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State Plan Amendment (SPA) #: 16-0003

This file contains the following documents in order listed:

1. CMS Approval Letter
2. CMS 179 Form
3. Attachment to Block 7 of CMS Form 179
4. Attachment to Blocks 8 & 9 of CMS Form 179
5. Approved SPA Pages
6. Companion Letter
August 29, 2016

Our Reference: SPA TX 16-0003

Ms. Jamie Snyder  
State Medicaid/CHIP Director  
Health and Human Services Commission  
Post Office Box 13247  
Mail Code H100  
Austin, Texas 78711

Dear Ms. Snyder:

We have reviewed the State's proposed amendment to the Texas State Plan submitted under Transmittal Number 16-0003, dated June 6, 2016. This state plan amendment proposes to exclude monies and interest held in certain school-based savings accounts from consideration in determining resource and income eligibility.

Based on the information submitted, we have approved the amendment for incorporation into the official Texas State Plan with an effective date of August 1, 2016. A copy of the CMS-179 and approved plan page are enclosed with this letter. Also included is a companion letter to this SPA approval that addresses CMS' concerns with the method the State is using to determine financial eligibility for medically needy pregnant women and children.

If you have any questions please contact Ford Blunt of my staff. Mr. Blunt may be reached at (214) 767-6381 or by Email at Ford.Blunt@cms.hhs.gov.

Sincerely,

Bill Brooks  
Associate Regional Administrator

cc: Dana Williamson, Manager, Policy Development Support
## TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

### FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES

<table>
<thead>
<tr>
<th>1. TRANSMITTAL NUMBER:</th>
<th>2. STATE:</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-0003</td>
<td>TEXAS</td>
</tr>
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| 3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) |
| TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES |

### 4. PROPOSED EFFECTIVE DATE: August 1, 2016

### 5. TYPE OF PLAN MATERIAL (Circle One):

- [ ] NEW STATE PLAN
- [x] AMENDMENT TO BE CONSIDERED AS NEW PLAN
- [ ] AMENDMENT

### COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

<table>
<thead>
<tr>
<th>6. FEDERAL STATUTE/REGULATION CITATION:</th>
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<tbody>
<tr>
<td>§1902(r)(2) of the Social Security Act, relating to less restrictive methodologies for determining income and resource eligibility; 42 CFR §435.601, relating to the Application of financial eligibility methodologies.</td>
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<table>
<thead>
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<th>7. FEDERAL BUDGET IMPACT:</th>
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<tbody>
<tr>
<td>a. FFY 2015: $0</td>
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<tr>
<td>b. FFY 2016: $0</td>
</tr>
<tr>
<td>c. FFY 2017: $0</td>
</tr>
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</table>

### 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:SEE ATTACHMENT TO BLOCKS 8 & 9

### 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):SEE ATTACHMENT TO BLOCKS 8 & 9

### 10. SUBJECT OF AMENDMENT:
The proposed amendment excludes certain amounts held in school-based savings accounts and interest earned on the accounts when determining eligibility for Medicaid for the Elderly and People with Disabilities (MEPD) and Medically Needy with Spend Down (MNSD) programs in accordance with Section 32.02611, Texas Human Resources Code.

### 11. GOVERNOR’S REVIEW (Check One):

- [ ] GOVERNOR’S OFFICE REPORTED NO COMMENT
- [ ] COMMENTS OF GOVERNOR’S OFFICE ENCLOSED
- [ ] NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

### 12. SIGNATURE OF STATE AGENCY OFFICIAL:

[Signature]

### 13. TYPED NAME:
Gary Jessee

### 14. TITLE:
State Medicaid Director

### 15. DATE SUBMITTED:
June 6, 2016

### 16. RETURN TO:
Gary Jessee
State Medicaid Director
Post Office Box 13247, MC: H-100
Austin, Texas 78711

### FOR REGIONAL OFFICE USE ONLY

<table>
<thead>
<tr>
<th>17. DATE RECEIVED:</th>
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<tbody>
<tr>
<td>June 06, 2016</td>
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</table>

<table>
<thead>
<tr>
<th>18. DATE APPROVED:</th>
</tr>
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<tbody>
<tr>
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<table>
<thead>
<tr>
<th>19. EFFECTIVE DATE OF APPROVED MATERIAL:</th>
</tr>
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<tbody>
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<table>
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<tr>
<th>20. SIGNATURE OF REGIONAL OFFICIAL:</th>
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<table>
<thead>
<tr>
<th>21. TYPED NAME:</th>
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<tbody>
<tr>
<td>Bill Brooks</td>
</tr>
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<table>
<thead>
<tr>
<th>22. TITLE:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Associate Regional Administrator</td>
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<table>
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<tr>
<th>23. REMARKS:</th>
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FORM CMS – 179 (07-92)

OFFICE OF THE STATE MEDICAID DIRECTOR
Attachment to Block 7 of CMS Form 179

Transmittal Number 16-0003

<table>
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<th>Total Fiscal Impact</th>
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<tr>
<td>FFY 2017</td>
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<tr>
<td>FFY 2018</td>
<td>$0</td>
<td>$0</td>
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The proposed amendment is estimated to have no fiscal impact, as it is not expected to have an effect on Medicaid utilization or cost.
**Attachment to Blocks 8 & 9 of CMS Form 179**

