

ATTACHMENT 1 DRAFT 12/5/97

**FINANCING PROVISIONS OF THE  
CHILD HEALTH INSURANCE PROGRAM (CHIP) AND  
RELATED MEDICAID PROGRAM PROVISIONS**

**TABLE OF CONTENTS**

I.	OVERVIEW	1
II.	EFFECTIVE DATE	2
III.	ALLOTMENT PROCESS	2
	A. <u>GENERAL</u>	2
	B. <u>RESERVED ALLOTMENT</u>	2
	C. <u>FINAL ALLOTMENT</u>	3
	1. <u>Final Allotment Formula</u>	3
	a. <u>Determine the Number of States with Approved State Plans as of the End of the Fiscal Year</u>	3
	b. <u>Factors in Determining States' Final Allotments</u>	3
	D. <u>PERIOD OF AVAILABILITY OF ALLOTMENT/REDISTRIBUTION PROCESS</u>	4
	1. <u>3-Year Period of Availability (POA) of Allotment</u>	4
	2. <u>Redistribution Process</u>	4
	a. <u>Process for Redistribution of Fiscal Year Allotments</u>	4
	I. <u>Identify the States Which Have Unused Amounts of Allotments for a Particular Fiscal Year</u>	4
	ii. <u>Identify the Amounts of Unused State Allotments for a Particular Fiscal Year</u>	5
	iii. <u>Redistribute the Unused Amounts of State Allotments for a Fiscal Year</u>	5
	b. <u>Report/Track Final Expenditures</u>	5
IV.	ENHANCED FMAP	5
V.	PAYMENT PROCESS	5
	A. <u>PAYMENT PROCESS OVERVIEW</u>	5
	B. <u>TYPES OF PROGRAMS AND STATE OPTIONS</u>	6
	1. <u>Section 1905(u)(2) and (3) Eligibility</u>	7
	2. <u>Presumptive Eligibility (PE)</u>	8

	a.	<u>Identify and Claim PE on Ongoing Basis - No Adjustments</u>	8
	b.	<u>Report After Actual Eligibility Determination</u>	9
	c.	<u>Identify and Claim PE on Ongoing Basis - Adjust After Actual Eligibility Determination</u>	9
C.		<u>GRANT PROCESS</u>	11
	1.	<u>Obligation/Appropriation Requirement to Issue States' Entire Fiscal Year Allotment as Grant Awards in the Fiscal Year</u>	11
	2.	<u>State Funding Requests/Amount and Issuance of Grant Awards</u>	11
		a. <u>Budget Submissions/Grant Awards for First Three Quarters of the Fiscal Year</u>	11
		b. <u>Budget Submissions/Grant Awards for Fourth Quarter of the Fiscal Year</u>	11
	3.	<u>Information Regarding State Administration of the Title XXI Program</u>	12
D.		<u>APPLICATION OF STATE EXPENDITURES AGAINST THE STATE ALLOTMENTS</u>	12
	1.	<u>OVERVIEW</u>	12
	2.	<u>PRINCIPLES FOR TRACKING EXPENDITURES AGAINST ALLOTMENTS</u>	13
		1. <u>Title XIX Before Title XXI Expenditures (§2104(d))</u>	13
		2. <u>Expenditures Must Be Applied Against a Fiscal Year Allotment in the Quarter in Which they Are Claimed . (§2104(b), (d), §2105(a))</u>	13
		3. <u>Expenditures Should be Applied Consistently Over the 3-Year Period of Availability (POA) for Fiscal Year Allotments (2101(a), §2104(e), (f))</u>	14
		4. <u>Title XIX Expenditures Should be Applied in the Order Which Provides the Most Benefit for States</u>	14
		5. <u>Apply Expenditures and Allotments in the Least Administratively Burdensome, and Most Effective and Efficient Manner (§2101(a))</u>	14
		6. <u>Application of Expenditures for One Fiscal Year Against a Subsequent Fiscal Year Allotment (§2104(e), (f)).</u>	14
		7. <u>Amounts of a State's Prior Year Allotments that Have Not Been Expended and are "Carried Over," are Available for Expenditures Within the 3-Year POA for the Carryover Allotment (§2104(e), (f)).</u>	14
	3.	<u>EXAMPLES ILLUSTRATING APPLICATION OF TRACKING PRINCIPLES</u>	15
E.		<u>10 PERCENT LIMIT</u>	16
F.		<u>ADMINISTRATIVE COSTS IN TITLE XXI</u>	18
	1.	<u>General</u>	18
	2.	<u>Administrative Costs are Differentiated from Program Costs</u>	19
	3.	<u>Principles for Determining Administrative Expenditures</u>	20
		a. <u>Federal Financial Participation (FFP) Rate for Administration</u>	

