



<b>Policy Memo</b>	
<b>KDHE-DHCF POLICY NO: 2020-11-02</b>	<b>From: Erin Kelley, Senior Manager</b>
<b>Date: November 20, 2020</b>	<b>KFMAM References: 2240.01, 05200, 5220, 05300, 05400, and 5440</b>
<b>RE: Policy Implementation Instructions and Information for November 2020 KEES Changes</b>	<b>Program(s): All Medical Programs</b>

This memo implements changes to the Medical Assistance programs implemented with the KEES Release on November 22, 2020. Unless otherwise indicated, the following implementation instructions are applicable to all eligibility actions, including system actions, taken on or after this KEES Release. Additional information related to the implementation of these changes is available through training material released to eligibility staff, KEES Release Notes, and the KEES User Manual.

Applicable to all medical programs:

- “No-Touch” Functionality Changes
- Removal of the Worker Portal

Applicable to Family Medical programs:

- MAGI Income Changes
- Lump Sum Income Clarification

This memo supersedes existing policy where applicable.

## **I. CHANGES IMPACTING ALL MEDICAL PROGRAMS**

### **A. NO-TOUCH FUNCTIONALITY**

With the implementation of this KEES Release come several enhancements to the “No-Touch” functionality. The following policies supersede PM2015-06-04 and PM2015-06-05 where applicable.

## **1. WORKFLOW**

Previously, applicants already known to KEES were not eligible to go through No-Touch and would 'fall out' at the file clearance stage of the process leaving workers to register and complete the application manually.

Effective with this release, additional logic has been added that will allow No-Touch to compare information on the application with all known cases in KEES. If the individual(s) information provided on the application meets or exceeds the matching criteria, it will then look to see if the applicant(s) are an active person, or on an active Medical program. This can mean the individual has an active FRI, MEM, or FSO status. If the applicant is not an active person or already on an active Medical program in KEES, it will then look to see if the applicant was discontinued or denied within the last 90 days. If any of these are true, the application will fall out of the process and a task will be generated. If none of these are true, the application will be registered under a new case number and the No-Touch process will continue. For additional information regarding the No-Touch workflow, please refer to the training material released to eligibility staff, KEES Release Notes, and the KEES User Manual.

**Note:** All LTC applications are not eligible for No-Touch and will fall out at registration. Additionally, individuals whose most recent aid code was a Medically Needy aid code in the past six (6) months (not including app month) will also fall out at registration. All other E&D applications are eligible to be registered, and if able to be registered, would fall out after registration for eligibility to process.

## **2. MIPPA APPLICATIONS**

Also upgraded with this release is the ability for MSP-only requests received from MIPPA applications to run through the No-Touch process without automatically falling out. Because the information provided on these types of applications are to be considered verified upon receipt, rarely is there a need for the consumer to be contacted for additional information by eligibility staff; however, if information cannot be verified, or the criteria mentioned in section I.A.1 of this memo is not met, the application will fall out and a task will be generated for staff to take manual action.

For MIPPA applications that fall out of the No-Touch process, [PM2010-10-01](#), [PM2011-01-02](#), and [PD2018-09-02](#) all remain applicable and shall be followed.

## **B. REMOVAL OF WORKER PORTAL**

### **1. DATA ENTRY AND REGISTRATION CHANGES**

With the November release, KEES will be removing the Worker Portal functionality. This will eliminate the need for data entry to be completed prior to the registration of a paper application. Additionally, this will reduce the number of records that will be systematically entered into the case requiring data acceptance. Once a paper application is imaged into the system, it will go directly to registration. They will be

responsible for registering the application to the correct case and re-indexing images and tasks that are associated with the application.

## **2. UPDATES TO TASKS**

One of the limitations in KEES has been the inability to easily identify work streams after registration. KEES has been updated with more granular tasks for applications and reviews. This change will allow work to more efficiently route to the correct eligibility departments. A full list of updated application and review tasks will be published in the training material released to eligibility staff, KEES Release Notes, and the KEES User Manual.

## **II. CHANGES IMPACTING FAMILY MEDICAL PROGRAMS ONLY**

### **A. MAGI INCOME CHANGES**

Due to several legislative changes made to the Modified Adjusted Gross Income (MAGI)-based methodologies used for determining Medicaid and CHIP eligibility, the following updates will be made to countable MAGI income rules to reflect policy noted in KFMAM 2240.01, 5220, 05400, and 5440.

In general, the calculation of MAGI-based income includes all taxable earned and unearned income minus certain expenses such as student loan interest or IRA contributions that are deductible in determining an individual's adjusted gross income (AGI) for federal income tax purposes. Effective November 22, 2020, the following changes will be applicable to the MAGI countable income types of Lottery and Gambling Winnings, Spousal Support, and Discharged, Forgiven, or Cancelled Student Loan Debt as reported by the consumer.

#### **1. QUALIFIED LOTTERY AND GAMBLING WINNINGS**

Effective with the release, lottery and gambling winnings will now be considered countable income when they meet qualifying criteria and will be calculated through KEES based on federal guidelines.

