Kansas
Department of Health and Environment
Division of Health Care Finance

Policy Memo	
KDHE-DHCF POLICY NO: 2021-06-03	**From: Erin Kelley, Senior Manager**
Date: June 25, 2021	
RE: STEPS Employment Support Program	**Program(s): Elderly & Disabled Medical Programs**

The purpose of this memo is to communicate implementation instructions for a new Medicaid coverage group, Supports and Training for Employing People Successfully (STEPS). This is an employment support pilot program that serves persons with disabilities who are employed or interested in becoming employed. Coverage under the STEPS program is effective July 1, 2021. All changes and instructions included in this memo are also effective July 1, 2021.

A. Background

The STEPS employment support pilot program is designed to help members obtain and maintain employment. The goal of this program is to demonstrate that increasing opportunities for employment and independent living supports for individuals who have disabilities or behavioral health conditions, and who are living and working in the community, will increase independence and improve health outcomes.

The STEPS pilot program will target individuals who receive Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) and who have behavioral health as their primary diagnosis. The pilot program also targets individuals who receive SSI, receive Medicaid coverage, and currently receive or are on the wait list for the Physical Disability (PD), Intellectual/Developmental Disability (I/DD), or Brain Injury (BI) waivers.

B. Benefits Specialists

Benefits Specialists will provide support for persons who meet the eligibility criteria to participate in this pilot program. The Benefits Specialists will also provide program guidance to potential participants to help them understand what participation in the program involves as well as the possible impact of employment, allowing them to make informed

decisions. It is important that potential participants understand the impact employment may have on any community or governmental support programs they may receive.

The Benefits Specialist will notify eligibility staff when coverage in KEES must be adjusted to allow an individual to participate in the STEPS program.

C. Coverage Information

Individuals determined eligible for the STEPS program will be assigned to a managed care organization (MCO). Coverage for these individuals will be the same as the SSI or Working Healthy populations receive. Copayments for services will be applicable, except where otherwise exempt. Estate Recovery will apply to members age 55 and older. HIPPS referrals are required except where definite verification is received that indicates the employer does not offer healthcare coverage. Regular Medicare buy-in rules apply to this population and the normal two-month delay will apply except where earlier buy-in is appropriate (e.g. SSI recipients, prior Kansas buy-in, or MSP eligibility).

D. Program Requirements

To qualify for coverage under the STEPS program, individuals must meet the following general eligibility criteria: ability to act in their own behalf, residency, providing an SSN or application for an SSN, citizenship and identity, as well as cooperation. Some individuals must pay a premium for coverage and cooperation with the premium payment process is required (see section D.6. below).

Persons cannot receive both HCBS and STEPS coverage. The individual must choose which category of coverage they wish to receive. Individuals who choose to leave the PD, I/DD, or BI waiver will be able to return to the waiver if desired. Additionally, individuals on the PD, I/DD, or BI waiver wait list who choose to participate in the STEPS program will not lose their place on the wait list. Spousal impoverishment provisions are not applicable to this population. In addition, the following eligibility requirements apply.

1. Age

Individuals must be between the ages of 16 and 64. Coverage may not begin prior to the individual's 16th birthday and may not continue past the month the individual turns 65. Coverage under the STEPS program must terminate on the last day of the month in which an eligible individual turns 65, even if they continue to be employed.

2. DISABILITY

Individuals must meet Social Security disability criteria and receive Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) in order to participate in the STEPS program. As persons who are determined disabled as a result of a referral to Disability Determination Services (DDS) or the Presumptive Medical Disability Team (PMDT) do not receive Social Security income, they would not be eligible for STEPS.

3. ASSISTANCE PLANNING

General rules under the medical assistance program apply. If two individuals in the same family group request STEPS coverage, a single plan is applicable. A spouse or parent(s) must be included in the STEPS assistance plan unless otherwise excluded (e.g. SSI recipient). An ineligible spouse or parent is considered an excluded individual.

Consider the following examples:

i. A disabled 60-year-old and her 67-year-old spouse apply for medical assistance. The 60-year-old is seeking employment and would like to participate in the STEPS program. Medically Needy coverage with a spenddown as well as Medicare Savings Program coverage are considered for the elderly spouse. A single case number may be used to complete both eligibility determinations. Current processes shall be followed with regard to correctly setting up program blocks. It is also important to note that any applicable premium or other medical expenses incurred by the spouse receiving STEPS coverage may be applied as an expense toward any spenddown for the non-STEPS spouse.

ii. A 36-year-old disabled mother applies for STEPS. Her husband receives SSI and currently receives medical assistance. Their two children also receive medical assistance. The mother is the only person included in the STEPS assistance plan as SSI recipients (the husband) are not included nor are non-legally responsible family members such as children. If approved, the mother continues to be included in the children's assistance plan as she is a legally responsible family member. One case number may be used for all medical assistance programs for this household. Current processes shall be followed with regard to correctly setting up program blocks.

