

On June 28, 1999, the Health Care Financing Administration sent a letter to the Missouri Department of Social Services which discusses requirements for due process notices following eligibility determinations. Because the facts described in the letter occur in other states, a complete copy of it is attached. The letter is summarized below:

info	Facts:	The applicant completes a combined application for Medicaid, Me
Issue:		Has there been a Medicaid denial which requires a due process notice?
Answer:		Yes. "Although the child and family may not fully understand the distinction,

Funded by the Center for Health Care Strategies, the National Health Law Program's Medicaid/CHIP Due Process and Complaint Project monitors due process in the states. Please send questions/comments/information to [Jane Perkins](#) or [Kristi Olson](#), NHeLP, Chapel Hill.

DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration
Center for Medicaid and State Operations
7500 Security Boulevard
Baltimore, MD 21244-1850

June 28, 1999

Mr. Greg Vadner
Director
Missouri Department of Social Services
Division of Medical Services

P.O. Box 6500

Jefferson City, Missouri 65102-6500

Dear Mr. Vadner:

Thank you for your April 8 letter concerning the notice requirements when an eligibility determination is made on an application for enrollment in the Missouri Managed Care Plus (MC+). We understand that the application you shared with us is used whenever a person applies for enrollment in any of the State's Medicaid programs—the Title XIX categorically eligible Medicaid program which is currently operating as a Section 1915(b) waiver program, the Section 1115 Medicaid demonstration project, and the Medicaid expansion funded at the enhanced federal matching rate set forth in the Title XXI Children's Health Insurance Program (CHIP).

Under applicable regulations at 42 C.F.R. 431.206, when a State takes action on an application for Medicaid, under any of the State Medicaid programs, an applicant for Medicaid is required to be informed of the determination made, the reasons for the determination, and the right to a hearing if the applicant wishes (including the procedures to access that right). That notice is clearly required when an application is denied for enrollment in any of the State Medicaid programs. That notice is also required when an application is evaluated for more than one of the State Medicaid programs, and is granted for a program that contains an additional restriction or limitation on medical assistance (including an additional beneficiary responsibility) compared to the other Medicaid programs.

In particular, we note that the Social Security Act requires that optional targeted low income children, who may be enrolled in the Medicaid expansion linked to title XXI, be screened for Medicaid eligibility under the standards in place as of March 31, 1997. Children found Medicaid eligible under the categorically needy criteria through the screening process are not eligible as optional targeted low income children in the Medicaid Title XXI expansion, but may elect to enroll in the State's categorically needy Medicaid programs. Also, those children not found eligible for Medicaid under the categorically needy criteria but who are eligible for Medicaid as a result of Title XXI, should receive notification of their ineligibility for categorically needy Medicaid.

The effect of the screening process is that the child is being evaluated for both expansion and non-expansion Medicaid eligibility groups—the application for the expansion group requires evaluation for the non-expansion or categorically needy groups. Although the child and family may not fully understand the distinction, there is a significant difference in the benefit package. The Medicaid expansion groups fall under the terms of the demonstration project and are not entitled to the full coverage package for non-expansion Medicaid groups and may be subject to cost-sharing. Therefore, a child who has been evaluated for, and denied enrollment, in the non-expansion population must be informed, in accordance with 42 C.F.R. 431.206, of the reason for the denial and the right to appeal the denial. These Medicaid requirements are applicable even when the child has been found eligible for, and has been enrolled in, the Medicaid Title XXI expansion.

We realize that this issue is not solely a Missouri one and we are currently in the process of ascertaining its prevalence. We anticipate issuing further guidance on this subject in the future. In the meantime, States must comply with current Medicaid regulations that require notices of adverse eligibility determinations, including denial of Medicaid non-expansion eligibility, the reasons for the denial, and notice of the opportunity to appeal the determination.

If you have any questions, please feel free to call me at (410) 786-0707.

Sincerely,

Nancy Goetschius
Project Officer

cc: Judith Flynn, KCRO