##### **a. BACKGROUND**

Previously, a one-time payment of winnings received from lottery and gambling was considered exempt as a lump sum payment per KFMAM 5440. With the legislative changes made in the BBA of 2018, this rule is superseded in the case of qualified lottery and gambling winnings of \$80,000 or greater received in a single payout. In these situations, the income is to be counted in the month received through a period of up to 120 months as determined by a formula provided by the 2018 statute. Per federal guidelines, states must

apply this formula to qualified lottery or gambling winnings received on or after January 1, 2018.

**Note:** These rules will not be applied retroactively to existing records. They should be applied to any qualifying lottery or gambling winnings reported after the effective date of this release.

**b. IMPACT ON PROCESSING**

With this release, updates made within KEES will allow qualified lottery and gambling winnings received as a one-time payment as part of a Family Medical program to be annualized over a period of up to ten (10) years according to the T5 Lottery and Gambling Winnings Income Budgeting Table included as an attachment to this memo.

Staff will need to determine the total gross amount of winnings received by the consumer in a one-time payment as well as the date received and enter these into KEES which will make the calculation based on said Budgeting Table.

In order to be budgeted and calculated correctly, the income will need to be recorded on the KEES income page with a frequency of One Time Only, and the lump sum will be entered into the Reported Amount field. A new dynamic field labeled 'Payment Received Date' has been added to the Income Amount Detail page for this income type. This field records the date the applicant received the lump sum payment of lottery or gambling winnings. KEES rules will use the payment received date and the gross amount entered to calculate the monthly amount based on the table and formula.

**Example:** The consumer won \$500,000 from a state lottery and received a one-time payment of \$350,000 after taxes on 2/22/2019. The gross amount of \$500,000 is divided by 44 (the corresponding number of months from the table). This results in an average of \$11,363.64 per month. This amount of unearned income will be counted on the case for 44 months beginning 2/2019 through 9/2022. Should the case close due to excess income (or for any reason), upon reapplication, this income will continue to be counted through 9/2022 (unless a hardship has been granted). See KFMAM 5220.06(b)(v).

**c. OTHER TYPES OF WINNINGS**

Lottery winners generally have a choice between receiving their winnings in a single payment or in an annuity that pays out in installments over several

years. Qualified lottery or gambling winnings that are *not* received in a one-time payment or as part of a Family Medical program will continue to be counted using prospective income budgeting methods per KFMAM 06100.

With respect to non-cash prizes, like a car or boat, these should continue to be considered as lump-sum income in the month received.

**d. WINNINGS FOR OTHER HOUSEHOLD MEMBERS**

The federal requirement to count qualified lottery and gambling winnings in household income over multiple months only applies to the individuals receiving the winnings. The determination of household income for other members of the individual's household are not affected. Thus, for example, the total amount of qualified lottery or gambling winnings of a spouse or parent continues to count only in the month received in determining the eligibility of the other spouse and children.

**e. VERIFICATION OF LOTTERY OR GAMBLING WINNINGS**

No verification is required for lottery or gambling winnings beyond the self-attestation of the consumer. The information required from the consumer related to reported lottery or gambling winnings is the full gross amount of the single payment and the date received.

**f. MEDICAL OR FINANCIAL HARDSHIP**

Continued eligibility shall be granted where the counting of lottery or gambling winnings results in ineligibility and loss of coverage and causes undue medical or financial hardship. For the purposes of this provision, hardship shall be defined as follows:

- Medical Hardship – The individual must demonstrate that the loss of eligibility put the individual at risk of death or permanent disability without the medical coverage.
- Financial Hardship – The individual must demonstrate that the gambling winnings being counted as income are no longer accessible or available to meet medical needs.

When hardship is granted, the gambling winnings shall no longer be counted as income in determining eligibility beginning with the month hardship was requested.

## **2. SPOUSAL SUPPORT**

Effective with the release, spousal support (i.e. alimony payments) are no longer considered countable income for Medicaid applicants under separation or divorce agreements finalized or modified after December 31, 2018.

**a. BACKGROUND**

Previously, spousal support payments were considered as taxable income for MAGI Medicaid eligibility determinations. However, due to legislative changes to the taxability of certain items enacted in recent years, spousal support payments or alimony as a result of a divorce decree effected or modified after December 31, 2018 are no longer taxable and must not be included in the income of the recipient for MAGI purposes.

**b. IMPACT ON PROCESSING**

A new field labeled 'Spousal Support Agreement/Modification Date' has been added to the KEES income detail page and will appear when an income type of 'Spousal Support' is selected by the eligibility worker. This field records the date the applicant began receiving spousal support under either a new agreement or a modified preexisting agreement. KEES rules will use this date field to determine if the spousal support income is countable. Any spousal support income with an agreement or modification date after December 31, 2018 will be considered exempt.

**Note:** Due to this change, processing staff should no longer expect to see a determination of Extended Medical coverage (EXT) for CTM recipients reporting new spousal support income. The program and policy surrounding it still exists, but due to the aforementioned policy change will no longer be applicable.

