

TO: Local District Commissioners, Medicaid Directors

FROM: Judith Arnold, Director
Division of Coverage and Enrollment

SUBJECT: 2009 Federal Poverty Levels, Treatment of the 5.8% Cost of Living Adjustment (COLA) for Medicare Savings Program (MSP)

EFFECTIVE DATE: February 1, 2009

CONTACT PERSON: Local District Liaison
Upstate (518)474-8887 NYC (212)417-4500

This is to inform local departments of social services of the 2009 Federal Poverty Levels (FPLs) which were published in the Federal Register on January 23, 2009. The revised FPLs reflect a 3.8% increase from 2008 levels. Also addressed is the treatment of the 5.8% cost of living adjustment (COLA) for the Medicare Savings Program (MSP).

The new FPLs are effective for cases with budget "From" dates of February 1, 2009 or later. The revised figures will be available on MBL effective February 19, 2009 in NYC and February 23, 2009, upstate. For all new and pending applications or renewals, effective 2/1/09, income may be compared to the revised FPLs. Budgets must be compared manually prior to changes being available on MBL. A chart with the new FPLs is attached to this GIS.

Those individuals whose eligibility may be affected are:

Children under 19 Pregnant Women/Infants
Family Health Plus applicants and recipients
Medicaid Buy-In for Working People with Disabilities Medicare Savings Programs: (QMB, SLIMB, QI-1, QDWI)
Qualified COBRA Continuation Beneficiaries AIDS Health Insurance Program (AHIP)
Family Planning Benefit Program
Transitional Medical Assistance

Note: The Medicaid income standards, the Medically Needy income levels and the resource standards, which were effective January 1, 2009, remain the same as described in GIS 08 MA/035 and previously programmed in MBL.

Phase II of mass rebudgeting which was referenced in GIS 08 MA/035, and is effective on MBL February 19, 2009 in NYC and February 23, 2009 upstate, will occur as follows:

Phase II - Update of Federal Poverty Levels and MRB of Community Cases with Social Security Benefits (available for use February 19, 2009 in NYC and February 23, 2009 upstate)

Effective February 1, 2009 mass rebudgeting (MRB) of all the non-chronic care cases (budget types 01, 02, 04-06) will be performed using:

- new FPLs
- January 1, 2009 Medicaid standard (S-CC, LIF)
- January 1, 2009 Medically Needy level
- 5.8% COLA for remaining cases with Social Security income (MRB Phase I only rebudgeted chronic care cases with Social Security income)

Note: Phase II will not include Budget Types 08, 09, and 10. However effective February 1, 2009 social services districts must use \$1,822 to calculate a family member allowance (FMA). The maximum FMA is \$608. Spousal impoverishment cases that involve a FMA and are active on or after February 1, 2009 must be (re)computed using the new FMA formula.

Upstate MBL Exception Reports

- a) Upstate districts will be provided for manual review an exception report of cases with a MBL budget effective "From" date equal to or greater than January 1, 2009.
- b) Upstate districts will also be provided for manual review an exception report of cases with a MBL budget effective "From" date equal to or greater than January 1, 2009 and an EEC and/or BUY-IN field that is filled, not blank.

Further instructions will follow in the forthcoming MBL transmittals.

Medicare Savings Program

Federal regulations state that the COLA cannot be used in budgeting MSP cases until the FPLs are released. Therefore, if the MBL budget effective "From" date is January 1, 2009, the 5.8% COLA increase is to be disregarded in the budget for the month of January only and the 2008 FPL is to be used. The 2009 FPLs and the 5.8% COLA increase are to be used in calculating MSP eligibility effective 2/1/2009.

MSP Only Cases

For new applications or for renewals with a budget "From" date of January 1, 2009, the 5.8 % COLA increase is to be disregarded. The FPLs for 2008 are to be used for budgets in the month in January. In order to disregard the 5.8% COLA increase, the amount can be calculated by dividing the 2009 monthly Social Security income amount by 1.058.

For example, if the 2009 monthly Social Security income amount is \$741, the amount to be used in the budget may be calculated as follows:

\$741 divided by 1.058 = \$700. Therefore, the monthly Social Security amount to be used in the budget would be \$700.

For budgets with a "From" date of February 1, 2009 or later, the 2009 COLA increase and the 2009 FPLs are to be used in calculating MSP eligibility for both new applications and renewals.

Medicaid/MSP Cases

For individuals applying or renewing in January 2009, who are eligible for both Medicaid and MSP, the MSP budget calculation must also disregard the COLA increase. Therefore it may be necessary to perform a budget calculation for Medicaid including the COLA increase and a separate MSP budget disregarding the COLA increase in the January budget.

Review of Exception Reports for MSP

Districts must review these cases to make sure both that the COLA increase has been disregarded and the 2008 FPLs have been used to determine eligibility for the month of January 2009. Districts must also review the list to ensure that the 2009 COLA increase and 2009 FPLs are used for budget calculations effective 2/1/09 or later. Cases that have already been budgeted may need to be re-calculated according to the instructions in this GIS, as eligibility may be affected. Proper notices must be sent.