Iwona Ramian  
SNAP Administrator  
Rhode Island Department of Human Services  
57 Howard Avenue  
Cranston, Rhode Island 02920

Dear Ms. Ramian:

Under the authority granted by section 17(b)(1)(A) of the Food and Nutrition Act (the Act) of 2008, as amended, FNS is pleased to approve the Rhode Island Department of Human Services’ (DHS) extension request to waive section 5(e)(5) of the Act to allow DHS to conduct a Standard Medical Deduction Demonstration Project (the Project).

Per section 5(e)(5) of the Act and the regulations at 7 CFR 273.9(d)(3), Supplemental Nutrition Assistance Program (SNAP) households containing an elderly or disabled member are entitled to an excess medical deduction. This deduction allows a household to deduct the actual costs of allowable out-of-pocket medical expenses incurred by an elderly or disabled household member, as defined in 7 CFR 271.2, that exceed $35 a month from the household’s income.

FNS is waiving section 5(e)(5) of the Act and the regulations at 7 CFR 273.9(d)(3) to allow DHS to establish a standard medical deduction of $141 a month. Under this Project, eligible households will received a standard medical deduction to replace the actual costs of medical expenses in excess of $35 a month (excluding special diets) incurred by elderly or disabled household members. DHS will continue to reduce the Standard Utility Allowance by $10 to offset the increased cost of applying a standard medical deduction to eligible households whose excess medical costs are less than the standard medical deduction amount.

FNS is approving the project for 4 years, from October 1, 2017 through September 30, 2021, under the attached terms and conditions. To ensure the project remains cost neutral, DHS is required to submit two cost neutrality reports during the approval period as well as annual reports. A full reporting schedule is included in the attached terms and conditions. Should DHS wish to extend this Project, the agency should submit an extension request 4 months in advance of the end of the approval period.
FNS requests that DHS submit, as quickly as possible, written acceptance of the waiver terms and conditions. The appropriate State official should sign Rhode Island’s written acceptance of these terms and conditions.

FNS looks forward to working with DHS on this project. If you need further information, please contact Sarah Goldberg at (703) 305-4397 or Sarah.Goldberg@fns.usda.gov.

Sincerely,

Lizbeth Silbermann
Director
Program Development Division

Enclosure
WAIVER TERMS AND CONDITIONS  
RHODE ISLAND STANDARD MEDICAL DEDUCTION DEMONSTRATION PROJECT

The Standard Medical Deduction Demonstration Project (the Project) waivers are approved in accordance with requirements to operate demonstration projects under section 17(b) of the Food and Nutrition Act of 2008, as amended (the Act). The waivers described below only apply to elderly or disabled Supplemental Nutrition Assistance Program (SNAP) applicants in Rhode Island who incur out-of-pocket medical expenses (excluding special diets) in excess of $35 a month.

APPROVED WAIVERS

Statutory Waivers

1. Section 5(e)(5) of the Act establishes the excess medical deduction that allows elderly or disabled SNAP participants to deduct the portion of their actual medical expenses, excluding special diets, that exceeds $35 for the purpose of determining eligibility and benefit amounts.

FNS is waiving section 5(e)(5) of the Act to allow the Rhode Island Department of Human Services (DHS) to establish a standard medical deduction amount to replace the actual costs of medical expenses in excess of $35 (excluding special diets) for elderly or disabled SNAP applicants.

Regulatory Waivers

1. 7 CFR 273.9(d)(3) allows elderly or disabled SNAP participants to deduct the portion of their actual medical expense, excluding special diets, that exceeds $35 for the purpose of determining eligibility and benefit amounts.

FNS is waiving §273.9(d)(3) to allow DHS to establish a standard medical deduction amount to replace the actual costs of medical expenses in excess of $35 (excluding special diets) for elderly or disabled SNAP applicants.

GENERAL

- DHS is authorized to operate the Project Statewide for a period of 4 years. DHS has indicated its intent to continue the Project effective October 1, 2017, as the previous approval for this Project expired on September 30, 2017. The current approval will end on September 30, 2021. The appropriate State official should sign Rhode Island’s written acceptance of these terms and conditions.
• FNS reserves the right to withdraw this waiver approval and terminate the Project at any
time during its operation if FNS determines that it is inconsistent with the goal of
increasing the efficiency of SNAP and improving the delivery of SNAP benefits to
eligible households.

• If any Federal laws regarding this Project change during the approved period, the State
agency will submit a modification request to FNS to ensure the Project’s terms and
conditions reflect current Federal law. FNS will review and approve the modification in
accordance with section 17(b)(1)(D) of the Act.

• DHS will establish a $141 standard medical deduction to replace the actual, allowable
costs of out-of-pocket medical expenses in excess of $35 (excluding special diets) per
month incurred by elderly or disabled SNAP applicants or participants as defined in
§271.2.

• DHS will reduce the standard utility allowance by $10 to offset the increased cost of
applying a standard medical deduction for eligible households whose excess medical
costs are less than $141, the standard medical deduction amount under the Project.

• All eligible participating households will have the standard medical deduction of $141
applied at initial application.

