



FEB 19 2016

Administrator
Washington, DC 20201

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Thank you for your letter related to electronic Asset Verification Systems (AVS) for seniors and people with disabilities in Medicaid. The Centers for Medicare & Medicaid Services (CMS) takes seriously our responsibility to protect taxpayer funds. As you noted, an AVS is one of a number of program integrity tools to help ensure the accuracy of Medicaid eligibility determinations for this population.

The Supplemental Appropriations Act of 2008 (P.L. 110-252) added section 1940 of the Social Security Act requires all states to implement a system for verifying the assets of aged, blind or disabled applicants and recipients of Medicaid. Specifically, this provision requires states to integrate asset verification into their Medicaid eligibility systems by implementing a system similar to the Access to Financial Institutions system, administered by the Social Security Administration for asset verification for the Supplemental Security Income program.

To that end, CMS has been working with states to move toward full implementation of an AVS. States have identified a number of barriers to implementation, including a limited number of vendors with the appropriate product. In order to help states move toward full implementation of an AVS, CMS has conducted presentations and a number of calls with states about the AVS. Most recently, through the State Operations and Technical Assistance initiative, CMS held an all-state call about the statutory requirements and to allow states to discuss challenges and barriers to implementation. CMS has conducted technical assistance calls with individual states and is evaluating states' Advanced Planning Documents to ensure that plans for electronic asset verification are integrated into current and future system development.

In October 2015, CMS contacted states to request specific information regarding their progress towards fully implementing an AVS. For the 31 states that have Medicaid state plan amendments (SPA) approved to implement asset verification systems, CMS requested a detailed description of their progress to date, the current status of their AVS, and a work plan and timeline for those states that have not fully implemented their AVS.¹ To promote information

¹These 31 states are Alabama, Arizona, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Kentucky, Michigan, Minnesota, Mississippi, Missouri, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Oklahoma, Oregon, Rhode Island, South Carolina, Utah, Vermont, Virginia, Washington, Wisconsin and Wyoming.

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sharing among states, we requested feedback on any problems or obstacles that have impeded or prevented implementation of an AVS and steps taken to overcome them. For the remaining states, CMS requested that each state submit a SPA to CMS for approval, along with a detailed work plan and timeline for full implementation.

The information requested from states was due to CMS by December 31, 2015, and analyses of states' submissions are in progress. CMS will use this information to determine if each state not yet implementing an AVS is making a good faith effort to comply with the AVS requirements. Any state determined not to be making a good faith effort will be required to submit a corrective action plan (CAP) within 60 days and within 12 months after the date of submission (and approval) the state must fulfill the terms of the CAP. Consistent with the statutory requirements, CMS will withhold federal financial participation from states that fail to implement an AVS.

As you noted, states should use all available mechanisms to ensure the accuracy of Medicaid determinations. CMS remains committed to supporting and overseeing states' implementation of those mechanisms, including AVS. Please let me know if you have additional questions. I will also provide this response to Chairman Hatch.

Sincerely,



Andrew M. Slavitt
Acting Administrator