



## Centers for Medicare & Medicaid Services: Extension of the Qualified Individual (QI) Program

### A. Funding Table

(Outlays in Millions)

Project/Activity	Program Level Estimate	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate	FY 2012 – FY 2019
QI Program Extension	\$562.5	\$0	\$412.5	\$150	\$0

### B. Objectives

The purpose of the funds is to extend the Qualified Individuals (QI) program. The QI program pays the Medicare Part B premiums of low-income Medicare beneficiaries with incomes between 120 and 135 percent of the Federal poverty level. States receive 100 percent Federal funding for the QI program. The Recovery Act provided funding through a normal extension of the QI program from its previous expiration of January 1, 2010 for twelve months to December 31, 2010. CMS estimates a total of \$562.5 million will be needed by the States for this 12 month period.

This provision is the continuation of the historical practice of handling the QI program. The program is routinely continued, under the authorization of Congress, for certain time-limited periods. Congress periodically extends the program when necessary. The most recent Congressional action with respect to the QI program was through the Medicare Improvements for Patients and Providers Act of 2008 (P.L. 110–275) and the QI Supplemental Funding Act of 2008 (P.L. 110-379).

### C. Activities

The regular actions taken for all QI extensions apply to this funding. Notice of State allotments were published in the Federal Register. As part of this process, CMS works with States to understand what each States' projected funding needs for the QI program will be. CMS then bases the individual State allotments on this information.

### D. Characteristics

The States are notified of their QI allotments through the Federal Register Process. CMS also solicits relevant expenditure information from States in order to properly determine the actual allotments. In 1997, the Medicaid statute was amended to require States to provide for Medicaid payment of the Medicare Part B premiums for two additional eligibility groups of low-income Medicare beneficiaries, referred to as QIs; however, since 2002, only one eligibility group has been continued. The statute limits the total amount of Federal funds available for payment of part B premiums for QIs each fiscal year and specifies the formula that is to be used to determine an allotment for each State from this total amount. The Federal medical assistance percentage for Medicaid payment of Medicare Part B premiums for QIs, is 100 percent for expenditures up to the amount of the State's allotment.



States receive the available Federal funding for payment of these premiums through the regular Medicaid grant award process.

### E. Delivery Schedule

This funding available to States is applicable for the period January 1, 2010 through December 31, 2010. CMS announced the State 2009 and 2010 QI allotments through its regular Federal Register QI notice and actual funds are made available to States through the regular quarterly grant award process.

### F. Environmental Review Compliance

The CMS and Department of Health and Human Services are committed to sustainable operations of its activities and facilities through sound environmental stewardship including preferential procurement of environmentally preferred products and electronic stewardship of IT and data center operations.

As programs are developed, CMS will incorporate contract and/or grant language to mitigate the environmental impacts of acquisition of IT and other products and equipment and services and provide guidance to encourage the following:

- Green procurement' based on the HHS Affirmative Procurement Plan and similar guidance from the Environmental Protection Agency (EPA) and the President's Council on Environmental Quality (CEQ)
- Electronic Stewardship including the use of electronic products that are Energy Star® compliant and Electronic Product Environmental Assessment Tool (EPEAT) Silver registered or higher when available; the activation of Energy Star® features on all equipment, when available; environmentally sound 'end-of-life' management practices (including reuse, donate, sell, or recycle 100% of electronic products;) and best operation and management practices for energy efficient data centers.

### G. Measures

Outcome / Achievement	FY 09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10	Program End
Maintain the QI Program: Number of individuals who receive QI benefits	4,563,815	5,626,407	5,626,407				

\*Data Source: Centers for Medicaid, CHIP and Survey & Certification. CMS generally receives a monthly report from States indicating who is on the QI program. CMS will report the number of individuals who receive QI benefits for the period 1/1/2010 through 12/31/2010.



## H. Monitoring and Evaluation

The CMS programs are assessed for risk to ensure that appropriate internal controls are in place. These assessments are done consistent with the statutory requirements of the Federal Manager's Financial Integrity Act and the Improper Payments Information Act, as well as OMB's circular A-123 "Management's Responsibility for Internal Control" (including Appendices A, B & C).