4. RESOURCES

A $15,000 resource limit applies to the STEPS program and is applicable to both single individuals and married couples. All retirement plans are also exempt. This includes IRAs, Keogh accounts, 401K plans, and private pension funds such as KPERS.

Note that when considering other eligibility groups for a person moving from STEPS, any accumulated resources in excess of the applicable limit for the new program must be considered and may render the person ineligible. For example, a single individual with a $9,000 savings account is eligible for STEPS. The individual decides they no longer wish to pursue employment, so eligibility under other medical assistance programs is considered. The individual is no longer eligible because the value of the savings account exceeds the resource limit for Medically Needy programs and Medicare Savings Programs (MSP).

For family groups with more than one assistance plan, such as in example (i) of item (3) above, resources of both spouses or parents are countable in all assistance plans. This includes exempt retirement funds. While exempt for the STEPS program, a retirement plan owned by the STEPS spouse is countable on the non-STEPS spouse's plan. In addition, excess resources of the STEPS spouse may render the non-STEPS spouse ineligible.

5. EARNED INCOME REQUIREMENT AND INCOME BUDGETING

As the STEPS program is designed to assist an individual with obtaining employment and providing support for those individuals who are employed, there is the potential for participants to not have earned income at the time of enrollment in the pilot.

For individuals participating in STEPS who are employed, their hourly rate must be consistent with the federal hourly minimum wage and they must work a minimum of forty (40) hours per month. Earnings must also be subject to withholding under the Federal Insurance Contributions Act (FICA). FICA provides for collection of Social Security and Medicare tax, which is required to be paid on nearly all earned income. FICA withholding is applicable when there is an employer-employee relationship. The employer must withhold FICA from the employee's paycheck. Common line item deductions may be described as 'FICA', 'Social Security', or 'Medicare' withholding on an individual's paycheck. To qualify for STEPS, an individual must present evidence of FICA withholdings.

Similar to Working Healthy, the definition of earned income for STEPS purposes may differ from the standard definition of earned income for budgeting purposes. In other words, a person may have earned income, as defined in Medical KEESM 6300, but not qualify for STEPS because of the more restrictive definition. For example, an individual with earned income from blood plasma sales would not qualify for STEPS. Individuals not working but receiving temporary sick pay, although budgeted as earned income, do not meet the earned income criteria for STEPS unless the Temporary Unemployment provisions explained in item 8 below are applicable. In addition, persons whose earned income comes from self-employment are also not eligible for STEPS.

It is also important to note that while this program has been designed to serve individuals employed or seeking employment in a competitive and integrated environment, federal Medicaid regulations strictly prohibit applying a definition of work this restrictive. Therefore, employment in any environment may meet the employment criteria for STEPS provided the individual receives income consistent with the federal minimum wage and FICA withholding exists.

The same income budgeting provisions used for Working Healthy are applicable to STEPS. Income shall be converted or averaged as outlined in Medical KEESM.

6. PREMIUM REQUIREMENT

Some individuals eligible for STEPS must pay a monthly premium for coverage. Premium obligation is determined on a sliding scale and is based on the amount of countable income and size of the assistance plan. Countable income is determined after all disregards have been applied. Pre-tax and federal deductions are not used to reduce the amount of countable income. Non-covered medical expenses are not allowed against the countable income unless they are countable as an Impairment Related Work Expense (IRWE) or Blind Work Expense (BWE). The STEPS program will follow the same graduated premium scale, billing, and payment process as Working Healthy. The premium scale is included on the F-8, Kansas Medical Standards, which may be found on the KDHE Eligibility Policy website.

The ES-3165, Working Healthy and Premium Information, may be used to inform individuals interested in the STEPS program of the premium requirement and their estimated premium amount. The individual may sign the form indicating his or her knowledge of the premium obligation though submitting the form is not a requirement. A verbal acknowledgement of the premium and agreement to pay the premium, either with the Working Healthy Benefits Specialist or the Eligibility Specialist, is acceptable. A note of other written communication is also acceptable. Verbal agreements must be documented in the case file. Obtaining a signed form is

preferred but not required. It is not required to obtain an agreement for cases without a premium obligation.

Eligibility staff are responsible for determining the actual premium amount. There shall be no premium requirement for individuals who receive SSI and wish to participate in the STEPS program.

i. IMPACT ON NEW APPLICANTS

Some individuals who apply for Medicaid may not wish to pay a monthly premium for coverage. An individual has the option to refuse coverage if a premium is required. For this reason, STEPS coverage cannot be authorized for an individual subject to a premium until they have agreed to pay the premium. The individual shall be given an estimated premium based on the chart shown in the F-8 and given the option of STEPS coverage or, if otherwise eligible, the potential of Medically Needy spenddown, or MSP only coverage. In some instances, HCBS may also be an option for the individual. A referral to the Benefits Specialist for additional consultation is appropriate if the individual is unsure about their options.

