

# Reasonable Compatibility

From Policy Memo 2015-06-05

## 1. When to use the Request Verification Button

The RV Button must be used with caution. Because the button is an 'All or Nothing' request, when interfaces are requested using the button, all RV interfaces are requested for everyone on the case. This creates the potential of additional work and delayed processing. Repeated requested for information for elements that have already been verified is expressly prohibited. Staff must use the guidelines below to determine if a request through the RV Button is necessary. Also note special rules regarding controlling the information used to make the call, particularly related to income, found in section XXX.

### a. New Applications

All applications that begin executing through the no-touch process may call interfaces. Applications that fall out of no-touch prior to the interface call or that do not go through No-Touch will not have an automatic call.

- The RV button is required for these new applications where some applicants do not have verified CitDoc or SSN or have earned income.
- Do not use the RV button where all applicants currently have CitDoc and SSN verified unless there is earned income AND a Family Medical income records is applicable
- RV must be used for all applications with a non-citizen applicant.

### b. Changes During the Application Process

Applications where information is changed since the initial call – Most service calls use information in the system to generate the input request (example, client name, birthdate, etc.). If information is updated for unverified items, a new RV request must be initiated in order to verify those items.

If an update is made to any of the following items and that item is unverified:

- SSN Verification
- Citizenship/Identify

- Non-Citizen Status
- Income subject to the RC test and a Family Medical income records is applicable

For other items that are not verified, follow procedures for the particular element.

c. **New Requests for Coverage**

The RV Request is required for new persons who do not have one of the following items verified:

- SSN Verification
- Citizenship/Identify
- Non-Citizen Status

Also, if earned income is applicable for the individual or other members of the IBU/Assistance Plan and the Family Medical Income type is applicable.

d. **Earned Income Changes**

The RV button is used for any earned income change reported for a budget that is subject to the RC test if all individuals are not in a Continuous Eligibility period and a Family Medical Record is applicable.

For all practical purposes, this is only used for E and D medical cases with Earned Income if the Earnings are recorded under the FM type. This means there is no corresponding Family Medical case/Program Block.

e. **Non-Citizen Adjustments**

When an applicant or recipient non-citizen reports an adjustment to status, a new RV request is required to obtain updated verification. This is not necessary for people who are Assistance Plan/IBU members but not an applicant/recipient.

**Reasonable Compatibility**

Reasonable Compatibility is the income verification standard that is used to determine if wages reported by the consumer are generally consistent with information received through a recognized data exchange or other source. If information from the source is reasonably compatible with the customer's statement, additional information cannot be requested. Income amounts from both the customer and the source are converted to a

monthly amount for the reasonable compatibility test; and the amounts are compared.

The applicant must provide sufficient information in order to determine the reported monthly income in order to complete the reasonable compatibility test.

Reasonable compatibility only applies to earned income.

Reported information is considered reasonably compatible if:

- The amount reported by the customer is greater than the amount received from the data source for the applicable time frame, or
- The amount reported by the customer is within 20% of the amount received from the data source for the applicable time frame.

Applicable data sources are The Work Number and the wage records on KDOL (BASI.) The average of monthly income in these sources will be used in comparison to the reported income to determine if it can be accepted as verification.

#### **1) RC Test in KEES**

KEES provides a Reasonable Compatibility (RC) test, but there are times when a manual RC test will be necessary. It is important to understand the specifics of the RC test in KEES. Note that different rules are used when the Review batch is ran and those rules will be described in a separate memo. The following apply to RC tests outside of the review batch:

- a. The KEES RC test is only compared with Family Medical income types. Even though some Elderly and Disabled medical earnings are subject to the RC test, it will not use the E and D income type. It is only conducted when the interfaces are generated from KEES – either through the No-Touch Workflow or through the RV Button. It must be conducted manually when otherwise required.
- b. When the RC test is run in KEES, the system will

compare the total amount of earned income reported for the individual with the amount of income available on the interface record. KEES will use the amount of income tied to the record for the calendar month. For example, if the test is being run in June, it will use the amount of the income record for June. It will convert the amount to a monthly amount, totaling all applicable earned income for the individual.

