



CMCS Informational Bulletin

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SUBJECT: Medicaid Provisions in Recently Passed Federal Budget Legislation

This informational bulletin describes Medicaid provisions in the budget agreement, HJ.Res.59, recently passed by Congress and signed by the President on December 26th. There are several Medicaid provisions included in this agreement.

Section 202 – Medicaid Third-Party Liability

The legislation makes three changes to Medicaid third-party liability law to affirm Medicaid's position as payer of last resort. All three changes would be effective on October 1, 2014.

First, it amends section 1902(a)(25)(E) to allow a state to delay payment for prenatal and preventive pediatric care for 90 days after the date the provider initially submitted a claim to the third party payer, if the state determines doing so is cost-effective and will not adversely affect access to care.

Second, it amends section 1902(a)(25)(F) to allow a state to delay payment for 90 days for services where child support enforcement is being carried out; however, the state could continue to make payment within 30 days, if it found that to be cost-effective and necessary to ensure access to care. These amendments modified mandatory exceptions to the requirement that State Medicaid agencies reject medical claims when another entity is legally liable to pay the claim. A state should reduce expenditures, to the extent that providers are fully compensated by insurance carriers, and should also reduce administrative burden, by having fewer claims to initiate against health insurance carriers.

Third, the legislation makes changes to sections 1902(a)(25), 1912 and 1917. The changes give states the ability to recover costs from the full amount of a beneficiary's liability settlement, instead of only the portion of the settlement designated for medical expenses, and it establishes an option for states to place liens against Medicaid beneficiaries' liability settlements.

Section 1201 – Temporary Extension of the Qualifying Individual (QI) Program

The legislation extends the QI program through March 31, 2014 and allocates \$200 million for that period. The QI program helps pay Medicare Part B premiums for certain low-income beneficiaries. Congress will need to act again before March 31st to ensure funding is in place for the remainder of the year.

Section 1202 – Temporary Extension of Transitional Medical Assistance (TMA)

The legislation extends section 1925 TMA through March 31, 2014. TMA provides continued medical coverage for certain families who become ineligible for medical assistance because of increased earnings. As with the extension of QI, Congress will need to act again to continue TMA beyond March 31st.

Section 1204 – Delay of Reductions to Medicaid DSH Allotments

This section makes two changes to Medicaid Disproportionate Share Hospital (DSH) payments. First, it delays the Affordable Care Act DSH reductions for two years. As originally passed by Congress, DSH reductions were to have gone into effect on October 1, 2013; instead, the legislation delays the reductions until the beginning of FY 2016 (October 1, 2015), but doubles the reduction that would otherwise have applied in that year. In light of the changes to the DSH reduction schedule, CMS will publish updated FY 2014 DSH allotments in the Federal Register early next year. Second, the legislation creates another special rule for calculating DSH allotments in FY 2023. The language included in the legislation is the same as the language in the statute which spells out special rules for calculating the FY 2021 and FY 2022 allotments.

The full text of the legislation can be found here:

<http://beta.congress.gov/113/bills/hjres59eah3/BILLS-113hjres59eah3.pdf>