20

	b.	<u>Title XXI Funds for Administrative Expenditures Related to Title XIX Expansions</u>	20
	c.	<u>Administration of Title XXI, NOT Other Programs</u>	21
	d.	<u>Administrative Costs Included in Child Health Assistance</u>	21
	e.	<u>No Duplicate Payments</u>	22
	f.	<u>Payment for Startup Costs</u>	22
	g.	<u>Outreach</u>	23
	h.	<u>Coordination with Other Health Insurance Programs.</u>	24
G.		<u>STATE MATCHING REQUIREMENTS UNDER TITLE XXI.</u>	24
	1.	<u>Use of Non-Federal Funds</u>	24
	2.	<u>Offset of Premiums and Other Cost Sharing Amounts</u>	24
	3.	<u>Provider Taxes and Donations</u>	24
	4.	<u>Reporting of Sources of Non-Federal Share.</u>	25
	5.	<u>Government/Department Wide Draw Down Requirements.</u>	25
	6.	<u>Public Funds.</u>	25
	7.	<u>In-Kind Contributions.</u>	25
H.		<u>MAINTENANCE OF EFFORT (MOE).</u>	25
I.		<u>PREVENTION OF DUPLICATIVE PAYMENTS</u>	26
	1.	<u>Other Health Plan Obligated to Provide Child Health Assistance</u>	26
	2.	<u>Payment Under Other Federal Governmental Programs</u>	26
J.		<u>FAMILY PLANNING AND INDIAN HEALTH SERVICES (IHS)</u>	26
	1.	<u>Family Planning and Indian Health Services (IHS) Provided Under Presumptive Eligibility Provisions</u>	26
	2.	<u>Family Planning Services</u>	27
	3.	<u>Indian Health Services</u>	27
K.		<u>APPLICATION OF CERTAIN GENERAL PROVISIONS.</u>	27
	1.	<u>Administrative and Judicial Review (Including Disallowance Process)</u>	27
	2.	<u>Civil Monetary Penalties</u>	27
	3.	<u>Criminal Penalties</u>	27
	4.	<u>Timely Filing</u>	27
VI.		<u>BUDGET AND EXPENDITURE SYSTEMS - REPORTING</u>	27
A.		<u>Title XXI Report Forms</u>	28
	1.	<u>Form HCFA-21 - Summary Sheet</u>	28
	2.	<u>Form HCFA-21 Base/HCFA-21/HCFA-21P</u>	28
	3.	<u>Form HCFA-21E - Children's Health Insurance Program Number of Children Served</u>	28
	4.	<u>Form HCFA-21L - Children's Health Insurance Program Expenditures for the Title XXI Program Calculation of the 10 Percent Limit</u>	29
	5.	<u>Form HCFA-21C - Allocation of Title XIX and Title XXI Expenditures to CHIP Fiscal Year Allotment</u>	29
	6.	<u>Form HCFA-21B - Children's Health Insurance Program Budget Report for the Title XXI Program State Expenditure Plan</u>	29

- B. Title XIX Medicaid Forms 29
1. Form HCFA-64.21 and 64.21U/64.21P and 64.21UP - Quarterly Medical Assistance Expenditures by Child Health Insurance Program Expenditure Categories 29
  2. Form HCFA-64.21C - Allocation of Title XIX and Title XXI Expenditures to CHIP Fiscal Year Allotment30
  3. Form HCFA-64EA - Number of Adults Served for the Medical Assistance Program 30
  4. Form HCFA-64EC - Number of Children Served by the Medical Assistance Program 30
  5. Form HCFA-64.21E - Number of Children Related to Children's Health Insurance Program 30
  6. Form HCFA-37.3 30

## DRAFT 12/5/97

# FINANCING PROVISIONS OF THE CHILD HEALTH INSURANCE PROGRAM (CHIP) AND RELATED MEDICAID PROGRAM PROVISIONS

## I. OVERVIEW

The purpose of the new State Children's Health Insurance Program (CHIP) under Title XXI of the Social Security Act (the Act), enacted under the Balanced Budget Act of 1997 (BBA) and technical amendments made by Public Law 105-100 on November 19, 1997, is to provide Federal matching funds to States to enable them to extend coverage to uninsured, low-income children in an effective and efficient manner. States are able to use Title XXI funds for obtaining health benefit coverage through (1) a CHIP State Program, (2) a CHIP Medicaid expansion, or (3) a combination of both.

