



Centers for Medicare & Medicaid Services: Extension of the Qualified Individual (QI) Program

A. Funding Table

(Dollars in Millions)

Project/Activity	Program Level	FY 2009	FY 2010 – FY 2019
Extension of the QI Program	\$563.0	\$0.0	\$563.0

B. Objectives

The purpose of the funds is to extend the Qualified Individuals (QI) program. The QI program pays the Medicare Part B premiums of low-income Medicare beneficiaries with incomes between 120 and 135 percent of the Federal poverty level. States receive 100 percent Federal funding for the QI program. The Recovery Act provided funding through a normal extension of the QI program from its previous expiration of January 1, 2010 for twelve months to December 31, 2010. CMS estimates a total of \$562.5 million will be needed by the States for this 12 month period.

This provision is the continuation of the historical practice of handling the QI program. The program is routinely continued, under the authorization of Congress, for certain time-limited periods. Congress periodically extends the program when necessary. The most recent Congressional action with respect to the QI program was through the Medicare Improvements for Patients and Providers Act of 2008 (P.L. 110–275) and the QI Supplemental Funding Act of 2008 (P.L. 110-379).

C. Activities

The regular actions taken for all QI extensions apply to this funding. Notice of State allotments are published in the Federal Register. As part of this process, CMS works with States to understand what each States' projected funding needs for the QI program will be. CMS then bases the individual State allotments on this information.

D. Characteristics

The States are notified of their QI allotments through the Federal Register Process. CMS also solicits relevant expenditure information from States in order to properly determine the actual allotments. In 1997, the Medicaid statute was amended to require States to provide for Medicaid payment of the Medicare Part B premiums for two additional eligibility groups of low-income Medicare beneficiaries, referred to as QIs; however, since 2002, only one eligibility group has been continued. The statute limits the total amount of Federal funds available for payment of part B premiums for QIs each fiscal year and specifies the formula that is to be used to determine an allotment for each State from this total amount. The Federal medical assistance percentage for Medicaid payment of Medicare Part B premiums for QIs, is 100 percent for expenditures up to the amount of the State's allotment.



States receive the available Federal funding for payment of these premiums through the regular Medicaid grant award process.

E. Delivery Schedule

This funding available to States is applicable for the period January 1, 2010 through December 31, 2010. CMS will announce the State FY 2010 QI allotments through its regular Federal Register QI notice and actual funds will be made available to States through the regular quarterly grant award process. There are no special Recovery Act-only requirements for this funding; the program was extended in the typical fashion without any new or additional features.

F. Environmental Review Compliance

This provision does not require 1609(c) certification.

G. Measures

Measure: Maintain the QI program.

CMS will report the number of individuals who receive QI benefits. The report will be made quarterly and the 2009 enrollment will be used as the baseline number.

H. Monitoring and Evaluation

All Recovery Act programs will be assessed for risk and to ensure that appropriate internal controls are in place throughout the entire funding cycle. These assessments will be done consistent with the statutory requirements of the Federal Manager's Financial Integrity Act and the Improper Payments Information Act, as well as OMB's circular A-123 "Management's Responsibility for Internal Control."

States' expenditures will be monitored on a quarterly basis by both States and CMS. In accordance with the guidelines established by OMB, any funding to States related to continuation of the QI allotments will be issued in a separate account specifically designated by the Treasury for the Recovery funds and the States will have to draw these funds from that separate account. The handling of these grant awards will follow the processes CMS has established for issuance of regular Medicaid grant awards as well as reconciliation at the end of the quarter to actual expenditures. These processes are well documented in the Medicaid Cycle memo which documents the processes as well as details internal controls in place to mitigate risk.

CMS will continue to use its existing internal control infrastructure to implement these provisions, i.e., CMS will examine actual expenditures claimed for appropriateness within the Medicaid program requirements and will monitor State compliance with statutory requirements. To the extent CMS finds expenditures that are not allowable or in excess of the State's specific allotment, CMS will initiate recovery of any unallowable funds. In addition, CMS will work on an ongoing basis with the Office of Inspector General (OIG) to coordinate oversight and audit activity.



I. Transparency

CMS will be open and transparent in all of its grant making activities that involve spending of Recovery Act funding consistent with statutory and OMB guidance. The actual QI allotments for January 1, 2010 through December 31, 2010 will be published through a Federal Register notice, in accordance with its regular process. The actual amounts of funding made available to States as a result of the increased DSH allotments is also available on www.hhs.gov/recovery/.

Finally, States must report to CMS on a quarterly basis their Medicaid expenditures, including expenditures related to QI payments (note that QI is funded separately from the Medicaid program as a whole). In accordance with the guidelines established by OMB, any funding to States related to the QI allotment will be issued in a separate account specifically designated by the Treasury for the Recovery Act funds and the States will have to draw these funds from that separate account.

J. Accountability

To ensure that managers are held to high standards of accountability in achieving program goals under the Recovery Act, CMS will build on and strengthen existing processes. Senior CMS Center for Medicaid and State Operations officials will meet regularly with senior Department officials to ensure that projects are meeting their program goals, assessing and mitigating risks, ensuring transparency, and incorporating corrective actions. The personnel performance appraisal system will also incorporate Recovery Act program stewardship responsibilities for program and business function managers. Although the specific factors for managers' plans have not been developed, they will include responsibility for statutorily- required Recovery Act activities.

In addition, CMS will utilize its existing financial management oversight mechanisms to require the return of any Federal funds to which a State was not entitled. Such mechanisms include the disallowance of expenditures funded under the QI allotment. This disallowance action would involve formal notice to the State as well as provide the State an opportunity for a hearing to the Departmental Appeals Board.

K. Barriers to Effective Implementation

No barriers were identified. The Recovery Act included a normal continuation of the QI allotments and the processes of allotting and disbursing the funds is the same. Congress authorizes the allotments for a set period of time and then periodically extends the applicable periods.

L. Federal Infrastructure

Not applicable.