



North Carolina  
Department of Health and Human Services  
**Division of Medical Assistance**  
**Recipient Services MEU**

801 Ruggles Drive – 2501 Mail Service Center - Raleigh, N.C. 27699-2501  
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Michael F. Easley, Governor  
Carmen Hooker Odom, Secretary

L. Allen Dobson, Jr., M.D., Assistant Secretary  
for Health Policy and Medical Assistance

April 26, 2006

RE: Fiscal Impact of the Deficit Reduction  
Act of 2005

Dear County Director of Social Services:

In a March 14, 2006 letter we provided you with a summary of mandatory provisions within the Deficit Reduction Act (DRA) of 2005. Since that time we have received many questions and concerns relating to the impact these provisions will impose on the state and counties. An April 10, 2006 DMA, FSCWS, DAAS Administrative Letter provided the first eligibility policy concerning one of the mandatory provisions, to provide proof of identity and citizenship. This letter is part of a DRA outreach obligation and requires all staff who determine eligibility for Work First, Special Assistance, and all other Medicaid programs to begin informing the applicants and recipients that this requirement is forthcoming.

While we do not know the fiscal impact of the DRA legislation, we recognize that this change will have a significant effect on recipients and county staff. We understand and acknowledge the fiscal impact this requirement for proof of identity and citizenship may have and continue to work with our federal partners to come up with alternative sources of verification. We do not have answers to all questions at this time, but we understand that many of you are in the budget planning cycle and may need to consider the impact in your funding request.

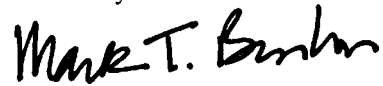
Dear County Director of Social Services Letter

April 26, 2006

Page 2

We appreciate your continued support as we work through the development of policies mandated in the DRA and will continue to keep you informed as these changes are implemented.

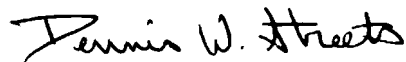
Sincerely,



*for* L. Allen Dobson, Jr., M.D.



Sherry Bradsher, Director  
Division of Social Services



Dennis W. Streets, Director  
Division of Aging and Adult Services

LAD/scr

**FSCWS-31-06**