CMS' risk management process fits within the overall governance structure established at HHS to address Recovery Act program risks. The HHS Risk Management and Financial Oversight Board provides executive leadership and establishes accountability for the risk assessment process related to internal controls over financial reporting, and the HHS Senior Assessment Team (SAT) ensures that risk assessment objectives are clearly communicated throughout the Department. The CMS has a risk management and Financial Oversight committee, comprised of cross-functional senior leadership, to oversee and manage program implementation, and to address risk across the agency, including risk that impacts financial management. It meets monthly to monitor and assess the effectiveness of mitigation strategies, identify emerging risks and ensure the correction of program weaknesses. The CMS SAT performs an annual assessment in accordance with HHS' guidance regarding OMB circular A-123, Appendix A, Internal Control Over Financial Reporting.

In addition, CMS will present its high level risks to the Recovery Act Implementation Team. Chaired by the Deputy Secretary and comprised of senior policy officials from throughout the Department, the Implementation Team convenes monthly to monitor progress in carrying out Recovery Act programs and address the obstacles and risks that could impact their success.

States' expenditures will be monitored on a quarterly basis by both States and CMS. In accordance with the guidelines established by OMB, any funding to States related to continuation of the QI allotments will be issued in a separate account specifically designated by the Treasury for the Recovery funds and the States will have to draw these funds from that separate account. The handling of these grant awards will follow the processes CMS has established for issuance of regular Medicaid grant awards as well as reconciliation at the end of the quarter to actual expenditures. These processes are well documented in the Medicaid Cycle memo which documents the processes as well as details internal controls in place to mitigate risk.

CMS will continue to use its existing internal control infrastructure to implement these provisions, i.e., CMS will examine actual expenditures claimed for appropriateness within the Medicaid program requirements and will monitor State compliance with statutory requirements. To the extent CMS finds expenditures that are not allowable or in excess of the State's specific allotment, CMS will initiate recovery of any unallowable funds. In addition, CMS will work on an ongoing basis with the Office of Inspector General (OIG) to coordinate oversight and audit activity.



## **I. Transparency**

CMS is open and transparent in all of its contracting and grant activities involving Recovery Act funding; the Agency is in compliance with statute and OMB guidance on transparency. CMS reports weekly all of its financial activity by Program and by State. This information is posted weekly at <http://www.hhs.gov/recovery/reports/index.html>.

Finally, States must report to CMS on a quarterly basis their Medicaid expenditures, including expenditures related to QI payments (note that QI is funded separately from the Medicaid program as a whole). In accordance with the guidelines established by OMB, any funding to States related to the QI allotment will be issued in a separate account specifically designated by the Treasury for the Recovery Act funds and the States will have to draw these funds from that separate account.

## **J. Accountability**

To ensure that managers are held to high standards of accountability in achieving program goals under the Recovery Act, CMS has built upon and strengthened existing processes. Senior CMS Center for Medicaid, CHIP and Survey & Certification officials meet regularly with senior Department officials to ensure that projects are meeting their program goals, assessing and mitigating risks, ensuring transparency, and incorporating corrective actions. The personnel performance appraisal system also incorporates Recovery Act program stewardship responsibilities for program and business function managers.

In addition, CMS will utilize its existing financial management oversight mechanisms to require the return of any Federal funds to which a State was not entitled. Such mechanisms include the disallowance of expenditures funded under the QI allotment. This disallowance action would involve formal notice to the State as well as provide the State an opportunity for a hearing to the Departmental Appeals Board.

## **K. Barriers to Effective Implementation**

No barriers were identified. The Recovery Act included a normal continuation of the QI allotments and the processes of allotting and disbursing the funds is the same. Congress authorizes the allotments for a set period of time and then periodically extends the applicable periods.

## **L. Federal Infrastructure**

Not applicable.



Department of Health and Human Services  
American Recovery and Reinvestment Act  
Improving and Preserving Health Care



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Summary of Significant Changes:

- Updated Section A to reflect actual FY09 outlays and estimated FY10 and first quarter FY11 outlays (QI extension ends 12/31/10).
- Added a chart to Section G identifying the actual Number of individuals who receive QI benefits.
- Updated Sections F, H and I to reflect updated HHS policies on Environmental Review Compliance, Monitoring and Evaluation, and Transparency.