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| KDHE-DHCF POLICY NO: 2020-08-02 | From: Erin Kelley, Senior Manager |
| Date: Aug 21, 2020 | Medical KEESM Reference: 1322.1(9), 1322.2(3), 1322.3(3), 1322.4(2), 9121.1(2), 9333 |
| RE: Implementation of Phase 2 of the Asset Verification Solution (AVS) - Applications | Program(s): Elderly & Disabled |

This memo sets forth instructions for implementation of Phase 2 of the Asset Verification Solution (AVS). This Phase 2 implementation applies to applications and requests for coverage received for Non-MAGI programs. Effective September 1, 2020, the AVS shall be used to verify reported bank accounts, except where otherwise noted, to determine resource eligibility for individuals requesting Elderly & Disabled and Long-Term Care coverage. It is important to note that PM2020-04-01 [Instructions and Information for COVID-19 National Public Health Emergency](#) polices, where applicable, are not superseded by this memo.

1. BACKGROUND

A. FEDERAL MANDATE

In 2008, Congress passed the Supplemental Appropriations Act which amended section 1940 of the Social Security Act requiring states to have an asset verification process to determine and re-determine the eligibility of aged, blind, and disabled (ABD) Medicaid applicants and recipients. The Patient Protection and Affordable Care Act (ACA) passed in 2010 required asset verification systems used by the states to be electronic – known as an Asset Verification Solution (AVS). To begin compliance with that mandate, in 2017 KDHE-DHCF contracted with Accuity to provide an AVS System to electronically verify bank accounts.

To ensure the usefulness and viability of the contracted AVS, KDHE-DHCF chose to implement the use of the Accuity sponsored verification system in phases.

B. Phase 1 Implementation

Phase 1 of the AVS implementation process occurred in December 2017. This initial process applied exclusively to verification of bank accounts when processing an ABD Pre-Populated Review. The AVS verification system was not used for any other purpose. Implementation instructions were detailed in PM2017-12-01 [Implementation of the Asset Verification Solution](#). Those instructions, except as noted below, remain in effect. See also Medical KEESM 9333(2)(b).

2. PHASE 2 IMPLEMENTATION

To move towards full compliance with the federal mandate to utilize an AVS verification system to determine and re-determine eligibility, KDHE-DHCF is expanding the use of the Accuity-sponsored AVS to include applications for Elderly and Disabled and Long Term Care coverage, including other resource-tested programs associated with that application. This change expands the use of the Accuity contracted AVS system in the next phase of Aged, Blind, and Disabled (ABD) resource-tested eligibility determinations, with exceptions as noted, involving reported bank accounts.

All other resource verification policies remain unchanged. See Medical KEESM 1322.1 (9) - Mandatory Verification of Resources That Affects Eligibility for Program Benefits, 1322.2 (3) - Mandatory Verification that Affects the CSRA Determination, 1322.3 (3) - Verification of Questionable Resource Information, 1322.4 (2) - Special Resource Verification Provisions, and 9121.1 (2) and (3) - Processing Resource Changes Reported by Change Reporting Households.

A. NON-MAGI APPLICATIONS

Phase 2 of the AVS implementation process applies to all applications for Elderly & Disabled and Long Term Care programs except where noted within this memo.

1. POLICY

a. BANK ACCOUNT REPORTED

When a bank account has been reported on the application, the agency shall take the following action:

I. NO VERIFICATION PROVIDED

If the applicant reports ownership of a bank account on the application but does not voluntarily provide verification of the account with the application, an AVS request shall be completed.

II. VERIFICATION VOLUNTARILY PROVIDED

Similar to pay stubs voluntarily provided with an application [see Medical KEESM 13224.1(a)], verification of reported bank accounts provided by the applicant with the application shall be considered Tier 1 level verification. Even though this verification is not technically electronic information from the source verification, it is considered Tier 1 for purposes of this policy and therefore, no further verification is required. As such, an AVS request to verify the account does not need to be completed.

