

NEW YORK STATE

DEPARTMENT OF SOCIAL SERVICES

40 NORTH PEARL STREET, ALBANY, NEW YORK 12243-0001



SAR A. PERALES
Commissioner

INFORMATIONAL LETTER

TRANSMITTAL NO: 88 INF-56

TO: **Commissioner of Social Services**

DIVISION: **Operations**

SUBJECT: **Health Insurance Premium Payments**

DATE: **August 22, 1988**

SUGGESTED DISTRIBUTION:
**Third Party Resources Staff
Medical Assistance Staff
Income Maintenance Staff
Staff Development Coordinators**

CONTACT PERSON: **Susan Farrell, Third Party Resources, Division of Operations at (800) 342-3715, extension 3-5157 or your Medical Assistance Representative, extension 3-7581.**

The purpose of this release is to clarify and emphasize procedures for payment of health insurance premiums or allowance of these premiums as a deduction to income after a cost benefit determination has been made.

Passage of Chapter 317 of the Laws of 1981 amending 367-a allowed for payment of health insurance premiums on behalf of ADC, HR, SSI, and MA only recipients.

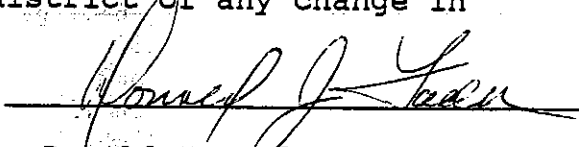
FILING REFERENCES

Previous ADMs/INFs	Releases Cancelled	Department Regs.	Social Services Law and Other Legal References	Manual References	Miscellaneous Reference
87 ADM-40		352.12(c)	L.1981 C.317		
82 ADM-20		352.19	L.1981 C.318		
82 ADM-48		360.1(g)	L.1981 C.319		
		360.5(b)(2)(iii)			
		360.5(b)(3)(ix)	SSL 131-p		
		360.5(b)(4)(i)	SSL 366(4)(i)		
		360.17(c)	SSL 367-a(i) & (2)(a)		

DSS-329 (Rev. 6/87)

Since that time each LDSS has been instructed in procedures for determining cost effectiveness of these payments. Recent questions have been raised regarding the use of health insurance premium costs as a budget deduction for eligibility when the insurance has been determined not to be cost effective.

1. The cost of health insurance premiums including Medicare are allowed as a deduction to earned or unearned income in all FP MA only situations where the client's income exceeds the allowable income standards.
 - If an ADC or SSI related MA only A/R pays for private health insurance and the client's net available income before health insurance payment is below the MA level, the district must determine the cost effectiveness of continuing the payment. The district must only continue coverage through payment of the premiums if the policy is found to be cost effective.
 - If an ADC or SSI related MA only A/R pays health insurance premiums from income and such payment reduces net income below the MA level, the district may offer to pay the cost of the premium if payment is cost effective.
 - If it is determined not to be cost effective for the district to pay the policy premiums, the district should notify the A/R of its decision.
2. If the payment of health insurance premiums for an individual who is MA-only HR related brings the earned income disregard above \$75, the district will determine the cost effectiveness of paying the premium for the A/R. The district must offer to pay the health insurance premiums in such cases where it is cost effective.
3. The district must offer to pay the health insurance premium on behalf of all MA, ADC and HR/cash assistance clients whenever the health insurance is determined to be cost effective and the client's allowable net income is at or below the allowable income standards.
4. The client must obtain and maintain health insurance, as a condition of eligibility or continued eligibility when it is determined that participation is cost effective. S/he must also advise the local district of any change in participation.


Donald J. Faden
Deputy Commissioner
for Operations