

**Medicaid and the Affordable Care Act:
FMAP Final Rule Funding for the New Adult Group
Frequently Asked Questions
December 9, 2013**

Q1: What do states have to do to assure availability of federal funding for the new adult group in 2014?

A1: We are working with states to help them complete all steps needed to implement the new adult group on January 1, 2014. States need to make changes and updates to their state plan (and sometimes waiver programs) as expeditiously as possible, so they can accurately determine who is eligible, assist individuals with enrollment, contract with health care plans, provide access to quality care health care for their beneficiaries, and receive federal financial assistance for these costs. They will also need to submit state plan amendments (SPAs) describing how they will claim the appropriate federal medical assistance percentage (FMAP) for expenditures for the new adult group. In addition, states will need to submit their budget estimates related to the new adult group, so CMS can provide funding at the appropriate levels.

Q2: Can you describe the process for providing funding for the new adult group?

A2: As states compile their budget estimates for the first calendar quarter of 2014 and for future quarters, states that will adopt the new adult group should include in those estimates the impact of the increased newly eligible FMAP rates available for the new adult group. CMS typically issues quarterly grant awards prior to the beginning of the quarter so that states can make payments to Medicaid providers during the quarter. We will issue grant awards associated with expenditures related to the new adult group once eligibility SPAs reflecting the new adult group have been approved and FMAP SPAs have been submitted.

For states that have not yet reached these milestones, CMS can quickly issue supplemental grant awards once the new adult group SPA is approved and the FMAP SPA is submitted. States expanding coverage are likely to achieve these milestones early in the quarter but, as always, SPAs do not need to be submitted until the end of the quarter to be made effective retroactive to the beginning of the quarter. CMS is working with states to secure approval of new adult group eligibility SPAs on an expedited basis, and will provide technical assistance as needed so that states can submit their FMAP SPAs in a timely manner.

After the grant award reflecting estimated new adult expenditures is issued, states will be able to draw federal funds during the quarter, in advance of submitting claims for such expenditures. Finally, as is our regular process, states can begin claiming for expenditures made during the quarter following the close of the quarter, subject to approval of all required eligibility, benefit, and FMAP SPAs. States that do not have approved SPAs can claim retroactively after approval is granted, as long as timely filing requirements are met.

States with waivers should note that, as always, waivers are prospective only – so any changes in waivers need to be submitted and approved by January 1, if a state is trying to make coverage effective on that date.

Q3: How will the grant funding process accommodate delays related to the milestones referenced above for the new adult group with respect to the SPAs or the funding requests?

A3: Typically, grant awards exclude any amounts associated with unapproved SPAs. If the eligibility SPA for a state is approved after the initial grant award to the state was issued (and which, therefore, would not have included amounts for the new adult group), the state could subsequently submit a request for additional funds at any time during the quarter once the eligibility SPA was approved. We consider the approval of the eligibility SPA for the new adult group to provide the necessary basis and authority for this grant action. However, to ensure that states demonstrate they will be able to claim federal funds properly, grant awards will also be contingent upon the submission (but not approval) of an FMAP claiming SPA. These steps will enable states to draw down federal funds during the quarter. However, states must still have all applicable SPAs (eligibility, benefits, and FMAP) approved before they claim expenditures on the CMS-64 after the quarter has closed. If they don't, they can claim retrospectively once approval is granted, as long as timely filing requirements are met. It is important to note that retroactive claiming is not possible when eligibility is triggered by a section 1115 waiver.