Note: For bank statements provided with the application to be considered Tier 1, they must be applicable to the time frame in which eligibility is being determined.

b. NO BANK ACCOUNT REPORTED

When the applicant reports no ownership of a bank account, a Geographic AVS request shall be completed. A Financial Institution (FI) request should not be completed unless the following applies:

I. ACCOUNT KNOWN TO AGENCY

If the applicant fails to report ownership of any bank accounts on the application, but an account is known to the agency based on available information, both a Geographic Request and FI request shall be completed.

The decision to complete an AVS request of an unreported bank account in the instance in the subsection (i) above shall be thoroughly journaled in the case file, along with the reason for the decision.

II. PURPOSE

The purpose of the AVS verification policy is to obtain verification of reported or known bank account information without having to contact the applicant if possible. In many instances, this should reduce the delay in processing of the application and, if eligible, allow the applicant to qualify for Non-MAGI coverage earlier.

c. INCOME DEPOSITED

The AVS will provide the account balance information for the first day of the month(s) included in the request. This AVS amount provided is the value used, when applicable per section 2(A)(2)(b)(iii) below, and this AVS verified amount shall not be subtracted by any reported or verified income by the consumer.

2. PROCESS

Staff shall make an AVS request when a bank account has been reported on the application and the applicant has not already voluntarily provided sufficient verification of the account with the application. If verification has been voluntarily provided an AVS shall not be requested. If the applicant reports no bank account, then only a Geographic Request will be completed.

To make this process effective, staff should complete the AVS request on appropriate applications either at the time of registration or shortly thereafter. This allows the AVS response to be received prior to completing a formal request from the agency to the applicant for all other information needed to process the application. Based on past experience from Phase 1 review processing, it is anticipated that the vast majority of AVS responses will be returned within three (3) days.

The agency shall allow a minimum of five (5) days for a response from AVS before making a formal request for the bank account information from the applicant. There may be rare instances where the five (5) day wait period should be waived in order to meet processing deadlines or the request for coverage is determined to be especially critical. Instead of waiting on the AVS response, staff may formally request verification from the applicant on a case-by-case basis. This is a limited exception and supervisory approval of this action is required.

a. REVIEW THE RECORD

Part of the AVS request process will require that staff review the case record to determine if verification has already been provided by the applicant or if one of the exceptions listed in subsection (3) below has been met. If verification has already been received and imaged to the case, or if one of the exceptions apply, it would not be appropriate to complete an AVS request solely for that bank account.

Note: If only partial verification has been voluntarily provided by the applicant and no exception applies, an AVS request shall still be completed. This may occur where the applicant reports multiple bank accounts, but only

verifies one of them, or where multiple months of verification are needed and not all months have been provided. The AVS request shall be limited to the missing information only. There is no need to complete an AVS request for the portion of information that has already been voluntarily verified.

b. DUAL REQUEST

A simultaneous dual AVS and formal applicant request for verification may be completed in the following instances. Otherwise, a formal request from the agency to the applicant for the information should not be sent until the AVS response has been received or the five (5) day response wait period has expired.

Note: This means that even though other verification is needed for non-bank account information in order to process the application, that formal request to the applicant shall be delayed until the AVS response has been received or the five (5) day period has expired (whichever comes first). This should prevent the agency from having to send multiple formal requests for information to the applicant. That's why it is critical that the AVS request is completed as early as possible. Any delay in the AVS request will result in an equal delay in the formal verification request.

I. EXPEDIENT SITUATION

A formal request for verification of the bank account information may be sent to the applicant while an AVS response is still pending if there is an expedient situation. This may occur where it has been determined that all unnecessary delays in processing must be eliminated due to the applicant's urgent need for Non-MAGI coverage. This should be a rare occurrence. As indicated above, supervisory approval is required.

II. COMMUNITY SPOUSE RESOURCE ALLOWANCE (CSRA)

If an applicant has filed an application or request for long term care coverage where there is a community spouse and the spousal impoverishment provisions apply, staff shall determine the long term care month – either the month of a previous thirty (30) plus day institutionalization or for HCBS, the month HCBS services were assessed and chosen by the applicant (or been placed on a waiting list). Once that month has been determined, both an AVS request

and a formal informational request from the agency to the applicant shall be simultaneously for the completed, for both the LTC spouse and the community spouse, for that month for purposes of determining the CSRA.

