



**Center for Medicaid and CHIP Services**

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**CMCS Informational Bulletin**

**DATE:** November 18, 2011

**FROM:** Cindy Mann, Director  
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**SUBJECT: Tobacco Cessation Telephone Quitlines**

This Informational Bulletin provides further information about the quitline policy announced in the June 24, 2011 State Medicaid Director Letter on tobacco cessation services (<http://www.cms.gov/smdl/downloads/SMD11-007.pdf>), in response to questions we have received. We hope that this will be helpful to States as they consider the opportunity to strengthen their tobacco cessation strategies for Medicaid beneficiaries.

The June 24<sup>th</sup> letter recognizes costs associated with tobacco cessation quitline activities as being "proper and efficient" for the administration of the State plan under section 1903(a)(7) of the Social Security Act, to the extent the quitlines follow evidence-based Public Health Service protocols and directly benefit the Medicaid program. Allowable quitline expenditures are claimable as administration at State option at the 50 percent Federal Medicaid matching rate specified at 42 Code of Federal Regulations 433.15(b)(7).

Tobacco cessation quitlines involve specially-trained quit coaches who provide counseling, education and support to quitline callers who smoke or have recently quit smoking. States have flexibility to design their own tobacco cessation quitline programs based on beneficiary needs, other existing resources, and available State funding sources. We encourage the provision of comprehensive quitline activities where appropriate; however, allowable Medicaid administrative expenditures are limited to those directly related to implementing and operating a tobacco cessation quitline (e.g., personnel costs) and do not include costs related to tobacco cessation medications, either over-the-counter or prescription-based, that are dispensed through quitlines. Medications may be covered under other authorities.

States are currently required to cover over-the-counter and prescription tobacco cessation medications for pregnant women, and effective January 1, 2014 States will be required to cover prescription smoking cessation medications for all beneficiaries. Before then, States have the option to cover medically necessary pharmacy services for other adults. The smoking cessation medication must be prescribed and dispensed as a pharmacy service consistent with each State's State plan and policies.

If a tobacco cessation quitline serves Medicaid and non-Medicaid beneficiaries alike, States will need to have a cost allocation methodology in place to isolate costs that benefit the Medicaid program in accordance with OMB Circular A-87. In order to properly allocate costs related to quitlines, States (or their contractors) can utilize a variety of methods; including, but not limited to: (1) a survey of callers to determine Medicaid eligibility, or (2) the calculation of a Medicaid eligibility ratio to determine the approximate percentage of Medicaid eligibles in the total universe of callers served by the quitline.

We recognize that quitlines are often operated by independent vendors who have contracts with States. If such contracts are with the State health department rather than the State Medicaid agency, States will need an interagency agreement between the two agencies in order for related costs to be claimed as Medicaid administration. The costs of contracts with independent vendors, whether through interagency agreements or not, are typically included in the State Medicaid agency's Public Assistance Cost Allocation Plan (CAP) on file with the U.S. Department of Health and Human Services.

We're also aware that independent quitline vendors have negotiated contracts with a number of Medicaid managed care entities. Quitlines with managed care contracts are typically considered an expense of operating the managed care entity and are included in the capitation rate paid by the State Medicaid agency to the managed care entity. In those instances, quitline costs would not be eligible for match in addition to the capitation rate. States have the option, however, to carve out tobacco cessation quitline costs from the capitated rate and contract separately for such services as an administrative activity, in which case the quitline costs would be reimbursable.

The effective date of this new administrative claiming policy, and the start date for the availability of FFP, is the date of issuance of the SMD letter; that is, June 24, 2011. Allowable quitline expenditures should be reported on the Form CMS-64.10, Line 29 (Other Financial Participation).

States do not have to submit an amendment to their State Medicaid plan in order to claim quitline expenditures as administration, although they may need to amend their public assistance CAPs, as discussed above. We encourage States with questions regarding quitline activities to contact their Regional Office.

Many States are moving ahead to create and strengthen their quitline activities with the benefit of federal Medicaid financing. Please let us know if you have further questions or ideas for improvement.