DMA ADMINISTRATIVE LETTER NO.11-01, Special Reimbursement for Delinking Activities

DATE: SEPTEMBER 26, 2000

Subject: Special Reimbursement for Administrative Costs Attributed to De-Linking Medicaid from Cash Assistance

Distribution: County Directors of Social Services
Family and Children's Medicaid Supervisors
Work First Supervisors

I. BACKGROUND

Title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 replaced the open-ended funded Aid to Families with Dependent Children (AFDC) cash assistance program with the block grant-funded Temporary Assistance for Needy Families (TANF) program. Previously, families that received cash assistance under the AFDC program automatically received Medicaid eligibility. Under section 1931 of the Social Security Act, state agencies must provide Medicaid eligibility to those low-income families meeting the eligibility requirements for AFDC under the States' AFDC State plans in effect as of July 16, 1996.

To assist State Medicaid agencies with the additional administrative costs the legislation appropriated $500 million for states. The Health Care Financing Administration (HCFA) allocated a portion of the $500 million to each state. North Carolina's share of that total is $11,550,703. The Department of Health and Human Services will allocate $7.5 million for counties and $2 million will be divided among DHHS state agencies (DSS, DMA and DIRM). The state-level portion will be used to create new handbooks for outreach purposes, and upgrade EIS in regards to delinking Medicaid and Work First. The remaining $2 million will be held and reallocated at a later date.

The counties may claim Federal funding for allowable activities against the allocation at two rates: a 90% enhanced Federal matching rate for specified activities considered critical to protecting recipients; and a 75% enhanced Federal matching rate for other allowable activities.

The 90% Federal matching rate is for items associated with beneficiary oriented activities such as outreach, public service announcements and education. The higher 90% enhanced rate encourages such activities and recognizes the importance that individuals do not lose their Medicaid eligibility inappropriately, are correctly determined or redetermined eligible, and understand program requirements. The lower 75% enhanced Federal matching rate addresses other allowable activities.

The county can track its expenditures against the "de-linking allocation" amounts by subtracting the difference between the normal 50% FFP and the enhanced rate of 90% or 75%.

For example, the 90% enhanced rate would be calculated as follows. If a county has $10,000 in expenditures it could subtract 50% (normal FFP rate) for expenditures which equals $5,000. Then subtract 40% which equals $4,000 (90% allocation- 50%=40%). The 40% amount is the amount to apply to the "de-linking allocation". The county's share would be $1,000.

$10,000-	
-($5,000)	(50%) Regular FFP
-($4,000)	(40%) Additional FFP from 1931 allocation
=$1,000	(10%) county share

Example of 75% enhanced rate calculated:
If a county has $10,000 in expenditures it could subtract 50% (normal FFP rate) for expenditures which equals $5,000. Then subtract 25% which equals $2,500 (75% allocation - 50% normal FFP = 25%). The 25% amount is the amount to apply to the "de-linking allocation". The county's share would be $2,500.

$10,000-	
-($5,000)	(50%) Regular FFP
-($2,500)	(25%) Additional FFP from 1931 allocation
=$2,500	(25%) county share

Time coded for NC Health Choice for Children **cannot** be counted toward reimbursement from this money.

This administrative letter obsoletes DMA Administrative Letter #9-00 and Addendum 1.

II. ALLOWABLE ACTIVITIES

A. Activities claimable at the 90% enhanced Federal matching rate:

Educational activities (relating to current or potential Medicaid coverage for Families)

Examples are:

- Public Service announcements
- Time used to train or orient community groups for local outreach activities
- Local community activities (for example, time used to speak to groups, or businesses about Medicaid for Families)
- Developing and printing material for educational or outreach activities.

Outstationing of eligibility workers (more workers or new locations)

For example:
County currently has one eligibility worker outstationed at a hospital. The county may want to outstation another eligibility caseworker at the hospital or at other locations. i.e.: daycare centers, WIC offices, health care providers, or clinics.

The enhanced funding cannot be used for hiring new Health Department employees. The funding could be used to outstation a Medicaid Eligibility worker at the health department to assist with outreach and MAF-C terminations.

Training: (Training about Medicaid coverage for families.)