See subsection (3)(f) below for additional detail.

III. WHICH VERIFICATIONS USED

Due to this limited dual request process, there may be instances where both the AVS and the applicant provide valid verification of the bank account(s). When that occurs, the agency shall generally use the verification provided by the applicant to determine the value(s) of the account(s). Exceptions may apply.

The verification provided by the applicant shall be used because in most instances, the low balance in the account is used to determine eligibility [see Medical KEESM 5200(7) and (13)] can normally be determined based on that information. The AVS response verifies the account value on the first day of the month, which in most instances will not be the low balance for the month.

Therefore, it is prudent as a general rule, to use the applicant verification provided over the AVS response because in most cases, that amount will be lower. However, if the AVS response verifies a lower account balance than the verification provided by the applicant, the AVS verification shall be used.

Even though both verifications provided/received may be within the resource limit, it is important to use the lower verified amount. This is because the amount entered on the case will be used later (assuming no changes have been reported) at the time of review to determine what type of review is needed – super passive, passive, or pre-populated. The amount of countable resources verified in KEES when the review batch is run may affect the review type outcome. See Medical KEESM 9310.2 - Passive Reviews and 9310.3 - Pre-Populated Reviews.

If the two sources, applicant and AVS, provide discrepant information that affects eligibility; the discrepancy must be reconciled by staff before processing the case action. Journaling by staff as to how the discrepancy was reconciled is required.

Note: If both verifications result in resource eligibility, the lessor amount should be used as indicated above. However, if the greater amount is used and eligibility remains the same as if the lessor verified amount was used, and the review type would be the same based on resource level, neither an eligibility nor an administrative processing error has occurred for quality assurance purposes.

c. DENIAL DUE TO EXCESS RESOURCES

In general, an application may be denied due to excess resources in the following manners. Neither instance requires an AVS request and response before taking action. See also (3)(d) below.

I. SELF-ATTESTATION

If an applicant or recipient self-reports excess resources, the application may be denied. This would normally occur where the applicant reports owning bank accounts (or other disqualifying resources) with a value in excess of the allowable resource limit. No further verification is required. See Medical KEESM 1322.4(2)(e) and PM2018-10-01, [SSI Termination](#).

II. EXCEPTION

In no instance may an application be denied based solely on verification returned on an AVS request. Further verification shall be requested from the applicant/recipient when the AVS response indicates excess resources exist. If subsequent verification provided by the applicant reflects excess resources, the application may be denied. If the applicant fails to respond to the agency request, the application may be denied for failure to provide.

d. INADVERTENT AVS REQUEST

When an AVS request is completed contrary to the policy outlined in this memo either intentionally or in error, that request, while unauthorized, shall not be considered a processing error for quality assurance purposes. An AVS response resulting from an inadvertent request shall simply be considered additional information to be evaluated in determining eligibility. The agency must act on the information received from the AVS response and

take appropriate action based on that information. This is in keeping with the general concept that once information is known, it cannot be unknown, Medical KEESM 1323.

3. EXCEPTIONS

An AVS request shall not be requested in the following situations where verification of reported or known bank accounts is not required.

a. SSI RECIPIENT

Since there is no resource test for an SSI recipient applying for Medicaid (other than those identified in Medical KEESM 2631 – transfer of property and trusts), the AVS process is not used in determining LTC resource eligibility for an SSI recipient. However, if another program such as Medicare Savings Programs (MSP – QMB) is also requested, completion of an AVS request may be appropriate for that specific program.

b. LIS APPLICATIONS

Resources reported on a LIS Application are considered verified as stated in PM2010-10-01, [MIPPA MSP Application Processing](#). Unless discrepant information exists, further verification of resources reported on a LIS application is not required. If further verification is required, the Tiered Verification policy shall be applied, which includes utilizing AVS.

c. ACCOUNT(S) PREVIOUSLY VERIFIED

In most instances, bank account information that has been previously verified must be reverified when an applicant is reapplying for assistance, is being added to an active resource-tested medical assistance program, or a new non-active resource-tested program is being added with or without a new application. However, reverification may be waived if the requirements described in [Policy Memo 2018-10-01](#) [Section (II)(A)(2)(a)] are met.

