



<b>Policy Memo</b>	
<b>KDHE-DHCF POLICY NO: 2017-03-03</b>	<b>From: Jeanine Schieferecke</b>
<b>Date: March 24, 2017</b>	<b>KEESM Reference: 9121 &amp; subsections</b> <b>KFMAM Reference: pending</b>
<b>RE: Delayed Implementation of COLA and Implementation of Federal Poverty Levels</b>	<b>Program(s): All Medical Assistance Programs</b>

Implementation of automated changes to Social Security, Medicare and other benefits related to the annual Cost of Living Adjustment (COLA) has been delayed beyond January 1, the historic implementation date for these changes. A mass adjustment process planned to execute in KEES to effect these changes. The purpose of this memo is to provide guidance for processing changes reported to the agency prior to the COLA Mass Change. These policies and processes have been in effect since draft instructions were originally released in December, 2016. However, delays in the execution of the COLA batch have required these instructions to be extended. These instructions will remain in effect until the COLA mass change is completed.

The memo also implements the new Federal Poverty standards effective April 1, 2017. These policies and processes are effective upon receipt.

## **1) FEDERAL POVERTY LEVEL CHANGES**

This memo implements the increases in the federal poverty level standards. The new levels take effect April 1, 2017. The change provides new standards for CHIP, Caretaker Medical, Medicaid Pregnant Women and Children, the Medicare Savings Programs and Working Healthy. It also impacts Presumptive Eligibility determinations for Pregnant Women, Children and Caretakers as well as the screening tool on the Customer Self Service Portal (CSSP). The Kansas Medical Assistance Standards (KEESM Appendix Item F-8) has been updated with the new standards. The updated form is attached to this memo.

### **A. MEDICAL ASSISTANCE UPDATES:**

The poverty level standards have been updated in the KEES system and are effective for any determinations for the benefit month of April, 2017 or later. In order to effect the change, an EDBC must be accepted and saved for the specific benefit month. Although no automatic

updates were processed in the KEES system exclusively due to the FPL change, the batch processes that run EDBC from both the reviews batch and the COLA update will use the new FPL levels for the determination. This could result in an eligibility change for some individuals.

For new requests for coverage that fail eligibility due to excess income in a month prior to April, 2017, a second determination is completed for the benefit month of May if the poverty level is within 2% of the maximum income limit. For ongoing cases, the new level will be considered the next time eligibility is redetermined and no additional action is necessary at this time. This is accomplished by running EDBC.

## **B. PRESUMPTIVE ELIGIBILITY AND CSSP:**

The new income levels are also implemented in both the PE tool and the CSSP high-level eligibility check feature available to the public. These will be available in the online tools beginning April 1, 2017. For Presumptive Eligibility, the new levels will be used for any determination on or after this date. The information is being shared with the PE Qualified Entities, but no additional action is necessary to implement the changes. The updates to the CSSP will also be available to any screening executed on or after this date.

## **2) COLA MASS CHANGE POLICY**

As indicated above, the COLA Mass Change batch process is scheduled to run in KEES the weekend of April 22-23, 2017. That process will update SSI income records, SSA income amounts and Medicare premiums. A Batch EDBC process will also run, meaning coverage and cost sharing will also be redetermined for impacted cases. Income and Medicare expenses updates and subsequent coverage levels and cost sharing amounts will be effective June 1, 2017. Additional, detailed guidance will be provided in the coming weeks regarding the Mass Change process.

Because the automated process will update records and coverage levels effective June 2017, this guidance is used for case actions taken prior to the Mass Change as well as case actions that impact the months of January, 2017 – May, 2017.

As a reminder, current policy requires Medical Program recipients to report certain changes within 10 days of the change. The specific type of changes will vary by Medical program (Aid Code), but change reporting applies to all programs. Although the automated mass change process will make these changes effective June 1, 2017, the change reporting policies are applicable for months prior to June, 2017 and for changes that are not impacted by the Mass Change.

## **A. POSITIVE CHANGES**

These are changes that do not decrease the level of coverage or decrease the cost sharing required for a beneficiary (example: a decrease in patient liability). These changes are effective the month following the month of report – but no earlier than the effective date of the change.