Because the focus of CHIP is on low-income children, Title XXI funds are only available for "targeted low-income children" as described in law. States therefore must describe the standards used to determine the eligibility of targeted low-income children under this new program.

Under the statute, funding may NOT be used for children who are:

Eligible for Medicaid or covered through other health insurance coverage;

Inmates of a public institution;

Patients in an institution for mental diseases; or

In families who are eligible for coverage because of a family member's employment with a public agency in the State.

Although children eligible for other health insurance coverage generally are not eligible for Title XXI assistance, children currently covered by a State children's health program that receives no Federal funds and was in operation since before July 1, 1997 can be considered eligible as targeted low-income children as long as the program is "State-operated."

In conjunction with CHIP, the BBA included three new provisions designed to increase children's health care coverage through the Medicaid program: (1) presumptive eligibility for children; (2) coverage of Supplemental Security Income (SSI) Program children; (3) and the option to provide 12 months of continuous coverage.

## **II. EFFECTIVE DATE**

Under section 2101(d) of the Act, no State is eligible for payments under Title XXI for child health assistance for coverage provided for periods beginning before October 1, 1997.

## **III. ALLOTMENT PROCESS**

**A. GENERAL.** The amount of the Federal funds available for Title XXI programs is limited for each fiscal year both nationally and on a State-specific basis. Section 2104(a) of the Act specifies the national total allotment available for each fiscal year and section 2104(b) and (c) of the Act indicates the statutory formula for determining the amount of the allotment for each State, or Commonwealth and Territory, respectively. The following sections describe the process under which the Health Care Financing Administration (HCFA) determines the amount of each States' specific allotment for each fiscal year.

The allotment process involves three determinations. First, prior to the beginning of each fiscal year, HCFA will determine the amount of the "reserved allotment" for each State for that fiscal year, calculated in accordance with the statutory State allotment formula. That amount is calculated as if every State had an approved Title XXI State plan. This amount will be recalculated if some States fail to apply for their Title XXI allotment. However, only with the submission and approval of a State plan by the end of the fiscal year will a State's reserved allotment become its actual allotment.

Second, at the end of each fiscal year, HCFA will determine a "final allotment" for each State for that fiscal year. The final allotment will also be calculated in accordance with the statutory allotment formula, but based only on those States that have approved State plans for that fiscal year. States which do not have approved State plans for that fiscal year will not receive a final allotment for that fiscal year. Thus, in the final allotment process, the amount of the national allotment available for States for that year will be allotted only to those States whose plans have been approved by HCFA by the end of the fiscal year.

Finally, in the third year following the State allotment fiscal year, under a “redistribution process” HCFA will determine the amounts of the unused fiscal year allotments from States that have not expended all of their allotment for that fiscal year and redistribute such amounts to States that have fully expended the amount of their allotments for that fiscal year.

**B. RESERVED ALLOTMENT** For each fiscal year, beginning with FY 1998, HCFA will develop reserved allotments for the 50 States and the District of Columbia and the Commonwealths and Territories based on the principle that an allotment amount should be reserved for each State so that accurate planning may take place, regardless of whether the State has submitted and the Secretary has approved a State child health plan. However, the reserved allotment does not represent an actual allotment available for a State’s use; the State allotment will only be available to the State once the State has submitted and HCFA has approved a Title XXI plan. This means that in order for a State to receive its FY 1998 allotment, its Title XXI State plan must be submitted and approved by September 30, 1998. As long as this plan remains in effect, a State will continue to be eligible to receive its allotment for succeeding fiscal years.

The reserved allotment for each State will be determined by HCFA using the statutory allotment formula and published in the Federal Register prior to the beginning of each fiscal year. The FY 1998 reserved allotments were published as a notice in the Federal Register on September 12, 1997. That notice, which is attached, provides further details on the reserved allotment process. The reserved allotments have been changed however, with the passage of technical corrections that add \$20 million to the total allotment (see attached chart).