Only the county DSS employee (Caseworker or Trainer) doing the training for eligibility workers, providers, outstationed eligibility workers and the community can claim this activity. Supervisors can not receive 90% funding for this activity.

Please call your Medicaid Program Representative if your county has a particular project that may involve these activities.

Code these activities on the DSS-2203 (day sheet), as **"DL90."**

B. Activities claimable at the 75% enhanced Federal matching rate:

1. Hiring new Medicaid eligibility workers or reassigning existing staff (related to the increase of having to evaluate for Family and Children's Medicaid eligibility as a result of Work First or MAF-C provisions.)

For example the county could:
Reassign existing staff at the local agency or
Hire temporary or contract workers, or
Hire new workers.

Below is an example of funding an income maintenance caseworker position with the 75% enhanced rate:

A county has 2 positions costing $45,000 each. Usually the county's share at 50% FFP would be $22,500 for each caseworker. However, if the county assigns the positions to be reimbursed at the 75% enhanced rate the county may have enough county appropriated money to fund another position at the normal 50% FFP.

The county could subtract the 50% normal FFP also the 25% enhanced funding (75% minus 50% = 25%) to get the total of the county's share.

$45,000	
-$22,500	(50%) Regular FFP
-11,250	(25%) Additional FFP from 1931 allocation
=$11,250	(25%) county share of caseworker salary

This is a savings of $11,250 from the original county appropriation for the position. If this were done with two positions the county savings would be $22,500. This is enough to fund a third position at the regular 50% FFP rate.

New equipment for caseworkers **cannot** be claimed for reimbursement.

Once the allocation is spent the county will no longer have this enhanced federal matching for these positions.

2. **Identification of at risk Work First recipients**

For example, some of the activities the county could claim: Caseworkers' time spent on reviewing all Work First terminations and evaluating for Medicaid eligibility. This may include time spent in contacting families to evaluate them for Medicaid eligibility. (Postage cost **cannot** be claimed under this enhanced funding.)

Time used to do "second party reviews" on terminated Work First cases to determine if Medicaid for Families or Medicaid for Children is to be continued. To receive the 75% rate the second party review must be completed by another caseworker other than the one completing the action. Supervisors **cannot** claim time spent on second party reviews.

Supervisors and clerical staff can not claim enhanced Federal matching because of cost allocation funding. A supervisor can claim time on a day sheet for these activities only if the supervisor is doing an income maintenance worker's caseload or work due to staff shortages. Otherwise, all the above activities have to be completed by an income maintenance caseworker.

Code these activities on the DSS-2203 (day sheet), as **"DL75."**

III. REIMBURSEMENT TO COUNTIES

Caseworkers handling activities associated with Medicaid must continue to record their time on the "white" Day Sheet DSS-2203, (DSS-1571/Part B is what the Administrative Officers complete and send to the Controller's Office).

Effective October 1, 2000, the activities claimable at the 90% enhanced Federal matching rate will be coded as "DL90." For activities claimable at the 75% enhanced Federal matching rate the new code will be "DL75." These codes identify the time attributable to the activities associated with the two allocations.This reimbursement cannot be claimed retroactively.

Effective October 1, 2000, the "MAOR" code recorded on the day sheet will be obsolete.

Once the allocation funding for the county is depleted there will be no more funding. It is extremely important that the activities on the day sheets are recorded correctly to enable the state to keep an account of the allocations, and to ensure that you receive this reimbursement.

Attached are the county allocations of the $7.5 million fund. The county allocations are based upon the relationship between the county's decline in the Work First caseload to the statewide drop. Every county will receive an allocation of no less than $22,500 (The six month cost of one eligibility worker with a salary and benefits of $45,000 per year). This ensures that twenty-six smaller counties receive a sufficient allocation to conduct outreach and eligibility redeterminations. The remaining funds were allocated based upon the county's percentage share of the statewide decline in the Work First caseload less those funds provided to ensure a floor. The attached allocation table identifies the maximum federal share by assuming that all expenditures will be eligible for 90% reimbursement. Understandably, expenditures will represent a mix of both 90% and 75% activities.

Your assistance in these efforts is appreciated. Please direct questions to your Medicaid Program Representative.

Paul R. Perruzzi
Director

[This material was researched and written by Denise Rogers, Policy Consultant, Medicaid Eligibility Unit.]