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INDIANA FAMILY AND SOCIAL SERVICES ADMINISTRATION Notice of Changes in Medicaid Transfer Penalty Provisions

Effective July 1, 2003, the Indiana Family and Social Services Administration (FSSA) Program Policy Manual for Cash Assistance, Food Stamps, and Health Coverage will be revised to reflect changes in the way FSSA calculates the Medicaid penalty for the transfer of assets for less than fair market value. The following revisions will be made:

(1) For transfers of income-producing real property on and after July 1, 2003, \$6,000 of the equity value can be transferred without penalty if the property produces at least \$360 a year in income. If a transfer is otherwise violative for real property that produces at least \$360 per year in income, the uncompensated value is the equity over \$6,000. If the property does not produce at least \$360 per year in income, the entire equity is the uncompensated value. This change is consistent with federal law (42 U.S.C. 1396p(c), which specifies that the transfer penalty applies to resources that are considered non-exempt by the Supplemental Security Income (SSI) program. The SSI program exempts \$6,000 of the value of income-producing property, if the property produces annual income that equals or exceeds 6% of the value of the property. In addition to the penalty for transferring the property, a penalty will also be imposed for the transfer of the income that the individual would have received if the property had not been transferred, as required by 405 IAC 2-3-1.1.

(2) Effective July 1, 2003, expenses for nursing home services that are incurred during a transfer penalty period will not be considered as allowable medical expenses in an individual's eligibility determination or in calculating an individual's nursing home liability in the post-eligibility calculation for transfer penalties that have ended.

(3) For transfers of assets for less than fair market value on and after July 1, 2003, the penalty period will begin in the month following the transfer, instead of the month of the transfer.

(4) Certain multiple transfers that take place on and after July 1, 2003, will be added together in calculating the penalty period. For multiple transfers that occur in consecutive months, the total cumulative value of the transfers will be considered one transfer for purposes of calculating the penalty. The penalty period will begin in the month following the last transfer.

The FSSA Program Policy Manual for Cash Assistance, Food Stamps, and Health Coverage is available online at <http://www.in.gov/fssa/families/manual.html>. The manual can be viewed at the local offices of the Division of Family and Children, or can be purchased by contacting the Bureau of Family Resources, Division of Family and Children at 317/232-4923.

OFFICE OF THE SECRETARY OF FAMILY AND SOCIAL SERVICES

On May 28, 2002, the Marion Superior Court Order in Cause No. 49D05-0109-CP-1480 enjoining the Family and Social Services Administration from implementing LSA Document #01-22(F), published at 25 IR 60, was reversed by the Indiana Supreme Court in *Indiana Family and Social Services Administration et al. v. Walgreen Co.*, 769 N.E. 2d 158. The purpose of this notice is to update the history line and remove reference to this injunction, which is no longer in effect, from 405 IAC 5-24-4 and 405 IAC 5-24-6 (LSA Document #01-372), published at 25 IR 2726.

OFFICE OF THE SECRETARY OF FAMILY AND SOCIAL SERVICES OFFICE OF MEDICAID POLICY AND PLANNING

PUBLIC NOTICE REGARDING CHANGES IN STATEWIDE METHODS AND STANDARDS FOR SETTING PAYMENT RATES FOR MEDICAL SCHOOL FACULTY PHYSICIANS

In accordance with the public notice requirements established at 42 CFR 447.205, the Indiana Family and Social Services Administration, Office of Medicaid Policy and Planning (OMPP), gives notice of changes to the methods and standards governing Medicaid reimbursement methodology for services provided by medical school faculty physicians.

The OMPP may adjust the RBRVS fee schedule as necessary to make Physician Faculty Access to Care Adjustments ("supplemental payments") for services provided by medical school faculty physicians to Medicaid recipients in order to maintain adequate access to primary and specialty physician services as required by 42 CFR 447.204. The office may make supplemental payments as follows: (1) subject to 42 CFR 447.10, supplemental payments will be made for services provided by full-time medical school faculty physicians, and (2) the supplemental payments will be made on a quarterly basis in an amount which when combined with other payments under the plan does not exceed the faculty physicians' usual and customary charges.

This payment methodology is expected to result in Medicaid program expenditures (both state and federal dollars) of approximately \$39 million per state fiscal year.

Copies of the proposed state plan amendment and this public notice will be on file beginning June 1, 2003, and open for public inspection by contacting the Director of the local office of the Division of Family and Children, except in Marion County. The

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inspection material will be maintained for viewing in Marion County at the Office of Medicaid Policy and Planning, 402 West Washington Street, Room W382, and will be available from 8:30 a.m. to 4:30 p.m., Monday through Friday. Written comments from any source regarding these changes should be sent to the Office of Medicaid Policy and Planning, 402 West Washington Street, Room W382, Indianapolis, IN 46204 to the attention of Pat Nolting. Written comments received will also be available for public review.

John Hamilton
Office of Family and Social Services