- c. RC Test in KEES will convert the amount to a monthly amount, totaling all applicable earned income for the individual
- d. It will compare the amount of earned income with the amount from the interface. For KDOL, the last full quarter is used in the comparison. For the Work Number, the last month of wages is used for the comparison.
- e. If the income record is set to 'Pending' KEES will update the record to 'Verified' if it within 20% of the reported amount.
- f. KEES will return a Pending status if there are no income records available for the individual in KDOL or the Work Number.
- g. KEES will return a Pending status if the interface provides countable wages outside of the 20% range. Note – this includes records that are below the amount the client reported.
- h. If the record is set to Verified when the test is ran, it will leave it in Verified status regardless of the result of the test.
- i. Once it is set to Verified, it is always verified (even if subsequent income records exist).
- j. KEES does provide any further information regarding the results of the RC test, meaning we cannot tell why a record failed.
- k. A reasonably compatibility test is not run when the consumer's SSN is unknown, or the agency is aware that the consumer is working under a false SSN then proceed to the next level of verification.

I. If a record comes back Verified, it is considered Verified and no further action is required unless one of the following are true:

- The client's income includes income types 'Workers Comp- Expected to Return to Work' or Disability-Expected to Return to Work'. These types are considered Earned Income for the RC test and are not necessarily included on the wage verification records. Therefore, when these income types exist, the results of the RC test is considered suspect and must be ran manually.
- Income records exist for months after the current calendar. In these cases, future income records will be marked as Verified, even though RC may not have been met. RC results should be considered suspect and must be ran manually

Because the reason for the RC failure are not available to staff, when income is not verified through the RC test in KEES, an off-system reasonable compatibility test must be completed. Use the Reasonable Compatibility Tool provided as an attachment to this memo. Job Aid – Reasonable Compatibility Tool provides additional instructions regarding how to complete the tool as well as what income is used from the data sources to make the comparison.

If the tool results in a failed Reasonable Compatibility test, Tier 3 Verification is necessary.

## 2. **Income Records in KEES**

The following instructions are to be used when creating and adjusting income records in the KEES system. This is not an exhaustive list of instructions, but is intended to highlight specific implementation items.

### **A. Medical Income Types and Income Inheritance**

In order to support different budgeting rules for the various medical programs/aid codes, three different income 'type' codes are available. These codes tell KEES what income to count for the various medical aid codes. KEES allows each income to be recorded as more than one type, in order to control correct budgeting. Three different Medical Income Types exist in KEES:

- Family Medical – Used for MAGI programs.
- Elderly and Disabled – Used for non-MAGI programs
- MIPPA – Used ONLY for MIPPA programs

Because the medical hierarchy must support multiple medical program determinations, Income Inheritance rules exist to ensure the correct income budgeting for each aid code. Income inheritance allows income recorded as a Medical Income type to be used for a medical aid code determination that does not fall under that specific type. The determination will first look for a record under a primary medical type. If one isn't found but that record exists with a different medical income type, then it will use that income for the determination. This avoids the need to establish multiple income records for each case when individuals are being tested over a full range of medical programs.

## **B. Inheritance Order**

Income inheritance is used in a specific order according to the medical type. Under the basic inheritance hierarchy, MAGI cases (those with an RMT of MAGI) use Family Medical income types rank first. Elderly and Disabled programs use the ED medical type first and all Medicare Savings Programs use MIPPA as the primary type for the budget.

When a primary type doesn't exist for a specific income record, a secondary or tertiary code will be used. For MAGI, E&D will be used as the secondary type and likewise for E&D. MIPPA records are not used for MAGI or E&D. For MIPPA/MSP, E&D is secondary and Family Med is tertiary.

## **C. Special Processes**

The following special processes must be used for correct income budgeting:

### **1. Supporting the RC Test**

In order to ensure the RC test is accurate, special care is taken when entering the income records. The following apply:

- a. For applications, enter the record with the month of application first. If prior medical or Review Reconsideration periods apply and there is no change reported, the results of the determination will be returned without incorrectly impacting determinations for other months.
- b. Where Prior Medical is requested and an income change is reported, it is recommended that an off-system RC test be

conducted rather than attempting multiple calls using the RV button.

