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HHS finalizes rule guaranteeing 100 percent funding for new Medicaid beneficiaries

Health and Human Services (HHS) Secretary Kathleen Sebelius today announced a final rule with a request for comments that provides, effective January 1, 2014, the federal government will pay 100 percent of the cost of certain newly eligible adult Medicaid beneficiaries. These payments will be in effect through 2016, phasing down to a permanent 90 percent matching rate by 2020. The Affordable Care Act authorizes states to expand Medicaid to adult Americans under age 65 with income of up to 133 percent of the federal poverty level (approximately \$15,000 for a single adult in 2012) and provides unprecedented federal funding for these states.

“This is a great deal for states and great news for Americans,” HHS Secretary Kathleen Sebelius said. “Thanks to the Affordable Care Act, more Americans will have access to health coverage and the federal government will cover a vast majority of the cost. Treating people who don’t have insurance coverage raises health care costs for hospitals, people with insurance, and state budgets.”

Today’s final rule provides important information to states that expand Medicaid. It describes the simple and accurate method states will use to claim the matching rate that is available for Medicaid expenditures of individuals with incomes up to 133 percent of poverty and who are defined as “newly eligible” and are enrolled in the new eligibility group. The system is set up to make eligibility determinations as simple and accurate as possible for state programs.

Under the Affordable Care Act, states that cover the new adult group in Medicaid will have 100 percent of the costs of newly eligible Americans paid for by the federal government in 2014, 2015, and 2016. The federal government’s contribution is then phased-down gradually to 90 percent by 2020, and remains there permanently. For states that had coverage expansions in effect prior to enactment of the Affordable Care Act, the rule also provides information about the availability of an increased FMAP for certain adults who are not newly eligible.

The rule builds on several years of work that HHS has done to support and provide flexibility to states’ Medicaid programs ahead of the 2014 expansion, including:

- 90 percent matching rate for states to improve eligibility and enrollment systems;
- More resources and flexibility for states to test innovative ways of delivering care through Medicaid;
- More collaboration with states on audits that track down fraud

For more information on the improvements made to Medicaid, please visit:

http://www.medicaid.gov/State-Resource-Center/Events-and-Announcements/Downloads/MMF_Jan-Dec-2012_FINAL.PDF

For the full text of today’s final rule, please go to <http://www.ofr.gov/inspection.aspx>