Note: If there is a community spouse and the spousal impoverishment provisions apply, this exemption does not apply and all resources, including bank accounts must be verified/reverified for both spouses.

d. DIRECT EXPRESS ACCOUNTS

If the only reported or known bank account is a Direct Express electronic account, an AVS request shall not be completed. In addition, according to policy, the Direct Express account balance need not be verified if the only monies in the account are from Social Security or Supplemental Security Income (SSI) benefits, or the value of all countable resources, including the account, are not within \$300 of the applicable resource limit. Otherwise, a formal request for verification of the account balance shall be requested. See [Policy Memo 2017-03-04](#) [Section (C)(2)] and Medical KEESM 1322.1(9) Note.

e. SELF-ATTESTATION OF EXCESS RESOURCES

Eligibility staff may deny an application for a resource-tested medical assistance program when the applicant self-attests to ownership of excess resources. However, the use of prudent person shall be applied in making this determination on a case-by-case basis. See [Policy Memo 2018-10-01](#) [Section (II)(B)(2)] and Medical KEESM 1322.4(2)(e).

f. COMMUNITY SPOUSE RESOURCE ALLOWANCE (CSRA)

When a dual simultaneous request for verification is completed (i.e.: AVS and formal request), the following provisions apply.

I. REQUEST FOR INFORMATION

Since the CSRA is based on the high balance in the bank account in the month the long term care arrangement began, the applicant shall always first be given the opportunity to provide verification of the asset(s), including bank accounts, in that month. Verification through the AVS shall not be used unless the applicant is unable or fails to provide the information, either with the application or upon formal request by the agency.

II. AVS REQUEST

If the applicant is unable or fails to provide the requested verification, the AVS response for the month the long term care arrangement began shall be used. Any verified amount returned by the AVS shall be used in the CSRA determination, even though this is likely not the high balance in the account for that month. If verification is not able to be

made through the AVS process, and the applicant fails to provide the requested information, the reported resource shall not be included in the CSRA determination.

If an unreported bank account is identified in the AVS response, the agency shall contact the applicant to verify the high balance in the account. If the applicant fails or refuses to do so within the specified time frame, the AVS verified amount shall be used in the CSRA determination.

Note: If the long term care arrangement began more than 60 months ago, resource information for that month cannot be obtained through the AVS process since that information will not be available. If the applicant fails to verify that resource, it shall not be included in the CSRA determination. See Medical KEESM 1322.2(3) and [Policy Memo 2018-02-01](#) for additional guidance.

III. MAXIMUM CSRA

If based on assets already verified the applicant is entitled to the maximum CSRA, there is no need to request further verification of otherwise unverified reported or known bank account(s) from either the AVS or the applicant because the outcome of the CSRA would not be changed. The self-attested amount(s) provided by the applicant for the otherwise unverified account(s) may be used administratively for this purpose only. Further verification to complete the CSRA determination is not required.

B. REQUEST MONTHS

The AVS request months are dependent on the coverage months requested on the application and any potential transfer of property involving bank accounts reported within the look back period. See attached KC-7202 Asset Verification Solution (AVS) – Requested Months Chart.

1. PRIOR MEDICAL

When an applicant requests prior medical coverage, AVS shall be utilized in the following scenarios:

a. ELDERLY & DISABLED (NO LTC REQUEST) APPLICATION

For Elderly & Disabled applications that do not include a request for Long Term Care (LTC) coverage, the need to request the three (3) months prior to the month of application are dependent on whether the consumer reports having changes in the prior medical months.

I. CHANGES REPORTED

If the applicant reports changes in the prior medical months, AVS shall be requested for each month being requested.

Note: If the consumer provides proof of account verification as Tier 1, only missing month(s) of account verification may be requested using AVS.

