## Medicaid State Plan/State Plan Amendments Process

**State Plan:** The State Plan is the officially recognized document describing the nature and scope of a state's Medicaid program. As required under Section 1902 of the Social Security Act (Act), the Plan is developed by the state and approved by the United States Department of Health and Human Services (DHHS)/Centers for Medicare and Medicaid Services (CMS). Without a State Plan, states would not be eligible for federal funding for providing Medicaid services. Essentially, the State Plan is a state's agreement that it will conform to the requirements of the Act and the official issuances of DHHS/CMS.

The State Plan includes the many provisions required by the Act, such as:

- Methods of Administration;
- Eligibility;
- Services Covered;
- Quality Control; and
- Fiscal Reimbursement

Once the original plan has been approved by DHHS/CMS, all future changes to the Plan must also be approved by DHHS/CMS before they can become effective.

**State Plan Amendments (SPAs):**

Plan changes are submitted by the state as State Plan Amendments. Once the CMS Regional Office receives a SPA, it has 90 calendar days to approve or deny the SPA, or send a formal Request for Additional Information (RAI) letter. Sending an RAI stops the 90-day clock; the clock will not start again until the state's written response to the RAI is received by CMS. Another 90-day clock starts at that point. Throughout the process, CMS has the option of asking informal questions via e-email or phone.

Once a SPA is approved, it can take effect retroactive to the first day of the quarter of the federal fiscal year (Oct 1 – Sept. 30) in which it was submitted. For example, a SPA submitted September 15, 2005 and approved February 2, 2006 can have an effective date of July 1, 2005. However, CMS has ruled that states cannot implement SPA's until they are approved, so the retroactivity is primarily useful in relation to Medicaid payments for services.

It should also be noted that whenever a state submits a SPA, CMS has the option of reviewing the entire section of the State Plan which is being amended. For example, an amendment to change inpatient hospital reimbursement can result in CMS scrutinizing the entire section of the State Plan related to inpatient hospital services. It can then require states to answer questions about parts of the State Plan that were previously approved.