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**HHS issues additional information to States about Medicaid eligibility
under the Affordable Care Act**
New guidance on maintenance of effort provides more flexibility to States

U.S. Department of Health and Human Services Secretary Kathleen Sebelius today issued a new letter and a frequently asked questions (FAQ) document that explain Medicaid and Children's Health Insurance Program (CHIP) provisions in the Affordable Care Act in ways that afford greater flexibility to States. The new guidance clarifies aspects of the maintenance of effort (MOE) rules for Medicaid and CHIP. Further guidance will follow.

The Medicaid MOE provision in the Affordable Care Act generally ensures that States' eligibility rules for adults under the Medicaid program remain in place pending implementation of eligibility rules changes that become effective in January 2014. The MOE provision for children extends to 2019.

The letter and supporting FAQ document address three aspects of the MOE provisions:

- The MOE exemption for higher-income adult populations in States that are experiencing budget deficits. Under the Affordable Care Act, if a State has or projects a budget deficit, the MOE provision does not apply to adults who are not eligible for coverage on the basis of pregnancy or disability and whose incomes are above 133 percent of the Federal poverty level. The FAQ document explains State options and how States can seek this exemption.
- The implication of the MOE provision on Section 1115 demonstration projects. Some States cover groups of people under Medicaid through a Section 1115 demonstration. As explained in the FAQ document, the MOE provision generally applies to these waivers and demonstrations. However, waivers and demonstration are, by their terms, time limited. The guidance clarifies that the MOE provision does not require States to seek a new or renewed waiver after the expiration of their waiver or demonstration.

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- How premiums are treated under the MOE requirements. Because premiums and premium increases have an impact on eligibility, previous guidance under the Recovery Act explained that new or increased premiums were considered to be a violation of the Recovery Act MOE requirement. Because the period during which the Affordable Care Act MOE provisions apply is considerably longer than the MOE period under the Recovery Act, this new guidance offers States additional flexibility relating to premiums and the MOE requirements under the Affordable Care Act. This will help a number of States that have been requesting the ability to adjust premiums for populations such as children in CHIP with family incomes above 150 percent of the Federal poverty line.

“Ensuring that our most vulnerable populations continue to receive Medicaid coverage during these difficult times requires as much flexibility as possible,” said Secretary Sebelius. “We will continue to review the maintenance of effort provisions under the Affordable Care Act and will issue further guidance to States, as needed.”

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