STEPS may not be authorized retroactively. If prior medical is requested, eligibility shall be determined under other programs.

An agreement to pay the monthly premium may need to be obtained at review or the six-month desk review if an individual moves from non-premium status to premium status. A new agreement is not required at review for individuals experiencing a change in their premium level. It is the individual's responsibility to request closure of STEPS coverage because of the premium obligation.

If the individual does not respond to the request regarding the premium obligation, coverage may be established under other medical coverage groups.

ii. IMPACT ON ELIGIBILITY

Although premiums are due monthly, if the premium is not paid timely, enforcement action is taken once the individual is a full two (2) months behind in making payment. Once the individual is a full two (2) months behind in payments, coverage under the STEPS program is discontinued effective the last day of the next month, allowing timely notice. See Medical KEESM 2664.5 and subsections.

Persons may be reinstated without additional action if payment is made which lowers the overdue amount to less than two full premiums by the last day of the month of closure. Individuals with delinquent premiums remain ineligible for STEPS coverage until the delinquency is cured. Coverage under other programs shall be provided without regard to the delinquent STEPS premiums if all other eligibility factors are met.

iii. SIX-MONTH DESK REVIEW

A desk review shall be completed every six (6) months for STEPS recipients who do not receive SSI income. The purpose of the desk review is to determine changes in premium obligation.

The desk review shall generally be completed at the beginning of the sixth month of eligibility to determine premium obligation effective the seventh month. However, the desk review is waived in situations where the regular review is due prior to the sixth month. If the client continues to be eligible for STEPS upon completion of the regular review, a new six-month desk review is set.

Income must be verified at the point of the desk review. Failure to cooperate with the desk review process shall result in loss of STEPS coverage.

iv. CHANGES IN PREMIUM AMOUNT

Changes which increase the amount of countable income are not acted upon until the next scheduled review or desk review for members who do not receive SSI. As previously noted in section 6 above, there is no premium requirement for STEPS participants who receive SSI. For members who lose SSI while receiving STEPS coverage, a premium shall be established, if applicable, at the time STEPS coverage is transitioned to a non-SSI related aid code. It is important to note that this will occur outside of the regular review and/or desk review process.

Changes which decrease the amount of the premium are to be considered and any adjustment in eligibility or the premium amount made the month following the month the change is reported. Examples of changes which could impact the amount of the premium are changes in income, household size, or IRWE/BWE deductions. A notice shall be sent informing the member of any change in premium.

7. CHANGE REPORTING

Current change reporting requirements are applicable to the STEPS program. Changes must be reported within ten (10) days of being known. See Medical KEESM 9121 and subsections for more information. Except for changes in countable income which would increase the premium obligation, all changes must be considered for possible adjustments in eligibility.

Changes in budgeting take place as cases transition to and from STEPS. These changes shall follow existing policy and processes for Working Healthy.

8. TEMPORARY UNEMPLOYMENT

As mentioned in section 5 above, coverage under the STEPS program may be authorized for individuals who are not currently employed but wish to become employed. Coverage under the STEPS program may be extended for up to two (2) months for persons who are temporarily unemployed but intend to return to work, as described below.

Persons who report employment termination and indicate an intent to return to work can continue coverage under the STEPS program for up to two (2) months. Unemployment can be for any reason (termination or resignation, temporary disability, etc.) but the individual must coordinate with the Benefits Specialist and provide the reason for unemployment. Persons receiving temporary disability pay from an employer do not continue to be eligible for STEPS, unless the conditions of the unemployment plan are met. Coverage continues at the current level. However, adjustments in premium may be necessary as income may have decreased.

As previously mentioned, the individual must cooperate with the establishment of a temporary unemployment plan with the Benefits Specialist for STEPS coverage to continue. If at any time the individual does not cooperate with the Benefits Specialist regarding the establishment of the plan or the requirements within the plan (i.e. job search, etc.), coverage shall be terminated. The Benefits Specialist is responsible for notifying eligibility staff if the member fails to cooperate with the plan.

The two (2) month period begins the month following the first month of unemployment. If the member continues to be unemployed by the end of the two (2) month period, coverage under the STEPS program may potentially remain in place if the individual continues to cooperate with the establishment of an employment plan with the Benefits Specialist. The Benefits Specialist is responsible for notifying eligibility staff if the temporary unemployment plan will extend past two (2) months.

E. QUESTIONS

For questions or concerns related to this document, please contact the KDHE Medical Policy Staff at kdhe.medicaideligibilitypolicy@ks.gov.

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Questions regarding any KEES issues are directed to the KEES Help Desk at KEES.HelpDesk@ks.gov.