II. NO CHANGES REPORTED

When the applicant requests prior medical coverage but does not report any changes during the prior medical months, AVS should not be requested for the prior medical months. See section 2.B.2 immediately below about requesting for month of application.

b. ELDERLY & DISABLED APPLICATION WITH A REQUEST FOR LTC COVERAGE

When the LTC applicant requests prior medical coverage, the three (3) months prior to the month of application shall be requested. If the applicant requests less than the full three (3) prior months, only the months requested shall be verified via the AVS request.

2. CURRENT MEDICAL

For current medical assistance requests on all resource-tested programs included with the application, the month of application through the month the AVS request is actually sent shall be requested.

3. TRANSFER OF PROPERTY

Should the applicant for Long Term Care coverage report a transfer of property involving a financial account which occurred within the sixty (60) month look back period, the month the transfer occurred (or months if multiple transfers occurred), plus the month immediately prior and the month immediately after shall be requested. If a transfer of property is not reported by the applicant or known to the agency, only the months indicated in subsections (1) and (2) above shall be requested.

Note: Staff shall not routinely (if ever) request sixty (60) months of information simply because the application is for long term care coverage. While five (5) years' worth of bank account data may be available through the AVS, only the information needed to process the LTC request shall be requested.

4. PRUDENT PERSON

Should staff identify a legitimate reason to request months other than those detailed in subsections (1), (2) and (3) above, documentation of the decision is required. The decision shall be fully journaled based on prudent person related to the need to resolve inconsistencies or contradictory or suspect information necessary to fully and accurately process the application.

3. COMPLETING AVS REQUEST

The general instructions for completing an AVS request contained in KDHE-DHCF [Policy Memo 2017-12-01](#) for reviews apply, with the following exceptions. Section (3) of that policy memo should be reviewed by staff to determine the proper use and overall function of the AVS as it applies to Phase 2 of the AVS implementation.

A. SPOUSES

A Geographic AVS request shall requested for both spouses on the case. Only the spouse reporting bank accounts (or known to have accounts) shall have the FI AVS requested. If the reported bank account is reported as jointly owned by the spouses, then an FI AVS request shall be completed for both spouses. If the applicant fails to report the actual owner of the account, or it is unclear which spouse owns the account, an FI AVS request shall be completed for both spouses.

B. SCOPE OF REQUEST

Similar to the AVS request process implemented in [PM2017-12-01](#), staff shall utilize both the Financial Institute (FI) Verification and Geographic Search Request methods when the consumer reports having a bank account. Only a Geographic Search Request shall be used in situations where the consumer does not report a bank account.

1. FINANCIAL INSTITUTION (FI) REQUEST

A Financial Institution (FI) verification request shall be completed on all reported or known bank accounts for either spouse owned, individually owned, or jointly owned for the month(s) needed to fully process the application or request for assistance.

2. GEOGRAPHIC SEARCH REQUEST

A Geographic Search verification request shall be completed in all situations when the consumer both does and does not report a bank account. Also, staff may submit an AVS request using prudent person, if the agency has reason to believe or suspects that unreported bank accounts may exist. As indicated in subsection (2)(B)(4) above, documentation and thorough journaling of the decision to request a Geographic Search AVS is required.

Note: In some instances, it may be necessary to contact the applicant or another source to determine the name of the institution where the reported or known account is held. If the name of the institution where the account is held cannot be discerned, it would be appropriate to complete a Geographic Search AVS request for that account.

4. EXAMPLES

A. EXAMPLE 1

A single individual applies for LTC coverage on 4/30/2020 and reports owning both a checking and savings account. Prior medical assistance is not requested. The most recent bank statements were voluntarily provided with the application. Since the bank statements provided by the applicant at the time of application are considered Tier 1 verification, an AVS request is not required.

Note: If the eligibility staff reviewed the bank account verification voluntarily provided with the application and determined the applicant owned excess resources, the application could have been denied without requesting further verification.

B. EXAMPLE 2

Same situation as in Example A above except the verification voluntarily provided by the applicant is three (3) months old. An AVS request for the accounts is immediately completed. The AVS response verifying the balances for both accounts is returned within a couple of days. The application is processed, and resource eligibility determined based on the bank account verification provided by the AVS.

Note: If the AVS failed to timely verify the bank account information, a formal request for the information (along with all other needed verifications) would be sent to the applicant. If the applicant failed to provide the requested verification, the application would be denied for failure to provide.

