

**TO:** Local District Commissioners; Medicaid Directors

**FROM:** Linda LeClair, Division of Consumer and Local District Relations

**SUBJECT:** Reimbursement of Health Insurance Premiums

**EFFECTIVE DATE:** Immediately

**CONTACT PERSON:** Local District Support Liaison:  
Upstate (518) 474-8887 NYC (212) 417-4500

The purpose of this message is to provide local departments of social services (LDSS) with clarification on the reimbursement of cost-effective health insurance premiums.

Payment of health insurance premiums is allowed as a deduction from income for all categories, with the exception of single individual and childless couples. As specified in GIS02 MA/019, if a recipient pays health insurance premiums from income and such payment together with other applicable income disregards reduces the individual's net available monthly income below the appropriate income eligibility standard, the local social services district must pay or reimburse the recipient for the cost effective health insurance premium. The payment/reimbursement of the health insurance premium cannot exceed the difference between the individual's net income and the appropriate income eligibility standard. It has become evident that the term "appropriate income eligibility standard" must be clarified.

This GIS message explains that reimbursement or partial reimbursement of a health insurance premium can be made up to the medically needy income level or the appropriate expanded income level. For example, if the expanded Medicaid level for a 10 year old child (100% FPL) is \$817, and the net monthly income after applicable disregards (including \$300 health insurance premium) is \$600, then the amount that can be reimbursed is the difference of \$217.

WMS/CNS Coordinator letter dated October 5, 2006 introduces new client notices for use in instances when you have accepted, denied, or discontinued the payment of cost effective health insurance premiums. A request for a fair hearing may be made in instances where payment of a health insurance premium is being denied. A request for a fair hearing with aid continuing may be made when payment of a health insurance premium is being discontinued.

Districts are also reminded that the implementation of Medicare Part D may change the cost effectiveness of paying premiums, depending on the type of policy and the applicant/recipient's (A/R's) situation. For example some A/Rs may be covered by a health insurance policy and also be enrolled in a Medicare Part D Prescription Plan. If a review of insurance benefit statements of previous usage indicates that the policy was used primarily for prescription drug coverage, it is possible that paying the premium for the A/R may be no longer cost effective.