- c. When an income change is reported for cases where all members on a case are in a CE period, end date the income record effective the month of report. Establish a new income record beginning the following month. Leave the record Pending. Do not use the RV request button.

## 2. **Effective Date of Records**

- a. Where full month applies, begin the income record effective the first day of the month.
- b. Where partial month budgeting applies (See 6.C.3.) enter the income record effective the first day of the month. It may be necessary to determine the income off-system prior to entering it in KEES.
- c. Where irregular income exists, as with Working Healthy or LTC cases, use an effective date other than the first day of the month to ensure the actual income is budgeted.

## 3. **Separate records:**

KEES uses the Family Medical income type as the default code when bringing income records in from the SSP and the FFM. This is true for Earned, Unearned and Self Employment records. In general, the Family Medical code will budget income correctly on E& D program. Because of that, it is not necessary to establish new E&D income types where a Family Medical record already exists. The following situations require separate E&D and Family Medical income types:

- a. When the individual is a program person on a MAGI program and the countable income is different between MAGI and non-MAGI programs.
- b. All cases with allocated income must have an income type of Elderly and Disabled.
- c. When the individual is a program person on a MAGI program and the income frequency is NOT monthly. Monthly incomes may be shared by both if the income amounts are the same. For all intents and purposes, this will mean all earned income records will be separate and all unearned income records will be shared.
- d. All Social Security records are entered as Family Medical unless the individual is eligible, or potentially eligible,

under a Protected Medical Group. These individuals must have each Social Security Claim Number income entered as separate Elderly and Disabled income type.

All other income is recorded with a Family Medical income type.

**4. Zero Income Records:**

Regarding item 1 above, when income that is usually countable for the income type is no longer countable, but is still used for another income type, establish a Zero-income record under the primary income type. If this Zero-income record is not completed, the income will be counted under the inheritance logic.

Keep in mind, when income is only counted for one type of budget, KEES rules generally support this and a separate '0 income' record isn't necessary. For example, the system rules exempt Child Support income for MAGI programs and a separate Family Medical record isn't necessary.

**5. MIPPA Applications:**

All MSP programs will use the MIPPA income record as a primary source. However, it is not necessary to change all income records to a MIPPA type unless different information was received on a MIPPA application. All income records coming from a MIPPA application will have a MIPPA income type.

**6. Changes to Shared Records:**

When an income change is received on an individual who is a program person on multiple programs, the change shall be acted upon according to specific program rules by the processing entity (either the Clearinghouse or DCF), but only for the applicable income type. This may require creating a second income type for an income record as per #1 above. EDBC can then run without impacting the other program. However, a manual task is then created for the partner agency to inform of the income change. The receiving entity is responsible for any necessary changes and redetermination on that program.

**7. End-Dating Shared Records:**

Additional action is necessary when end-dating income records for individuals who exist across multiple cases. Because of inheritance rules, taking action on a single income type will not allow an accurate determination. When this occurs, the entity acting on the report will end date all income records impacting

the determination (usually only Family Medical and E&D, but MIPPA if necessary) After running EDBC for programs within their responsibility, a manual task is created for the partner entity. The partner entity is responsible for reacting to the change for programs within their area of responsibility. All staff need to be mindful of the impact on other medical programs when taking action on shared cases. Follow the Medical to Medical Information sharing protocol established in Policy Memo 2015-06-05.

**8. Prior Medical**

When the applicant reports there have been no changes in the prior medical period, the income and/or resources verified for the current month shall also be budgeted for all of the prior months. This is accomplished in KEES for all medical programs [except for Working Healthy (WH) and Long Term Care (LTC)] by entering the income and/or resource start date as the first day of the first month of the prior medical period. The income and/or resource amount will carry forward through all prior months into the current month and should then be high dated. For Working Healthy (WH) and Long Term Care (LTC), the income and/or resource amounts must be entered separately for each of the prior medical months. The income and/or resource amounts for the current month must then be entered and should be high dated.

**9. KEES Conversion Impact:**

All incomes will be converted from KAECSES with a type code of Family Medical. These must be adjusted according to the above instructions with the next case action and no later than the next schedule review. See **Conversion Desk Aid for instructions**.

**10. Additional Resources:**

For additional information regarding income budgeting, see **training module XXXX, Income Budgeting**.