**Transmittal Number 16-0003**

<table>
<thead>
<tr>
<th>Number of the Plan Section or Attachment</th>
<th>Number of the Superseded Plan Section or Attachment</th>
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<tr>
<td>Supplement 8a to Attachment 2.6-A Page 5</td>
<td>Supplement 8a to Attachment 2.6-A Page 5 (N/A–New Page)</td>
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<tr>
<td>Supplement 8b to Attachment 2.6-A Page 6</td>
<td>Supplement 8b to Attachment 2.6-A Page 6 (N/A–New Page)</td>
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State: Texas  
Date Received: June 06, 2016  
Date Approved: August 29, 2016  
Date Effective: August 01, 2016  
Transmittal Number: 16-0003
MORE LIBERAL METHODS OF TREATING INCOME UNDER SECTION 1902(r)(2) OF THE ACT

Non-Section 1902(f) State

Allow an exclusion on interest earned from certificates of deposit, savings accounts, or series 1 savings bonds held in a School Based Savings Program account. A student or student and an adult in the student’s family jointly must establish an account or purchase a bond under the program. The amount in an account or cash value of a bond can be no more than the cost of undergraduate resident tuition and required fees for one academic year consisting of 30 semester credit hours charged by the general academic teaching institution with the highest such tuition and fee costs for the most recent academic year in accordance with State law.

This liberal income policy applies to the following groups:

- Individuals who would be eligible for cash assistance if they were not in medical institutions under 1902(a)(10)(A)(ii)(IV) and 42 CFR 435.211;
- Working individuals with disabilities who buy into Medicaid (Medicaid Buy-In Program) under 1902(a)(10)(A)(ii)(XIII);
- Children with disabilities in the Medicaid Buy-In for Children under 1902(cc);
- Qualified Medicare Beneficiaries, Specified Low-Income Medicare Beneficiaries, Qualifying Individuals, and Qualified Disabled and Working Individuals under 1902(a)(10)(e), 1905(p), and 1905(s).

*Less restrictive methods may not result in exceeding gross income limitations under section 1903(f)
MORE LIBERAL METHODS OF TREATING RESOURCES UNDER SECTION 1902(r)(2) OF THE ACT

☐ Non-Section 1902(f) State

Allow an exclusion of resources for a School Based Savings Program up to the applicable amount permissible by State Law held in certificates of deposit, savings accounts, or Series 1 savings bonds. A student or student and an adult in the student’s family jointly must establish an account or purchase a bond under the program. The amount in an account or cash value of a bond can be no more than the cost of undergraduate resident tuition and required fees for one academic year consisting of 30 semester credit hours charged by the general academic teaching institution with the highest such tuition and fee costs for the most recent academic year in accordance with State law.

This liberal resource policy applies to the following groups:

- Medically Needy coverage for pregnant women and individuals under 18 years of age under 42 CFR §435.301;
- Individuals who would be eligible for cash assistance if they were not in a medical institution under 1902(a)(10)(A)(ii)(IV) and 42 CFR 453.211;
- Individuals in institutions who are eligible under a special income level under 42 CFR 435.236;
- Working individuals with disabilities who buy into Medicaid (Medicaid Buy-In program) under 1902(a)(10)(A)(ii)(XIII);
- Qualified Medicare Beneficiaries, Specified Low-Income Medicare Beneficiaries,
- Qualifying Individuals, and Qualified Disabled and Working Individuals under 1902(a)(10)(e), 1905(p), and 1905(s).
August 29, 2016

Our Reference: SPA TX 16-0003

Ms. Jamie Snyder
State Medicaid/CHIP Director
Health and Human Services Commission
Post Office Box 13247
Mail Code H100
Austin, Texas 78711

On June 6, 2016, the Centers for Medicare & Medicaid Services (CMS) received Texas’ state plan amendment (SPA) Transmittal # TX 16-0003. We are issuing this companion letter to the approval of this SPA.

Texas proposed in this SPA to exclude monies and interest held in certain school-based savings accounts from consideration in determining resource and income eligibility. During our review of this SPA, the state indicated that it has been determining financial eligibility for medically needy pregnant women and children using rules comparable to the modified adjusted gross income rules ("MAGI-like" rules) described in 42 C.F.R. §435.603 rather than the income rules described in 42 CFR §435.831(b)(1).

CMS has permitted states to apply MAGI-like rules in the determination of financial eligibility for certain medically needy groups, contingent on CMS approval of a SPA. In order to continue applying MAGI-like rules to the medically needy groups referenced above, Texas will need to submit a SPA to confirm its use of these rules as soon as possible.

CMS staff are available to assist the state in identifying the substantive changes needed for the SPA. If you have questions about the content of this letter, please contact Ford Blunt at (214) 767-6381 or Ford.Blunt@cms.hhs.gov.

Sincerely,

Bill Brooks
Associate Regional Administrator

cc: Dana Williamson, Manager, Policy Development Support