## **B. NEGATIVE CHANGES**

These are changes that decrease the level of coverage (including discontinuance of a program) or increase the level of cost sharing (example: an increase in patient liability). These changes are effective the month following the month of report, with consideration given to timely and adequate notice requirements. Note that overpayments may result if a consumer fails to report a change timely.

For the period of time before the COLA batch, staff shall follow these policies when making updates to income and expenses as they are reported. Additional detail is provided in the following sections.

Important: As indicated in the KEES Dispatch, DO NOT update Social Security income records with the new amount. As the mass change will automatically update these income types based on the amount of the current record, updating these records early could result in an incorrect determination. Staff may update and react to changes in SSI and Medicare premiums, as the mass change will process those records differently.

## **3) INCOME**

### **A. Social Security**

For Social Security benefits of all types, any increase received as a result of the COLA is effective June, 2017.

### **B. Other Unearned Income**

For all other types of unearned income, changes are effected and budgeted according to the date of report and the effective date of the change. This includes changes to Civil Service Retirement, pensions, Veterans Administration benefits, Railroad Retirement benefits and other types of unearned income.

#### **1. RAILROAD RETIREMENT BENEFITS**

KDHE has requested and received verification of new benefit amounts from the Railroad Retirement Board for consumers receiving these benefits. Individual benefit letters that verify the new RRB amounts have been imaged to the case file with an

Income Doc Type. In addition, a new income detail record amount was updated with an effective date of 06-01-2017. EDBC was not ran following the update, but it is expected the new income will be used in the batch EDBC for 06-01-17. Staff need to be aware that if EDBC is executed prior to COLA batch run, the new amount will be used in the budget. A journal entry was made for cases where the income amount was updated.

## **2. VETERANS INCOME**

KDHE also requested verification of new Veterans benefit levels from the Veterans Administration. However, VA has not yet provided updated benefit amounts for 2017. If the information becomes available in the future, instructions will be provided. If the individual has already provided the information, it is acted upon as per item 1 above, depending if it is a positive or negative change. If the information has not been provided, the information must be requested from the consumer.

## **C. EXAMPLES**

Example 1: HCBS recipient Jane Doe mails in her benefit letter for her Boeing pension which increased to \$650 for Jan. 2017. It is received at the Clearinghouse and imaged to the case 12/8/16. Worker claims the task on 12/22/16. Since it is past timely notice deadline for January, the worker end dates the current income detail for the Boeing pension effective 01-31-17 and creates a new income detail record effective 02-01-17. While working this, the worker also notices Jane's Social Security increased by \$4.00 for January. Social Security income is NOT updated because it will be changed with the COLA Batch run. Worker runs EDBC for Feb. 2017 changing the obligation. A NOA is sent to the consumer and 3161 to the MCO.

Example 2: Nursing facility resident John Doe has Social Security of \$1,000/mo. He also has civil service retirement of \$1,200. Jan. 4<sup>th</sup> CH receives verification his Social Security increased to \$1,003 for Jan. and the civil service increased to \$1,204. The civil service income record is updated with the new amount with a begin date of 2/1/2017. Social Security will not be updated as it will be changed with the COLA Batch run. EDBC is run for February and NOA sent to client. A change in liability form is sent to the facility informing of the new February liability.

## **4) EXPENSES**

### **A. MEDICARE PREMIUMS**

The new Part B Medicare premiums are budgeted beginning January, 2017 when appropriate. The Standard Part B premium is \$134/month. However, some people will pay less than the standard amount if their 2017 COLA did not cover the entire premium increase. The increase in the Medicare B premium cannot exceed the amount of the COLA increase for the month. Example: An individual with a premium of \$104.90 last year could have a

standard premium of \$134/month in 2017. However, because she only received a \$2 COLA increase, the Medicare premium cannot increase more than \$2. She will have a Medicare Part B premium of \$106.90. The amount of actual premium is allowable until Buy-In is expected to begin.

For Medicare Part D, the premium the individual will pay as an LIS eligible is allowable. When that amount is not available, the current premium less the Part D Benchmark is allowed. In 2017 the Part D Benchmark is \$30.27/month. This is allowable beginning with the first month the individual is eligible for Medicaid or an MSP program. The Mass Change process will not impact the Part D premium on KEES.

