

**U.S. House and Senate Notification**  
**Monday, June 21, 2010**

**To:** Congressional Health Staff

**From:** Amy Hall  
Director, Office of Legislation  
Centers for Medicare & Medicaid Services

**Re:** CMS Releases Three State Medicaid Director Letters to Provide  
Guidance on Medicaid Program Operations and Financing

Today the Centers for Medicare & Medicaid Services (CMS) released three letters to State Medicaid Directors that provide clarification and guidance on Medicaid program operations and financing for State Medicaid agencies:

- **Political Subdivisions.** The first letter provides clarification regarding the provision known as the “political subdivision” requirement in section 5001(g)(2) of the American Recovery and Reinvestment Act of 2009 (Recovery Act). This provision was further clarified under section 10201(c)(6) of the Affordable Care Act to establish the circumstances under which a State that requires political subdivisions within the State to contribute toward the non-Federal share of expenditures under the State Medicaid plan would and would not be eligible for an increase in its Federal Medical Assistance Percentage (FMAP). Initial guidance was provided in 2009 and today’s letter provides additional information about how States may demonstrate compliance with the political subdivision requirement and further clarifies CMS policy in this area.
- **PARIS.** The second letter provides information about the Public Assistance Reporting Information System (PARIS) and the provision in the Qualifying Individual (QI) Program Supplemental Funding Act of 2008 that requires States to have eligibility determination systems that provide for data matching through the Public Assistance Reporting Information System (PARIS) project or any successor system. PARIS is a system for matching data from certain public assistance programs, including State Medicaid programs, with selected Federal and State data for purposes of facilitating appropriate enrollment and retention in public programs.
- **Third Party Liability.** The third letter provides further guidance regarding Medicaid Third Party Liability (TPL). The Deficit Reduction Act of 2005 provided additional tools to strengthen States’ ability to identify and collect payments from liable third parties before absorbing the costs into Medicaid. This letter specifically addresses the DRA requirement that the Secretary of HHS specify a manner in which State Medicaid agencies and health plans can exchange eligibility and coverage data. The guidance announces transmission formats for sharing eligibility and benefit information between the State, or its agent, and health plans. These recommended

formats will serve as a tool to enable States to comply with the DRA data exchange requirements as well as minimize administrative cost and burden on States and plans. The letter also includes a set of questions and answers to further elucidate CMS's policy regarding TPL. The questions and answers supplement the guidance provided in December 2006, which can be accessed at: <http://www.cms.hhs.gov/SMDL/SMD/>.

The three letters to the State Medicaid Directors can be viewed at <http://www.cms.hhs.gov/SMDL/SMD/>.

If you have questions about this notification, please contact the CMS Office of Legislation.

Thank you.