

DSS-4357EL

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**DIVISION:** Office of Medicaid Management

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**GIS 01 MA/039**

**TO:** Local Commissioners, Medicaid Directors

**FROM:** Betty Rice, Director

Division of Consumer and Local District Relations

**SUBJECT:** Medicaid Implications of the Department of Veterans Affairs  
and Railroad Retirement Board Benefits Adjustments

**EFFECTIVE DATE:** Immediately

**CONTACT PERSON:** Bureau of Local District Support  
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This is to inform social services districts how the Medicaid program will treat benefit adjustments made by the Department of Veterans Affairs (VA) and the Railroad Retirement Board due to the Consumer Price Index (CPI) error for calendar year 1999.

On August 2, 2001, GIS message 01 MA/028 advised districts of an error in the computation of the CPI for calendar year 1999. Many recipients of Supplemental Security Income (SSI) and Social Security received a lump sum payment to make up for the shortfall in benefits that was caused by the CPI error. Districts were advised that such lump sum payments were excluded as income.

Since other federal agencies, such as the VA and the Railroad Retirement Board, use the CPI to calculate annual cost of living adjustments in benefit levels, recipients of benefits under these federally administered programs will also receive lump sum payments to make up for the shortfall in benefits they received. These one-time only lump sum payments are to be excluded from income. Lump sum VA benefits are counted as resources if retained beyond the month of receipt. For SSI-related applicants/recipients, any portion of a lump sum Railroad Retirement benefit that is retained beyond the month of receipt is exempt as a resource for six months following the month of receipt.

Any increase in regular monthly benefits should be budgeted when districts are notified of the change or at Medicaid recertification, whichever comes first.