



Policy Memo

KHPA POLICY NO: 2011-06-01	From: Jeanine Schieferecke Senior Manager - Medicaid Eligibility
Date: June 22, 2011	KEESM Reference: 5130
RE: Elimination of the Resource Test for Children and Young Adults Under Age 21	Program(s): Elderly & Disabled Medical Programs (CI and MS)

The purpose of this memo is to provide implementation instructions to eligibility staff concerning the elimination of the resource test for children and young adults under the age of 21. This policy change is effective with the issuance of this memo and shall be applied to any new application/request for assistance as well as any currently pending application/request.

A. Background

The resource test for children and young adults under the age of 21 seeking coverage under the elderly & disabled medical programs (CI, MS) has been eliminated. This will more closely align policy with the family medical programs (MP, MA, MK) which applies no resource test to qualifying children and young adults under the age of 19.

B. Application of Policy

The elimination of the resource test applies to all elderly & disabled medical programs where eligibility is determined under CI or MS for a child or young adult under the age of 21. This includes independent as well as long term care living arrangements.

(1) Exceptions – The following exceptions apply to this policy.

(a) Age Limit – The age limit under this resource exception policy runs through the month the individual turns 21 years old. However, the age limit may be extended through the month the individual turns 22 years old for certain HCBS recipients and institutionalized individuals.

(i) HCBS Recipients – Single individuals receiving HCBS services under the Technology Assisted (TA), Severe Emotional Disturbance (SED), or Psychiatric Residential Treatment Facility – Community Based Alternative (PRTF-CBA) waiver in some instances may continue to receive services through the age of 21.

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These individuals shall not be subject to a resource test as long as they remain eligible for and continue to receive services under one of these specified HCBS programs.

- (ii) **Institutionalized Individuals** – Single individuals residing in a state psychiatric hospital (Larned State Hospital, Osawatomie State Hospital, and Rainbow Mental Health Center) or a Psychiatric Residential Treatment Facility (PRTF) receiving services in the facility on their 21st birthday may continue to be eligible for Medicaid coverage through the month they turn 22 years old.

These individuals shall not be subject to a resource test through the month they turn 22 years old as long as they remain in the facility.

- (b) **Medically Needy (MN)** – No resource test shall be applied to a single individual under the age of 21 requesting coverage under the Medically Needy (Spendedown) program. However, when a married couple applies for Medically Needy (Spendedown) coverage and at least one of the spouses is age 21 or over, the resource test is applicable.

The following examples illustrate:

Example 1: A 20 year old married individual applies for Medically Needy coverage. She is disabled and only wants assistance for herself. Her 23 year old spouse is not seeking assistance. Even though she is under the age of 21, the resource test would apply since her spouse is over the age limit. It makes no difference which spouse is applying for assistance.

Example 2: A married couple applies for Medically Needy coverage for both spouses. He is 20 years old and she is 19 years old. Both claim to be disabled. Since both spouses are under the age of 21, no resource test would be applied. Once the oldest spouse turns 21 years old, the resource test would be applicable as indicated in (2)(c) below.

- (c) **SSI Recipient** – In determining eligibility under the SI program, the \$2,000 (single) and \$3,000 (couple) resource limits continue to be applicable where a countable trust arrangement exists. SI eligibility is therefore not affected by this resource policy.
- (d) **Medicare Savings Programs (MSP)** – The Medicare Savings Programs (QMB, LMB, Expanded LMB, Medicare Part D Subsidy) continue to be subject to the resource test. It is rare for an individual under the age of 21 to be a Medicare recipient.
- (e) **Spousal Impoverishment** – The spousal impoverishment resource rules continue to be applicable to married couples regardless of age and is unaffected by this resource policy. As with MSP mentioned above, there are few instances where a married individual under the age of 21 seeking long term care coverage has sufficient resources to necessitate a division of assets.
- (f) **MediKan** – This resource policy does not apply to the state-funded MediKan program. The regular \$2,000 resource limit and resource rules continue to apply to qualifying individuals regardless of their age.

- (2) **Capture of Resource Information** – Even though there is no resource test under this policy, resource information shall continue to be reported/captured via the application process. Known/reported resources need not be verified for eligibility purposes, but shall be documented as indicated below.

Eligibility may not be denied for failure to verify resource information, other than trusts/annuities as indicated in (b) below.

- (a) **KAECSES Coding** – Known/reported resources (including the value, if any) shall be entered in KAECSES for tracking/identification purposes.
 - (i) **Normally Exempt Resources** – Resources that would normally be exempt had the resource test been applied for that program (such as a vehicle or a home used as the primary residence) shall be coded as exempt using the appropriate code.
 - (ii) **Normally Countable Resources** – Resources that would normally be countable had the resource test been applied for that program (such as a checking/savings account or the equity value of a life insurance policy) shall be coded as exempt using the code “XM” (Other Resources Exclude MS CI Only).

Note: The coding identified above is for a medical-only case. If there is additional non-medical program involvement (such as Food Assistance), it may be necessary to use an alternate code to ensure the resource is counted properly for all programs.

Coding in this manner will allow these resources to be tracked/identified in the event the individual later turns 21 years old and becomes subject to the resource test as indicated in (c) below.

- (b) **Trusts/Annuities** – Trusts and annuities on all cases shall continue to be sent to KHPA for evaluation. The Request for Trust/Annuity Clearance form (Item B-6 in the KEESM Appendix) shall be used for this purpose.
 - (i) **Resource** – If it is determined that the trust/annuity is a countable resource, it shall be entered in KAECSES as an exempt resource for the qualifying medical program as described in (a)(ii) above.
 - (ii) **Income** – If it is determined that the trust/annuity is producing income and is not an available resource, then the income shall be budgeted on the qualifying medical program with the trust/annuity entered as an exempt resource on KAECSES as described in (a)(i) above.
- (c) **Individual Turns 21** – The resource test is applicable the month after the month the individual turns 21 years old. For caseload management purposes, this may require setting an alert on an active case where the individual’s birthday falls in the middle of a scheduled review period.

The following examples illustrate:

Example 1: An HCBS/DD waiver recipient turns 21 on 12/5/2011. The current review period ends effective 8/31/2012. This individual is now subject to the resource test beginning in 1/2012. A resource review to determine continued eligibility under the program shall be conducted based on the information already known/reported to the agency. If resource eligible and all other eligibility factors are met, eligibility shall continue through the end of the existing review period.

Example 2: An MS/AC recipient residing and receiving services in an NF/MH turns 21 on 2/3/2012. The current review period ends effective 6/30/2012. Assuming this individual

remains in the facility and meets all other qualifying criteria, the resource test shall be applied beginning in 3/2012 following the procedure described in the above example.

Example 3: An independent living Medically Needy (Spendedown) recipient turns 21 on 3/7/2012. The current base and review periods end effective 5/31/2012. The resource test shall be applied beginning 4/2012. The existing base period shall remain in effect even if the individual fails the resource test and is no longer eligible after 3/31/2012.

(3) Open Cases – This policy shall be applied to currently open cases at the next scheduled review or case change. Known/reported resources shall be coded as indicated in (2)(a) above.

If you have any questions about the information in this memo, please contact the KHPA Elderly & Disabled Medical Eligibility Policy Manager, Tim T. Schroeder, at (785) 296-1144 or Tim.Schroeder@khp.ks.gov.