C. EXAMPLE 3

A single individual applies for Medically Needy and QMB coverage on 05/09/2020 and reports owning a checking and savings account at the same bank and several other assets. Prior medical assistance was not requested. Verification of the checking account was provided with the application. An AVS request is immediately submitted for the savings account, and a response is received four (4) days later verifying both the checking and savings accounts. A formal request is then sent to the applicant requesting verification of all resources other than the bank accounts which have already been verified.

The applicant timely returns all requested verifications. Resource eligibility is processed using the AVS verification for the savings account and the applicant-provided verification for all other resources (including the checking account). The applicant-provided verification of the checking account was used because the amount was less than the AVS verified amount due to the subtraction of known income into the account.

Note: If there was a notable discrepancy in the AVS and the applicant-provided verification for the checking account, further contact with the applicant to reconcile the discrepancy would be required. A simple difference in the account balance amounts between the verification sources would not normally require reconciliation because it is expected the amounts will be different due to the difference in the date each account balance is posted.

D. EXAMPLE 4

A married individual living with his spouse applies for HCBS coverage for himself on 07/11/2020. He reports being previously hospitalized for 40 days beginning 01/15/2020 and ending 02/24/2020. He does not request prior medical assistance. The couple report owning many resources, including a single checking account. No verifications were provided with the application. An AVS request is immediately submitted for both spouses for the month of application (07/2020) and for the month the first long term care arrangement began (01/2020).

The AVS response is received within three (3) days verifying the bank account balance for 01/2020 and 07/2020. A formal request to verify the bank account for 01/2020 (but

not for 07/2020) is then sent to the applicant, along with a request for all other needed verifications. The applicant provides all requested information in a timely manner. The verification provided by the applicant is used to determine the amount of the CSRA because that amount is higher than the AVS verified amount. The AVS verification is used to determine resource eligibility for 07/2020.

Note: If the applicant failed to provide verification of the bank account for the month the first institutionalization began (01/2020), the AVS response verification would have been used in determining the CSRA. If neither the AVS nor the applicant verified the bank account for the month institutionalization began, it would not be included in the CSRA determination.

E. EXAMPLE 5

A single individual applies for LTC on 06/18/2020 and requests prior medical assistance. She reports a checking account and two (2) savings accounts. The applicant does not provide any verification of the accounts when the application is filed, but self-attests on the application that she is resource eligible. An AVS request is immediately submitted for the months of 03/2020 through 06/2020.

The AVS response is received five (5) days later and verifies that the bank account balances are within the resource limit for 03/2020 through 05/2020, but not for 06/2020. A formal request for information for the bank accounts for the month of 06/2020 only is then sent to the applicant. The applicant provides verification of the accounts in a timely manner. A total of the combined low balances on the verified accounts exceeds the allowable resource limit. The application is approved for the prior medical assistance period of 03/2020 through 05/2020, but current eligibility for 06/2020 is denied due to excess resources.

Note: If the applicant failed to provide verification of the requested bank accounts for 06/2020, the application may be denied due to failure to provide. Prior eligibility for 03/2020 through 05/2020 would still be approved (if otherwise eligible).

F. EXAMPLE 6

A married couple apply for medical assistance on 06/28/2020. He requests HCBS coverage and she requests Medically Needy (MDN) with prior medical assistance. Each spouse has their own checking and savings accounts. Verification of the checking accounts was provided at the time the application was filed. An AVS request is submitted for the months of 03/2020 through 06/2020 for both spouses.

The AVS response is received two (2) days later and verifies both checking accounts

and only the wife's savings account. A formal request is then sent to the applicant to verify the husband's savings account for all months. The information is timely verified by the applicant and eligibility determined based on the voluntary verification provided at the time of application for the checking accounts, the AVS verification for the wife's savings account, and the formal request verification received for the husband's checking account.

Note: If the verifications provided by the applicant at either the time of application or upon formal request by the agency were higher than the amount(s) verified through the AVS response, the AVS response amounts would have been used in the eligibility determination.

5. QUESTIONS

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

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