**C. FINAL ALLOTMENT** In order to receive a final allotment for a fiscal year, a State must submit, and HCFA must approve, the CHIP State plan for that fiscal year before the end of the fiscal year. Because of this requirement, it is critical that States submit their CHIP State plans as soon as possible during the fiscal year for which an allotment is needed. For FY 1998, this means the plans must be approved by September 30, 1998. The length of time from submission to approval will vary depending upon the quality of the plan and the extent to which the requirements under the law are met. For FY 1998, HCFA cannot guarantee it will be able to approve plans submitted after June 30, 1998 by the end of the fiscal year. Furthermore, for CHIP State plans that are not complete upon submission, HCFA may need to request additional information, thereby stopping the time clock on plan approval. Therefore, States should submit their plans for approval as soon as possible before July 1, 1998.

HCFA will determine the final allotments by the end of the fiscal year or very shortly thereafter, based on the actual number of State plans that have been submitted and approved by the end of such fiscal year. At that time HCFA will publish the final allotments in the Federal Register.

**1. Final Allotment Formula** The statutory formula for the final allotment is the same as the one used for determining the reserved allotment. However, the potential difference between the final allotment and the reserved allotment relates to the actual number of States that have approved State plans for the fiscal year by the end of the fiscal year.

The process/formula for determining the final allotment is as follows:

**a. Determine the Number of States with Approved State Plans as of the End of the Fiscal Year**

In order for a State to receive a final allotment for a fiscal year, HCFA must approve the CHIP State plan for that State by the end of the fiscal year. Only States with approved State plans by the end of the fiscal year will be included in the final allotment calculation.

**b. Factors in Determining States' Final Allotments** In general, States' final allotments will be determined in accordance with the statutory formula that is based on two factors, the "Number of Children" (those potentially eligible for CHIP), and the "State Cost Factor." These factors will be multiplied to yield a "final allotment product" for each State.

Once the final allotment product has been determined for all the States with approved CHIP plans, the products for each State will be added to determine a national total. Then, each State's product will be divided by this national total to determine a State specific percentage of the national total available amount for allotment that each State would be eligible to receive. Finally, the State specific percentage is then multiplied by the national total amount available for allotment, resulting in the final allotment for each State.

The final allotments for each state will be published as a notice in the Federal Register.

**D. PERIOD OF AVAILABILITY OF ALLOTMENT/REDISTRIBUTION PROCESS**

Sections 2104(e) and (f) of the Act, contain two provisions relating to the availability of funds under a specific fiscal year allotment, and the redistribution of States' unused funds for a particular fiscal year allotment.

**1. 3-Year Period of Availability (POA) of Allotment** Section 2104(e) of the Act provides that the amount of a State's CHIP allotment for a fiscal year shall remain available for expenditures by that State for a 3-year concurrent period; the fiscal year and the two subsequent fiscal years. For example, a State's FY 1998 allotment for a State with an approved plan would be available for that State's expenditures for FY 1998 through FY 2000. Furthermore, unused amounts of States' allotments will be redistributed (see below). Such amounts will be available to the States through the end of the fiscal year of the redistribution. If there is a redistribution, the POA therefore is extended for one additional fiscal year.

**2. Redistribution Process** Section 2104(f) of the Act requires the Secretary to determine "an appropriate procedure" for the redistribution of the amounts of States' unused allotments to States that have fully expended their allotments for such fiscal year. HCFA intends to redistribute the unused portions as soon as possible after the end of the 3-year POA for the fiscal year allotment.

**a. Process for Redistribution of Fiscal Year Allotments** The following identifies the steps in the redistribution process:

**I. Identify the States Which Have Unused Amounts of Allotments for a Particular Fiscal Year** As soon as possible after the end of the 3-year POA, HCFA will identify two categories of States:

States which have not expended all of their allotments; and,

States which have expenditures at least equal to their allotments during the 3-year POA (the Redistribution States).

**ii. Identify the Amounts of Unused State Allotments for a Particular Fiscal Year**

For the first category of States, HCFA will identify the exact amounts of unused allotments. The total of these unused allotment amounts will become the pool available to the second category of States.

