

GIS 98 MA/005

**TO:** Local Commissioners, MA Directors

**FROM:** Ann Clemency Kohler, Deputy Commissioner  
Office of Medicaid Management

**SUBJECT:** Loss of SSI and Medicaid Coverage Relative to Federal HIV  
Settlement

**EFFECTIVE DATE:**

**CONTACT PERSON:** Barbara Barnes (518) 474-9138

GIS 97 MA/022, issued October 9, 1997, advised you that under a recent federal class action settlement, four manufacturers of blood plasma products will pay \$100,000 to each of approximately 6,200 hemophilia patients who are infected with human immunodeficiency virus (HIV).

Pursuant to section 4735 of the Balanced Budget Act, payments under this settlement shall not be considered income or resources in determining Medicaid eligibility and are disregarded when determining the amount of income available for cost of care in the post-eligibility treatment of income. Any interest income from these payments, however, is counted as income to the individual.

The Health Care Financing Administration has advised that if individuals receiving these settlements payments transfer a part or all of these payments, no transfer penalty can be applied because these payments are disregarded. Similarly, if these payments are placed in a trust, these funds are not counted as available.

These settlement payments are counted as income and resources under SSI. The Social Security Administration will not be able to identify that a particular individual has lost SSI because of receipt of a settlement payment. The SDX will only show standard codes for loss of SSI because of excess income or excess resources, codes N01 and N04 respectively.

To prevent unnecessary loss of Medicaid for individuals receiving settlement payments, the law firm which is managing the settlement and the payments to settlement recipients, has issued a letter to the recipients advising them to contact their office if the recipient is receiving Medicaid. HCFA will be providing information about Medicaid and what individuals must do to maintain their eligibility to the law firm for transmission to the settlement recipients. Please advise staff of these new eligibility requirements to ensure that appropriate action is taken.