



<b>Policy Memo</b>	
<b>KDHE-DHCF POLICY NO: 2023-05-01</b>	<b>From: Erin Kelley, Senior Manager</b>
<b>Date: May 19, 2023</b>	<b>MKEESM Reference(s): 5724.4(2)</b>
<b>RE: Annual Change in Spousal Impoverishment Income Allowance, Transfer of Property (TOP) Divisor, Irrevocable Funeral Service Cap</b>	<b>Program(s): E&amp;D Medical Programs</b>

This memo provides implementation instructions for the annual increase in the spousal impoverishment community spouse Minimum Monthly Needs Allowance (Min MNA) and the dependent family member allowance. The excess shelter deduction has also changed.

There has also been an increase in the transfer of property penalty divisor amount used to calculate the length of an inappropriate transfer penalty for long term care services.

Additionally, there has been a change in the Statutory Funeral Service Cap - Irrevocable Services.

## **I. SPOUSAL IMPOVERISHMENT**

The Minimum Monthly Needs Allowance, the Dependent Family Member Allowance, and the Excess Shelter Deduction are all changing effective July 1, 2023.

### **A. MINIMUM MONTHLY NEEDS ALLOWANCE**

The Minimum Monthly Needs Allowance is increasing from \$2,288.75/month to \$2,465/month.

### **B. DEPENDENT FAMILY MEMBER ALLOWANCE**

The Minimum Family Member Allowance is increasing from \$763/month to \$822/month.

### **C. EXCESS SHELTER DEDUCTION**

Due to the increase in the Minimum Monthly Needs Allowance (Min MNA) indicated above, the Excess Shelter Deduction is also changing effective July 1, 2023. The Excess Shelter Deduction is the amount (if any) by which the community spouse's household expenses

(rent, mortgage, taxes, homeowner's insurance), when added to the Food Assistance (FA) Standard Utility Allowance (SUA), exceeds 30% of the Minimum Monthly Needs Allowance.

The current FA SUA is \$442/month. 30% of the Minimum Monthly Needs Allowance is \$739.50/month ( $\$2,465 \text{ times } .3 = \$739.50$ ). Therefore, based on the formula described above, the amount by which the community spouse's household expenses exceed \$297.50/month [ $\$739.50(30\% \text{ of Min MNA}) \text{ minus } \$442 \text{ (FA SUA)} = \$297.50$ ] equals the excess shelter deduction (if any) for the case. The amount of the excess shelter deduction, when added to the Min MNA of \$2,465, cannot exceed the Maximum Monthly Needs Allowance (Max MNA) of \$3,715.50.

This means the amount of the Excess Shelter Deduction may not exceed \$1,250.50/month (Max MNA of \$3,715.50 minus Min MNA of \$2,465 = \$1,250.50).

**Example 1:** The community spouse reports monthly household expenses of \$800 mortgage, \$100 taxes, and \$150 homeowner's insurance. The total monthly household expenses are \$1,050/month. The total household expenses minus the \$297.50 shelter deduction equals \$752.50, which is the excess shelter deduction. That amount is added to the base Min MNA of \$2,465 to determine the maximum amount of income which can be allocated to the community spouse.  $\$2,465 \text{ plus } \$752.50 = \$3,217.50$  (the Adjusted Monthly Needs Allowance (Adj MNA) for this couple).

1. If the couple's total countable monthly income is \$1,800, all income could be allocated to the community spouse. Since the total income was less than the Min MNA of \$2,465, the couple does not benefit from the increased Max MNA of \$3,217.50 and there would be no need to capture the household expense information or to calculate the amount of the excess shelter deduction.
2. If the couple's total countable monthly income is \$2,500, then all income could be allocated to the community spouse based on the adjusted MNA of \$3,217.50.
3. If the couple's total countable monthly income is \$3,400, then income up to \$3,217.50 (the adjusted MMNA) could be allocated to the community spouse. The remaining amount (\$182.50) would be attributed to the long term care spouse and budgeted in determining the share of cost.

**NOTE:** The PIL and any allowed medical expenses that the PA has are subtracted from the available income before remaining income can be allocated to the community spouse.

**Example 2:** The community spouse reports monthly household expenses of \$1,750 rent, \$75 renter's insurance, condo maintenance charge of \$100, and utilities of \$225 (including cable TV). The total allowable monthly household expenses are \$1,850 (\$1,750 rent plus \$100 condo maintenance = \$1,850). The \$75 renter's insurance is not allowable – only

homeowner's insurance is allowed as a shelter expense. See MKEESM 8144.2(1)(c) and 8244.2(1)(c). The \$225 utilities expense is also not allowed because utility costs are already automatically factored into the formula via use of the FA SUA as described above.