## **B. BC/BS OF KS PREMIUMS**

KDHE has obtained and distributed the 2017 Medicare Supplemental rates for BCBS of KS. These rates will be implemented for all identified persons beginning April 1, 2017. If an applicant or recipient reports a change to their premium prior to the Mass Change run, the premium is allowable prior to this date if it can be substantiated from the rate chart issued by KHDE Policy or verified by the client. The new premium is generally allowable beginning the month following the month of report.

## **C. OTHER HEALTH INSURANCE**

Other health insurance premium changes must be reported by the consumer and are generally allowable the month following the month of report, or as indicated in Item 1 above.

## **D. EXAMPLES**

Example 3: HCBS client called and reported on 12/5/16 that her AARP premium was increasing to \$137 effective Jan. 2017. Worker requested verification of the increase. Verification was received 12/20/16 and imaged to the case. On 1/3/17 worker claimed task. Since the expense change was reported and verified timely, and since this would be a positive change for the client (reducing her obligation); the change would be made for January 2017. Worker would update the Health Insurance Premium Expense record with the new amount with a begin date of 1/1/2017—this will end date the previous premium amount if done on the same record. Worker will run EDBC for Jan. and Feb. reducing the client's HCBS obligation for those months. A NOA will be sent to the client and a 3161 to the MCO informing them of the change.

Example 4: Nursing Facility resident mails in proof of Medicare Supplement premium increase for Jan. 2017 which is received at the Clearinghouse Jan. 10<sup>th</sup>. When claimed, worker will update Health Insurance Premium Expense record with the new amount and a begin date of 2/1/2017. If client has other income, besides Social Security, and the amount it known, those income records would be updated as well. Worker would then run EDBC for

Feb. to adjust the HCBS obligation. NOA will be sent to client and change form sent to the facility.

Example 5: HCBS client provides proof of non-covered medical expenses on 12/19/16. On 1/13/17 worker claims the task. Since this is a one-time expense and not ongoing, the change will be made for a future month (Feb.) rather than a retro change for Jan. Worker will create an expense record for non-covered medical expense with a begin date of 2/1/2017 and an end date of 2/28/2017 (so the expense will not continue to be counted for future months). EDBC is run for Feb. changing the client obligation. NOA is sent to client and a 3161 is sent to the MCO. A future task is created to run EDBC for March to adjust the obligation for that month.

Example 6: Client reports on 12/20/16 that her Part D premium is increasing to \$47.88 in Jan. Worker claims task on 1/11/2017 to process expense. Worker would subtract 2017 benchmark (\$30.27) from the premium leaving \$17.61. Worker would then create a new Medicare Expense record by selecting <Add> on the Medicare Expense page. Recreate previous Medicare Expense record for Parts A and B but change the Part D record to show "Self" in the Payment Method and enter a Part D Payment amount of \$17.61. Part D Start Date would still be the date client was first entitled to Medicare Part D. The Begin Date of the Medicare Expense Detail will be 01/01/2017. EDBC will be run for Jan. 2017 through the come up month with appropriate NOA sent to client and notification to facility or MCO as appropriate.

## 5) SPOUSAL IMPOVERISHMENT LEVELS

The cost of living adjustments also impact the spousal impoverishment standards. The following adjustments to the resources standards are effective January 1, 2017:

1. *Maximum Community Spouse Income Allowance: \$120,900*
2. *Minimum Community Spouse Income Allowance: \$24,180*

The new levels were updated in KEES prior to January 1, and any determination completed after that date utilized the new standards. Ongoing cases were not impacted by this change.

The following income standards are effective January 1, 2017:

3. *Maximum Community Spouse Income Allowance: \$3023*
4. *Excess Shelter Deduction: \$237*

For cases properly coded in KEES, the new levels were utilized for any determination completed with the benefit month beginning January, 2017 and later. For new cases, the allocation was initially assigned using the updated amounts. For existing cases, the allocation would be recomputed. Note that all current cases with allocated income must be redetermined and the patient liability established before 06-01-2017. Cases recomputed prior to this will require an additional action to ensure the community spouse income is correctly budgeted. A report and additional instructions will be provided with the full Mass Change memo.

## 6) JOURNAL

The Journal will be updated to reflect the changes made to the case. It should include what the change was, the amount of the expense, when the change was effective and when it will be allowed. The Journal should also include information that Social Security was not updated as that change will be addressed with the COLA Batch run.

## 7) CONCLUSION

For questions or concerns related to this document, please contact one of the KDHE Medical Policy Staff listed below.

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