**iii. Redistribute the Unused Amounts of State Allotments for a Fiscal Year** A formula for redistribution of unused portions of State allotments will be determined by the Secretary. The redistribution amounts will be available for such States through the end of the fiscal year in which the redistribution is done. For example, if the year for which unused allotments are being redistributed is FY 1998, the redistribution period would be both determined and available through the end of FY 2001 (that is, September 30, 2001).

**b. Report/Track Final Expenditures** States that wish to receive redistribution funds would need to continue to report applicable expenditures even after their allotments are exhausted. States which have exhausted their allotments and do not wish to be considered for the redistribution would not be required to continue to report Title XXI expenditures for that purpose. However, States must continue to report Title XXI related Medicaid expenditures to claim FFP at the regular Medicaid FMAP rate.

#### **IV. ENHANCED FMAP**

Under sections 1905(b) and 2105(b) of the Act, as amended by the BBA, all allowable Title XXI and certain Title XIX Medicaid expenditures will be matched at an "enhanced FMAP." The attached September 12, 1997 Federal Register describes the statutory formula for determining States' enhanced FMAPs and contains each States' enhanced FMAP for FY 1998.

#### **V. PAYMENT PROCESS**

**A. PAYMENT PROCESS OVERVIEW** States with an approved State plan may receive a Title XXI grant award and may make claims for Federal matching payments from HCFA for expenditures permissible in Title XIX and Title XXI that are applied against their allotments. The process under which the States will make claims for payment are described below in the following sections:

Types of programs and State options.

Grant process

Application of State expenditures against the State allotments  
10 Percent Limit

Administrative Expenditures

State Matching Requirements under Title XXI

Maintenance of Effort Requirements

Prevention of Duplicate Payments

Family Planning and Indian Health Services (IHS)

Application of Certain General Provisions

Budget and Expenditure Systems Reporting

**B. TYPES OF PROGRAMS AND STATE OPTIONS** The Title XXI program provides States with the flexibility for providing medical assistance to uninsured low-income children through the CHIP and/or Medicaid programs. This is explicitly referenced in section 2101(a) of the Act which indicates that States may provide assistance to low-income children in 3 ways:

Under Title XXI only;

Under Title XIX only;

Under a combination of both programs.

States may use a non-Medicaid Title XXI program to expand coverage to eligible low-income children. The BBA also amended the Medicaid statute to offer States three optional categories for providing expanded benefits to children provided as Medical assistance in the Title XIX Medicaid program. The three categories of expanded medical assistance benefits in Title XIX are:

Medical assistance provided to low-income children under section 1905(u)(2) of the Act (section 4911 of BBA);

Medical assistance provided to low-income children under section 1905(u)(3) of

Page 10 - ATTACHMENT - Child Health Insurance Program **DRAFT 12/5/97**  
 the Act (section 4911 of BBA) (poverty-related children whose coverage is accelerated under the CHIP); and

Medical assistance provided during a presumptive eligibility period for children under age 19 under section 1920A of the Act (section 4912 of BBA).

The following principles provide a basis for determining how the choices a State makes determine the requirements for the reporting/tracking of the associated expenditures, application against the Title XXI allotment, and the FFP rates to be applied to the applicable expenditures.

1. FFP in expenditures in accordance with an approved XXI plan, and not under a Medicaid expansion, are funded directly from the Title XXI appropriation.
2. FFP in expenditures for services furnished under a Medicaid expansion are funded from the Title XIX Medicaid appropriation (whether or not referenced in a Title XXI plan). However, for States with an approved Title XXI State plan, the amount of the Title XXI allotment must be reduced by the Title XIX expenditures related to the Medicaid expansions.
3. For purposes of tracking against a fiscal year CHIP Title XXI State allotment, applicable Medicaid Title XIX expenditures need to be properly identified, reported, classified, and tracked.
4. Title XIX expenditures related to medical assistance provided to individuals eligible under sections 1905(u)(2) and (u)(3) of the Act are applied against the Title XXI State allotment. FFP is available for section 1905(u)(2) and section 1905(u)(3) expenditures at the enhanced FMAP rate only until the State's Title XXI allotment is exhausted, after which FFP is available at the regular Title XIX FMAP.