The total household expenses minus the \$297.50 shelter deduction equals \$1,552.50 (\$1,850 minus \$297.50 = \$1,552.50), which is the excess shelter deduction. However, the excess shelter deduction cannot exceed \$1,250.50 (\$3,715.50 Max MNA minus \$2,465 Min MNA = \$1,250.50). Therefore, the excess shelter deduction in this case is \$1,250.50 and the Max MNA of \$3,715.50 is used to determine income allocation to the community spouse.

1. If the couple's total countable monthly income is less than or equal to \$3,715.50, then all income could be allocated to the community spouse.
2. If the couple's total countable monthly income is more than \$3,715.50, then the maximum amount of \$3,715.50 could be allocated to the community spouse. The amount of income in excess of \$3,715.50 would be attributed to the long term care spouse and budgeted in determining the cost of care.

## **D. PROCESSING CHANGES**

The new Minimum Monthly Needs Allowance, Dependent Family Member Allowance and Excess Shelter Allowance will be available in KEES for eligibility determinations on or after May 19, 2023 when July 2023 becomes the come-up month. No automated mass change updates of cases potentially affected by these changes will be completed in KEES. Current cases are to be adjusted manually the next time the EDBC is ran by eligibility staff for other case maintenance reasons, such as a reported change, but no later than the next scheduled annual redetermination. Any manual adjustments completed based on this change shall be for the come-up month, allowing for timely and adequate notice.

**NOTE:** Changes reported per MKEESM 9121, which would change (or potentially change) the financial eligibility and/or share of cost must be manually adjusted to include the new Minimum and Maximum Monthly Needs Allowance. Other case maintenance changes that do not affect the eligibility determination and/or share of cost, such as an address change, and EDBC not typically ran, would not require a manual update until the annual review is processed, or another case maintenance task is received that would affect eligibility.

## **II. TRANSFER OF PROPERTY (TOP) DIVISOR**

The divisor amount used to calculate a transfer of property (TOP) penalty has changed. Effective July 1, 2023, the divisor amount will increase from \$234.27/day to \$247.62/day. The new amount is effective with any newly determined inappropriate transfer penalty period commencing on or after July 1, 2023. There is no need to adjust an existing transfer penalty period properly computed and

established prior to this change. Both the electronic (W-4) and the paper (W-9) Transfer of Property worksheets have been updated with the new amount. The worksheets are contained in the Appendix section of the policy website under Worksheets.

**NOTE:** When using the electronic TOP worksheet (W-4) 7-23, remember to use the correct tab located at the bottom of the spreadsheet. There are two (2) tabs – Applicant and Recipient. The Applicant tab is for an individual newly applying for long term care coverage. Also note that there are two (2) additional documents which provide guidance in the use of this form – W-4.1 (Applicant - Transfer of Property Calculator Instructions) and W-4.2 (Recipient – Transfer of Property Calculator Instructions). Per MKEESM 1710 these worksheets are used to determine eligibility and must be imaged to the case file.

### **III. STATUTORY FUNERAL SERVICE CAP – IRREVOCABLE SERVICES**

The Statutory Funeral Service Cap – Irrevocable Services increases from \$10,820 to \$11,360 effective July 1, 2023.

Current cases are to be adjusted manually the next time the EDBC is ran by eligibility staff for other case maintenance reasons, such as a reported change, but no later than the next scheduled annual redetermination. For new coverage requests, any prior medical months from April 2023 through June 2023 will still use the prior statutory funeral services cap – irrevocable services of \$10,820 which was applicable in those months.

**NOTE:** As a reminder, per PM2021-06-01, verification of the funeral agreement specifying the type and value of the funeral items and services (itemized list of goods and services) shall only be required when the funeral agreement exceeds the statutory funeral services cap.

### **IV. FORMS AND FACT SHEETS**

#### **Forms:**

ES-3163	Income Allowance Determination Form 7-23
F-8	Kansas Medical Standards 7-23
W-4	Electronic Transfer of Property Worksheet 7-23
W-9	Transfer of Property Worksheet 7-23

#### **Fact Sheets:**

FS-4	Division of Assets Fact Sheet and FS-4S Spanish Version
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## V. QUESTIONS

For questions or concerns related to this document, please contact the KDHE Medical Policy Staff at [KDHE.MedicaidEligibilityPolicy@ks.gov](mailto: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](mailto:KEES.HelpDesk@ks.gov).