 24, 1997

Dear State Medicaid Director:

This letter is one of a series that provides guidance on the implementation of the Balanced Budget Act. This letter addresses section 4723 of the Balanced Budget Act which provides for additional funding for State emergency health services furnished to undocumented aliens for 1998 through 2001. There will also be a separate Federal Register Notice providing further guidance on this provision. For each of the four fiscal years, a \$25 million allotment will be available to the 12 States with the highest number of undocumented aliens.

In a fiscal year, each State's portion of the total funds available will be based on its share of total undocumented aliens in all of the eligible States. Enclosed is the list of the 12 States with the highest number of undocumented aliens and the respective allocations for each of those States for fiscal year 1998.

As required by the statute, the allotments for each year are based on the estimates provided by the Statistics Division of the Immigration and Naturalization Service (INS). INS estimates refer to the population of immigrants that have established residence in the United States (U.S.) by remaining in the Country for more than 12 months in an illegal status. INS estimates that the total number of illegal residents in the U.S. as of October 1996 was 5 million. The statistics as of October 1996 also provide for the estimated Statewide distribution of the illegal resident population. The 12 States that are to receive funds under section 4723 account for a full 88 percent (4,411,000/5,000,000) of the illegal alien resident population living in the U.S.

These 12 States will receive Federal funding up to each State's allotment in the amount that the State demonstrates it paid for emergency health services furnished to undocumented aliens. Therefore, for those States eligible for the allotments, they can recover the State share of the cost of treatment of emergency health services furnished to undocumented aliens who, except for their alien status, would otherwise qualify for Medicaid and also amounts paid for services to undocumented aliens who do not meet the Medicaid eligibility requirements. For purposes of the allotment, emergency health services must meet the definition of emergency services that is located at 42 CFR 440.255(c).

The State (or a political subdivision of the State) must actually pay for the care described above. Any amounts not used by the State will be available for payment during the next fiscal year. The cost of care written off by a provider as charity care, or bad debts, or which was reimbursed in whole or part by any other Federal program is not eligible for the allotment. The HCFA-64 Report (expenditures) and HCFA-37 Report (budget) will be modified to add a Line (27) to capture expenditures for emergency services furnished to undocumented aliens.

If you have any questions, please contact Mark Ross of my staff at (410) 786-5855.

Sincerely,

/s/

Sally K. Richardson
Director
Center for Medicaid State Operations

Enclosure

cc:

All Regional Administrators

All Associate Regional Administrators for Medicaid and State Operations

Jennifer Baxendell, NGA

Joy Wilson, NCSL

Lee Partridge, APWA

**FY 1998 ALLOTMENTS FOR STATE EMERGENCY HEALTH SERVICES FURNISHED TO
UNDOCUMENTED ALIENS UNDER SECTION 4723 OF THE BALANCED BUDGET ACT OF 1997**

RANKING	STATE	POPULATION (1)	PERCENT OF POPULATION	ALLOTMENT
1	California	2,000,000	45.34%	11,335,298
2	Texas	700,000	15.87%	3,967,354
3	New York	540,000	12.24%	3,060,530
4	Florida	350,000	7.93%	1,983,677
5	Illinois	290,000	6.57%	1,643,618
6	New Jersey	135,000	3.06%	765,133
7	Arizona	115,000	2.61%	651,780
8	Massachusetts	85,000	1.93%	481,750
9	Virginia	55,000	1.25%	311,721
10	Washington	52,000	1.18%	294,718
11	Colorado	45,000	1.02%	255,044
12	Maryland	44,000	1.00%	249,377
TOTAL		4,411,000	100.00%	25,000,000

(1) Source: INS, Statistics Branch, Demographic Statistics Section Estimated Resident Undocumented Population by State of Residence October, 1996