

**Kansas Department of Social and Rehabilitation Services
Janet Schalansky, Secretary**

**Integrated Service Delivery - Candy Shively, Deputy Secretary (785) 296-3271
Economic and Employment Support - Bobbi Mariani, Director (785) 296-3349**

MEMORANDUM

To: EES Chiefs and Staff
HealthWave Clearinghouse Staff

Date: March 19, 2004

From: Dennis Priest
Nialson Lee

RE: Implementation Instructions for
Poverty Level Increases

This memo provides implementation instructions for the increases in the federal poverty level standards which take effect May 1, 2004.

POVERTY LEVEL CHANGES

- I. **Medicaid Poverty Level, HealthWave, QMB, LMB, and QWD Programs** - The following instructions are for the increases in the federal poverty level standards in the Medicaid poverty level, HealthWave, QMB, LMB and QWD programs. These new standards also increase the minimum community spouse income allowance and the dependent family member allowance under the spousal impoverishment provisions effective May 1.

The poverty level table in KAECSES will be updated on 03-19-04 to incorporate the new poverty level amounts effective 05-01-04. Eligibility for any cases copied into May 2004 after this date was computed using the new poverty level amounts. The Medicaid poverty level/HealthWave, Working Healthy and QMB programs are affected by this update. Since eligibility for the LMB and QWD programs is determined manually, automated processing for these programs as well as the spousal impoverishment changes, are not affected by this action.

- a. **Medicaid Poverty Level and HealthWave Programs** - Because changes in the poverty level standards will not impact the majority of poverty level eligibles, except for certain premium payers at noted below mass change will not occur for the MP program. Because changes in financial eligibility do not effect eligibility until the end of the family continuous eligibility period, persons are not transferred from HealthWave to Medicaid or vice versa solely because of the change in poverty standards. No coverage changes are made at this time unless a child is at the end of his/her continuous eligibility period. Because ongoing cases will rebudget based on the new amounts if PLID is accessed for the benefit of May or later, staff need to be aware that poverty level percentages may be altered but medical subtypes should remain unchanged. Although this could result in some inconsistency in the information present on the system, eligibility will not automatically change.

As indicated previously, certain HealthWave households assigned a family premium amount may be impacted by this change. If the change in poverty standard results in a decrease in the family's poverty level percentage so that the premium amount is either reduced or eliminated, action should be taken to reflect that change. Cases currently in premium status with participating individuals who fall between 151% -155% of poverty or 176% -180% of poverty are to be reviewed by staff in order to determine if the premium amount will be adjusted. To assist with this review a printout listing all cases meeting this criteria will be produced and sent electronically to the Area Report Distribution List the week of April 12, 2004. These cases are to be rebudgeted under the new standard prior to the first medical card cutoff for May on April 22, 2004. Any necessary premium changes are to be made effective May, 2004. KAECSES Notice P703, HealthWave 21 - Premium Amount Change, shall be sent for any premium adjustments.

In addition to the review of current premium cases, spenddown cases with either a child or pregnant woman recipient are to be reviewed in the month of April for potential poverty level Medicaid coverage under the higher standards. These spenddown cases are identified on the MA Spenddown Report. This report lists all open MA cases without a program subtype regardless of spenddown status. Those cases which include a pregnant woman (including postpartum coverage) are identified with a Y in the PW/PP column. The report is sorted by worker and will be sent within a few days. All cases are to be reviewed for potential Medicaid poverty level or HealthWave eligibility with any changes effective May 1, 2004.

NOTE: While reviewing MA programs careful attention must be given to those without existing subtypes to ensure program coding is correct. In instances where the MA program provides Family Medical coverage (including TransMed and Extended Medical) a subtype must be present. Without a subtype of CM, WT or EM, the MA program is regarded as a spenddown case and the family is not assigned to managed care.

For spenddown cases in which a child(ren) and/or pregnant women is included and meet the Medicaid poverty level or HealthWave criteria, an MP program is to be added in KAECSES with a proration date of 5-01-04 and the current base is shortened to end in April.

Individuals who have not met spenddown previous to the change are to be notified of the new spenddown amount for the shortened base. In addition, persons who met spenddown previous to the poverty level determination are to be notified of the shortened base and decreased spenddown so they have the opportunity to have a portion of their spenddown expenses covered.

Eligibility work for any of the above changes must be completed by April 22, 2004 (medical card run for May) in order for eligibility/coverage to be correct for May.

- b. **QMB PROGRAM** - A mass change run will occur at the time of rollover in March and will determine QMB eligibility for all MS cases based on financial and non-financial criteria. A mass change detail report (MR330) will be produced following the run and will list all MS cases, not just those cases with potential or ongoing QMB eligibility. This report will be available on SAR as of 03-29-04 (Report ID SWM03828-B59). The report lists cash and food stamp cases first for the whole state with the medical cases at the end. The mass change run will result in the following:
1. Cases that are newly eligible for QMB will have an alert sent to the worker. The case must then be authorized by going through MSID and authorizing the SPEN screen for the benefit month of May so that QMB status begins effective May 1, 2004. In addition, a notice of QMB eligibility, N197 or similar notice, must be sent.
 2. Cases which have been QMB eligible but now fail eligibility will be identified by a FAILED message on the mass change report. In addition, the QMB indicator on MSID will be deleted. The worker must reauthorize the case for the benefit month of May. A notice of QMB termination must also be sent by the worker. Potential eligibility for LMB coverage should be reviewed, especially for those covered only under QMB previously
 3. For all cases, if the cost -of-living adjustment (COLA) for January 1 per KEESM 6410 (50)(b) is excluded, the PICK and SEPA screens must be reviewed and updated if necessary.
 4. Some cases may have a change in the spenddown amount since all MS cases will be processed in the mass change. This will likely happen when an individual is on two cases, income was changed, and only one of the cases was authorized.

