



MEDICAID UNWINDING UPDATE

State Health Official Letter Provides Further Guidance on the Medicaid Continuous Enrollment Changes, Conditions for Receiving the Temporary FMAP Increase, Reporting Requirements, and Enforcement Provisions

The Centers for Medicare and Medicaid Services (CMS) released a [State Health Official \(SHO\) letter](#) outlining **new requirements that impact state activities for Medicaid and Children’s Health Insurance Program (CHIP) programs** as the COVID-19 public health emergency (PHE) unwinds. It addresses changes to conditions states must meet to continue to receive increased federal medical assistance percentage (FMAP), as well as reporting requirements and a new enforcement authority for CMS to ensure state compliance. This is just one more installment of guidance we can expect from as the COVID-related policies unwind.¹

The SHO letter discusses the changes implemented by section 5131, which:

- (1) **Separates the end of the continuous enrollment requirement from the end of the PHE.**² The continuous enrollment requirement ends on March 31, 2023, enabling states to terminate coverage for individuals deemed ineligible;
- (2) Amends the requisite conditions for states to claim the temporary FMAP increase, beginning on April 1, 2023 and gradually phasing down the increase until it zeros-out on December 31, 2023;
- (3) Adds new reporting requirements for all states; and
- (4) Creates new enforcement authorities for CMS related to new reporting requirements and state renewal activities.³

➤ **Changes to the Continuous Enrollment Requirement:**

The continuous enrollment requirement was originally linked to the PHE. However, this has now been undone, with the PHE set to end May 11, 2023 and continuous enrollment ending March 31, 2023. This means:

- States claiming the temporary FMAP increase will no longer be required to maintain the enrollment of Medicaid beneficiaries for whom the state completes a renewal that determines they are no longer eligible.

¹ See NIHB’s one-pager on the [CMS informational bulletin \(CIB\)](#) on the unwinding of the Medicaid continuous enrollment requirement.

² On February 9, 2023, the U.S. Department of Health and Human Services (HHS) Secretary, Xavier Becerra, announced via a [Dear Governors Letter](#) that the COVID-19 PHE declaration will end on May 11, 2023.

³ Section 5131 of subtitle D of title V of division FF of the Consolidated Appropriations Act (CAA), 2023.

- States may begin processing renewals and eligibility determinations as early as February 1, 2023.
- States terminate those deemed ineligible as early as April 1, 2023.
- States must *initiate* renewals for all enrolled individuals within 12 months of the beginning of the state's unwinding period and must *complete* these renewals within 14 months.

➤ **Changes to state requirements to receive temporarily increased FMAP:**

Section 5131 establishes new conditions for states to claim the temporary FMAP increase through the end of 2023. States must:

- Continue to provide coverage, without cost sharing, for any testing services and treatments for COVID-19, including vaccines, equipment, and therapies.⁴
- Conduct eligibility redeterminations in accordance with all federal requirements, **and**:
 - Attempt to ensure that they have up-to-date contact information for a beneficiary before redetermining eligibility; **and**
 - Understand a *good-faith* effort to contact an individual using more than one modality prior to terminating enrollment based on returned mail.⁵
- Begin the renewal process for all individuals without requiring information from the individual if the state is able to do so based on reliable information contained in the individual's account *or* more current reliable information available to the state.⁶
 - If this is not possible, provide a **renewal form** that requests *only the information needed* to determine eligibility.⁷
 - MAGI-based beneficiaries have at least 30 days to return the renewal form and requested information; non-MAGI beneficiaries have a *reasonable period of time* to do so.

➤ **Up-to-date contact information:** To continue receiving the FMAP increase, states must:

- Use the United States Postal Service National Change of Address database, information maintained by state health and human services agencies, or other reliable sources of contact information;⁸
- Take other *reasonable actions* to obtain this information;⁹ and
- Due to limited postal delivery and broadband services in Tribal communities, CMS encourages states to engage with the Indian Health Service, Tribes and Tribal organizations, and Urban Indian organizations to help with updated contact information for Tribal Medicaid beneficiaries, including sharing enrollment and renewal data with those facilities.

⁴ Section 6008(b)(4) of the Families First Coronavirus Response Act (FFCRA).

⁵ *Permissible modalities*: mail, telephone, email, text messaging, communication through an online portal, or other commonly available electronic means; however, states have discretion over which are used.

⁶ See p. 11 of the SHO letter for more detailed guidance.

⁷ This form must be pre-populated for modified adjusted gross income (MAGI)-based beneficiaries.

⁸ A state must attempt to update a beneficiary's mailing address, phone number, and email address.

States may need to use multiple data sources and/or adopt multiple strategies to update information.

⁹ *Example*: managed care organizations (MCOs) are an effective source of reliable contact information.