

# Alabama Medicaid Agency

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## Medicaid Eligibility Impact Annual Cost of Living Adjustment (COLA)

- Each year the Social Security Administration (SSA) adjusts the amount of money received by all recipients to reflect changes in the cost of living. This change is known as the Cost of Living Adjustment (COLA) and is generally released in January of each year.
- Approximately six (6) to eight (8) weeks after the COLA is announced, the Federal Poverty Level (FPL) income guidelines are published, usually in late February or early March. These income guidelines are used by state Medicaid programs to determine eligibility.
- The Alabama Medicaid Agency cannot alter the COLA or the FPL increases. Unfortunately, in years when the FPL is not increased in the same amount as the COLA, some recipients will lose coverage due to excess income.
- Because of the gap between the time the COLA is announced and the FPL income guidelines are released, the Alabama Medicaid Agency takes steps each year to ensure that recipients who would otherwise be eligible do not lose their Medicaid coverage.
- To assist recipients, Medicaid identifies recipients who would likely lose eligibility due to the increase and then disregards the income increase until March.
- In March, Medicaid will review the case of any recipient whose income is over the amount allowed by the FPL income guidelines to determine if they qualify under another category. For example, if an individual had been eligible for Qualified Medicare Recipient (QMB), but their COLA increase was greater than the increase in the FPL, they will no longer be eligible for QMB. However, Medicaid will look to determine if the person is eligible for Specified Low-Income Medicare Beneficiary (SLMB) and if not SLMB, then Qualifying Income Individuals (QII).
- There are other reasons why a recipient's income may increase other than COLA. When this happens, Medicaid performs a review to determine if they are eligible under another category.

**Our Mission - to provide an efficient and effective system of financing health care for our recipients. 12/15/2006**