For all other programs (MA, MA CM, etc.), the worker will need to review any case in which a Medicare Part A recipient is not currently listed in QMB status and who may be eligible under the new poverty standards.

Such review should occur no later than the next scheduled review. QMB status would be effective the month following the month in which the case is reviewed.

NOTE: For all cases in which QMB or LMB eligibility is changing, care must be taken to ensure the PICK and SEPA codes remain compatible. Consider the following examples:

- i. A person retaining QMB only eligibility whose SSA COLA was exempted between Jan - April would retain the QO subtype but the PICK code of QO would be removed and QMB authorized with a Y on MSID.

- ii. A medically needy and QMB individual whose SSA COLA was exempted between Jan-April would not have a medical program subtype, so the medical program subtype would not change. The QS code on PICK would be removed and QMB is authorized with a Y on MSID.
- iii. An individual moving from QMB only to LMB only would have the medical program subtype changed from QO to LO and would also have a new PICK code of LO, or LL for Expanded LMB.

All cases which may lose QMB coverage must be reviewed to ensure proper eligibility information is entered and the coding remains consistent. To identify these cases, a printout of all MS cases with a QO medical program subtype OR a QS, QO, QM or WQ subtype have been identified. The printout will be sent within the next few days to the Area Report Distribution List. The cases need to be reviewed beginning with the benefit month of May. A similar printout will be provided in May for final review purposes

- c. **LMB PROGRAM** - The higher 120% and 135% standards become effective on all LMB determinations for the month of May, 2004 and thereafter. For current recipients, a regular LMB (120% of poverty) or Expanded LMB (135% of poverty) determination is to be completed based on the new standard as affected cases are identified, but no later than the next scheduled review period.
- d. **QWD PROGRAM** - The higher 200% standards become effective on all QWD determinations for the month of May, 2004 and thereafter. For current recipients, a determination is to be done under the new standards as affected cases are identified, but no later than the next scheduled review period.
- e. **SPOUSAL IMPOVERISHMENT INCOME ALLOWANCES** - The higher community spouse and dependent family member allowances take effect as of May 1, 2004 for all determinations made on or after this date. Current cases are to be reviewed during the month of April and necessary adjustments made effective May 1.

To aid in the review process, a printout will be produced based on KAECSES records and will list all cases in which an AI or AI/DI code is reflected on EXNS. These codes reflect cases in which income is being allocated. The printout will be in alphabetical order by case name and be in caseload by county order. It will also list the expense code as well as the allocated amount. This information will be based on KAECSES information as of mid-March and will be sent separately.

Income allowances are to be adjusted in some of the cases as the community spouse can now get at least \$1562 a month and any dependent family member can get \$521 a month provided his or her income is not in excess of \$1562 per month. The new community spouse standard affects the outcome of the excess shelter calculation. The maximum amount of excess shelter which can now be given is \$757. Thus, if the person's shelter payment equals or exceeds \$964 all

that can be allocated is \$757. Any payment less than \$964 but more than \$207 would produce a varying standard. These new guidelines may decrease or eliminate the excess shelter allowance in some cases.

- f. **Working Healthy** - Because of the new poverty level both the maximum income level and premium standards will be adjusted. The new income limits and ranges become effective for all Working Healthy determinations for the month of May 2004 and thereafter. A mass change will occur at the time of rollover in March to incorporate the new maximum income level and minimal premium threshold. The mass change detail report (MR330) noted in item (b) above will list all cases processed during this mass change. Any case with income in excess of the limit will be identified with an UNABLE TO PROCESS message, although none are expected. The SAR report will be available on 03-31-04 (Report ID SWM0328-B59).

Premium adjustments necessary because of the new income levels will not be automated. All Working Healthy premium cases must be reviewed to determine if the premium obligation will be reduced or eliminated based on the new income levels. Countable income shall be compared to the new standard and, if a reduced premium results, the new premium is effective May 1, 2004. A new notice, N743 - Change - WH Premium Levels, has been created for this purpose. Premium cases are identified on the Working Healthy Premium Report (MR410) and is available on SAR, report ID SWYO183T-R04. Please make note that only the premium income levels are changing, the premium amounts are not being adjusted this year.

- II. **Child Care Program** - The monthly gross income amounts will be updated on the Child Care Family Income and Share Schedule to reflect changes in the new federal poverty guidelines. KsCares will be updated after 5:00 pm on April 9, 2004 with the changes effective May 1, 2004. The changes will not affect Family Shares already attached to existing child care plans on CHCP. In order to have the Family Share recalculated in INEL with the new income levels, it will be necessary to press PF12 on INEL, however, it is not necessary to change any of the income on INEL first. (Staff should be reminded that any time a change has occurred which may effect the family share - income level table changes, adding a household member, removing a household member, changing income - it is necessary to press PF12 in INEL in order to accurately update the case. Once INEL is updated, any pre-existing child care plans will also need to be updated on CHCP accordingly.) Changes to existing child care plans will be implemented at the next review (which may be as far as 12 months in the future) unless requested/required earlier. Any cases processed on or after May 1, 2004 will use the new Family Share table on KsCares with the new income levels. This includes new plans with an effective date prior to May 1, 2004 if initial eligibility is completed on or after the table changes. Poverty level updates are a positive change, so staff need not be concerned that some plans with a start date prior to May 1, but processed after the table changes will use the new income/share amounts. Since there will be no mass change to child care plans, no mass notice is necessary.

DFP:NL:JS:jmm