**1. Section 1905(u)(2) and (3) Eligibility** States have the option of covering certain low-income children in their Medicaid programs. If a State has an approved Title XXI child health plan for such children, it may receive Federal funds at the enhanced FMAP for the Medicaid medical assistance expenditures provided to such children and such expenditures would apply against its allotment. As described in the general principles above, the State can cover children under section 1905(u)(2) and (3) of the Act through a Medicaid State plan without having a Title XXI Child health plan. In such a case, no Title XXI allotment would exist and no such expenditures would be applied against the allotment. The FMAP rates are determined by whether the State has a Title XXI plan and the particular section of 1905(u) of the Act under which it is covering children.

The following table summarizes the treatment of these two optional groups under Title XIX and XXI.

MEDICAID TITLE XIX GROUP	APPROPRIATION USED	HAS TITLE XXI PLAN		HAS NO TITLE XXI PLAN	
		APPLIED AGAINST ALLOTMENT	FMAP USED	APPLIED AGAINST ALLOTMENT	FMAP USED
§§1905(u)(2) and (3)*	Title XIX	Yes, until allotment is used up	Enhanced, until allotment is used up. After, at regular FMAP*	No	Regular FMAP

\* Prior to the technical amendments made by Public Law 105-100 on November 19, 1997, the enhanced FMAP continued to be available for expenditures related to §1905(u)(3) of the Act even after a State's allotment was used up. With the enactment of P.L. 105-100, the treatment of expenditures related to section 1905(u)(2) and (3) is the same.

**2. Presumptive Eligibility (PE)** Section 1920A of the Act permits States to provide medical assistance under their Title XIX Medicaid programs for up to two months to children during a PE period. Expenditures classified as Medicaid PE expenditures under section 1920A of the Act may only be claimed as medical assistance and matched at the regular Federal medical assistance percentage (FMAP) under section 1905(b) of the Act. Furthermore, if the State has an approved Title XXI child health plan, such PE payments under section 1920A of the Act must be tracked and applied against the Title XXI allotment.

There are a number of options available to States for classifying and reporting medical assistance expenditures provided to children during the section 1920A PE period. In particular, the actual eligibility category in which PE children are ultimately placed may also determine the treatment of States' expenditures for such children during the PE period. The options a State chooses with respect to reporting expenditures during the PE period and the ultimate eligibility (or ineligibility) category, will determine how the expenditures provided during the PE period would be treated for purposes of application against the allotment and the FMAP rate (regular or enhanced) to be applied.

The following describes the options available to States for classifying and reporting expenditures as PE when it does have a Title XXI Child Health Plan and an associated fiscal year State allotment:

**a. Identify and Claim PE on Ongoing Basis - No Adjustments** The State can identify and claim FFP for all PE expenditures on an ongoing basis (as such expenditures are incurred and claimed to the State) and claim FFP for them with no subsequent adjustments after the actual

Page 12 - ATTACHMENT - Child Health Insurance Program **DRAFT 12/5/97**  
 eligibility determination. In this case, the amounts of the PE expenditures would be applied against the allotment and would be claimed at the regular Title XIX FMAP. This approach may be the easiest for States to administer.

**b. Report After Actual Eligibility Determination** The State can wait and report potential PE expenditures after the actual determination of eligibility; in that case it could classify the expenditures in accordance with the actual eligibility determination:

Expenditures for children determined to be in a regular Medicaid eligibility category (for example, the Temporary Assistance for Needy Families (TANF) program related eligibility under section 1931 of the Act), are funded at the regular FMAP and are not applied against the allotment.

Expenditures for children determined to be eligible under section 1905(u)(2) or (u)(3) with an approved Title XXI child health plan are funded at the enhanced FMAP.

Expenditures for children determined to be eligible under a State's CHIP are funded at the enhanced FMAP.

Expenditures for children determined not to be eligible for either program are funded at the regular FMAP and, if the State has a Title XXI allotment, are applied against the allotment; that is, such expenditures are treated and reported as PE expenditures.

**c. Identify and Claim PE on Ongoing Basis - Adjust After Actual Eligibility Determination** The State can identify and claim FFP for all PE expenditures on an ongoing basis, as such expenditures are paid by the State (as would be done in a. above). However, after the actual eligibility determination is made, adjustments would be made to reflect the actual eligibility category determination. In this case, the amounts of the PE expenditures would be reported on an ongoing basis, applied against the allotment, and would be claimed at the regular Title XIX FMAP. After the actual eligibility determination, the State would make an adjustment to the previously reported expenditures as in b. above.

The chart on the following page describes the various options related to PE and the interaction between Title XIX and Title XXI.

