

STATE OF MINNESOTA

DEPARTMENT OF HUMAN SERVICES

In the Matter of Proposed Amendments
to Rules of the Department of Human
Services Governing Eligibility to
Participate in the Medical Assistance
Program, Minnesota Rules,
Part 9505.0115, subpart 3

STATEMENT OF NEED
AND REASONABLENESS

Medical Assistance (MA) or "Medicaid" is the program authorized under Title XIX of the Social Security Act to pay for health services for low income individuals who are under age 21, over age 65, blind, disabled, pregnant, or members of families with dependent children. Authorization for the MA program is found in Minnesota Statutes, Chapter 256B.

At the federal level, the program is administered by the Health Care Financing Administration, Department of Health and Human Services. The program implemented by the State must comply with federal regulations.

Eligibility for MA is determined through the local welfare or social service agencies under the supervision of the Minnesota Department of Human Services.

Minnesota Statutes, section 256B.04, subdivisions 1 to 4 specify the duties of the Commissioner of Human Services as the state agency required to supervise administration of the medical assistance program by the county agencies, to make uniform rules and regulations which shall be binding on the counties and to cooperate with the federal government to qualify for federal financial participation in the MA program.

Minnesota Rules, parts 9505.0010 to 9505.0150 establish the statewide standards to determine an applicant's eligibility and a recipient's continued eligibility to participate in the medical assistance program. Eligibility determination includes an examination of the applicant's or recipient's income and assets. These rules became effective January 1, 1987.

Part 9505.0115 REDETERMINATION OF ELIGIBILITY

This part specifies the circumstances in which an applicant or recipient must report a change in a factor used to determine the applicant's or recipient's eligibility, (eligibility factor), and the times when a local agency is required to perform periodic redeterminations of the recipient's eligibility.

The proposed amendment of subpart 3 changes the frequency of the periodic redetermination which the local agency must carry out from quarterly to semi-annually.

42 CFR 435 916 and 45 CFR 206.10 (a) (9) (1) and (11) require a redetermination of eligibility when a person's eligibility is affected by a change in financial or other matters which affect eligibility. The two-month limit for action on the change is reasonable because federal quality control policies define actions taken beyond this time as an "error" (see State

Medicaid Manual, part 7, 7257). Under 42 CFR 431.804, Minnesota may incur fiscal penalties because of such errors. Requiring a semi-annual review by the local agency if a person's assets are within \$300 of the assets limitations is consistent with federal regulation and court decision. 42 CFR 435.916 (a)(2)(b) requires the state agency (the department) to have procedures to ensure recipients report changes and thus a means to define the need for a special redetermination of eligibility. The necessity of a special redetermination (the semi-annual review) was established in Levine vs Heckler, Eighth Circuit Court of Appeals which upheld the federal government's disapproval of Minnesota's practice of permitting a recipient 15 days after notification to reduce assets. Thus it is reasonable to review resources before ineligibility exists because the effort will enable recipients to take action when necessary to retain their medical assistance eligibility. Review when resources are within \$300 of the limit is reasonable because it provides a balance between unduly burdening recipients and local agencies and the need for complying with federal requirements. The proposed change from a quarterly review to a semi-annual review is reasonable because although assets continue to be a high error element in quality control reviews according to an analysis of the department's Quality Control (QC) error data, requiring a quarterly review places an administrative burden on the counties that is not compensated by the MA payments saved. See the accompanying fiscal note which compares the estimated payments made in error to the administrative costs saved if the reviews are changed from quarterly to semi-annually. The accompanying fiscal note also reports that the FY 1988 QC review found 7 asset errors related to a build-up of assets in excess of the limit of \$300 in 1186 cases sampled. The projected error incidence rate is 0.6%.

December 26 , 1989

Julie Brunner

for ANN WYNIA, Commissioner

Department of Human Services