• To be eligible for the standard medical deduction, households must verify that they incur
more than $35 a month in qualifying medical expenses in accordance with the regulations
in §273.2(f)(1)(iv).

• Participating households will remain eligible for the standard medical deduction at
subsequent recertification if they declare that their medical expenses continue to exceed
$35 per month. Verification is not required for subsequent recertification unless the
declaration is questionable.

• During the interview process, the State will provide households with information about
the Project. Households with medical expenses over $176 ($141 + $35) per month may
opt to document and claim all actual medical expenses.

• No new reporting requirements for changes in medical expenses will be required.
However, households may report new medical expenses that would make them eligible
for the standard medical deduction.
EVALUATIONS

Rhode Island is required to submit Annual Reports and Cost Neutrality Reports regularly throughout the approval period. The Annual Reports are due no later than 4 months after the end of each project year. The Cost Neutrality Reports are required every other year. In years when a Cost Neutrality Report is required, Rhode Island will not need to submit a separate Annual Report, as the Annual Reporting summary data is included in the Cost Neutrality Report template. Below is a comprehensive reporting schedule.

<table>
<thead>
<tr>
<th>Rhode Island Standard Medical Deduction Reporting Schedule</th>
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<tbody>
<tr>
<td><strong>Report Type</strong></td>
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<tr>
<td>-----------------</td>
</tr>
<tr>
<td>Cost Neutrality Report with Summary Data</td>
</tr>
<tr>
<td>Annual Report</td>
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<tr>
<td>Cost Neutrality Report or Final Report</td>
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</tbody>
</table>

- **Annual Report**: DHS will provide FNS with an annual report using the FNS “EXCEL” annual reporting template data file to compare past caseload report information with the following summary data listed below. The reporting periods for the cases used to provide the summary data are listed in the reporting schedule above.

  1. SNAP Caseload: The average number of all households participating in SNAP during each month of the reporting year;
  2. Elderly or Disabled Households: The average number of SNAP households with an elderly or disabled member during each month of the reporting year;
  3. Households Potentially Eligible for the Project: The average number of households with medical expenses greater than $35 during each month of the reporting year;
  4. Project Participation: The average number of households with gross medical expenses between $35 and $176 (the SMD amount plus $35); and
  5. SMD and Offset Amounts: The current SMD amount and current Standard Utility Allowance offset.

- **Cost Neutrality Report**: Using the Quality Control reviews or a similar process, DHS will conduct reviews of a random sample of 200 cases with elderly or disabled household members with excess medical expenses, to ascertain the household’s actual medical expenses each month. The sample can be from any month or combinations of months; however, the sample should be from the same fiscal year, if possible.

The State will use the FNS “EXCEL” cost neutrality reporting template data file to provide the following information for each case:
- Actual medical expense incurred by the household in the sample month (please clarify if the $35 minimum is included or if it has already been subtracted by the State system).
- The amount of the medical deduction received in the sample month. Unless the household claimed actual expenses, this should be the SMD amount.
- The Annual Report summary data listed above.

**QUALITY CONTROL**

QC review of demonstration cases is governed by 7 CFR 275.11(g), which provides that the results of the review of households correctly classified for participation in a demonstration "which FNS determines to significantly modify the rules for determining households’ eligibility or allotment level" shall be excluded from the determination of the State’s error rate. FNS has determined that the demonstration does not significantly modify the rules for determining households’ eligibility or allotment level. Therefore, the results of the reviews, in both the active and negative sample frames, of households participating in this project shall be included in the State agency’s error rate, and shall be assigned a case classification code of “1” (included in the error rate calculation in item #11 of the FNS-380-1, Quality Control Review Schedule). Cases selected for review in the negative sample frame shall be assigned a case classification code of “1” (included in the error rate calculation) in Section II, item #9 of the FNS-245, SNAP Case and Procedural Case Action Review Schedule (formerly the Negative Case Action Review Schedule).

QC procedures for households participating in the demonstration must be modified to require that the reviewer first determine if the household is correctly classified for participation under the rules of the project (i.e. is eligible to participate in the project under the FNS-approved terms and conditions). If the household is not correctly classified for participation, eligibility and the amount of the benefits will be reviewed against SNAP standards established in the Food and Nutrition Act and regulations, taking into account any FNS-approved waivers (other than those approved for this demonstration) or State options to deviate from specific provisions. If the household is correctly classified for participation in the project, eligibility and the amount of benefits for participating households will be reviewed against the rules of the demonstration.

In making the determination of whether the household has been correctly classified for participation under the rules of the project, and in conducting reviews against the rules of the project, QC must apply standard verification standards and procedures as specified in the FNS-310, Quality Control Review Handbook. Without independent verification of all relevant circumstances for the period of time under review, QC would be unable to determine the household’s eligibility to participate in the demonstration, or the correctness of the authorized allotment.
REQUEST FOR EXTENSION

If DHS wishes to continue the Project, the agency should submit a request for extension 4 months in advance of the end of the Project period, by June 1, 2021. The appropriate State official should sign the extension request. If DHS chooses not to request an extension, the agency should submit its final report to FNS by February 1, 2021.

*Please note: When submitting reports to FNS, please DO NOT include client’s Personally Identifiable Information (PII).