**c. VERIFICATION OF SPOUSAL SUPPORT AGREEMENT/MODIFICATION DATE**

Self-attestation of the date of agreement is sufficient for processing; no hard copy verification is needed. In the event that the required information cannot be obtained at initial processing and cannot be ascertained through researching the case file, consumer contact will be needed to verify the date in order to determine whether or not the income is exempt. If the information is not provided, but the income amount will not make a difference to eligibility, an attested date is not required; however, the reasoning for the exception must be fully documented. Likewise, if the exact date of the agreement is unknown but is attested by the consumer to be prior to December 31, 2018, the income must be counted and the reasoning documented. If an approximate date cannot be ascertained, a date of December 31, 2018 (12/31/2018) may be entered for countable spousal support, and a date of January 1, 2019 (01/01/2019) when the income is determined exempt but the exact or approximate date is unknown.

**Example 1:** A December 2020 review is received for two children, and the primary applicant reports receiving \$200.00 per month in spousal support. No spousal support has been reported on past reviews. The worker may assume that the alimony agreement is new, and thus exempt. The date of 1/1/2021 may be entered for the Spousal Support Agreement/Modification Date.

**Example 2:** A new application is received December 1, 2020 requesting coverage for the primary applicant and two children, and the primary applicant reports receiving \$200.00 per month in spousal support, which will make a difference in program eligibility. No date is provided, and there is not enough documentation on file to support or negate that the agreement was made or modified after December 31, 2018. If the consumer can't be reached by phone, the case will need to be pended and the information requested.

### **3. DISCHARGED, FORGIVEN, OR CANCELLED STUDENT LOAN DEBT**

#### **a. BACKGROUND**

Student loan debt that is discharged, forgiven, or cancelled is generally treated as taxable income to the borrower, and therefore the amount of discharged debt is included with MAGI-based income and should be treated as a lump sum; however, due to a legislative amendment passed, beginning with the 2018 tax year (i.e. January 1, 2018), an exception is made for student loan debt discharged due to death or permanent and total disability of the student. Student loan debt discharged under these circumstances is not counted as income in MAGI determinations for the borrower or for other members of the borrower's household.

#### **b. IMPACT ON PROCESSING**

Two new income types have been added in KEES to record countable and exempt discharged student loan debt in order to facilitate compliance with the new federal policy amendment and will be listed under the Medical Income Category of 'Education.' These income types are:

- Discharged, Forgiven, or Cancelled Student Loan Debt—Countable
  - Used when the income is countable
- Discharged, Forgiven, or Cancelled Student Loan Debt—Not Countable
  - Used when income is not countable due to the death or permanent disability of the student

## **B. LUMP SUM INCOME POLICY CLARIFICATION**

Per federal requirements and MAGI definitions, lump sum payments count as income in the month received if the federal income tax rules would treat the payment as income. The source of the income would need to be assessed for taxability using current policy and tax rules.

### **1. LUMP SUMS**

#### **a. BACKGROUND**

A lump sum payment is defined as a nonrecurring one-time payment that, if

received regularly, would be non-exempt. Classification as a lump sum is dependent on its unpredictability either in amount or time of receipt that prohibits consideration as intermittent income. Previous policy exempted this income in the month received; however, this income (when taxable) is countable in the month received based on federal regulations and should be treated as such when actual income is being used.

**b. IMPACT ON PROCESSING**

The impact on processing resulting from this clarification should be minimal as we use a prospective income (“point in time”) methodology when determining continuous eligibility and only use actual income when budgeting prior medical months and the prior medical simplification does not apply, see PM2018-03-01. For a current income determination, the reported lump sum income should be entered into the Average Calculator on the Income Amount Detail page in KEES, but not counted in the average as it is considered unrepresentative of prospective income.

If the consumer reports a lump sum as a change in a prior medical (PM) month when PM coverage is requested, the Average Calculator on the Income Amount Detail page may be utilized to capture the actual amount of the lump sum for the PM month in which it was received. The begin and end dates of the Income Amount Detail page should be used according to the instructions in the KEES User Manual so that the income will be counted in the month it was received only.

This policy does not supersede existing rules surrounding continuous eligibility, PM budgeting or the PM simplification policy.

### III. QUESTIONS

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

Erin Kelley, Senior Manager – [Erin.Kelley@ks.gov](mailto:Erin.Kelley@ks.gov)

Jessica Pearson, Elderly & Disabled Program Manager - [Jessica.Pearson@ks.gov](mailto:Jessica.Pearson@ks.gov)

Kris Owensby-Smith, Elderly & Disabled Program Manager - [Kristopher.OwensbySmith@ks.gov](mailto:Kristopher.OwensbySmith@ks.gov)

Jerri Camargo, Family Medical Program Manager - [Jerri.M.Camargo@ks.gov](mailto:Jerri.M.Camargo@ks.gov)

Amanda Corneliusen, Family Medical Program Manager - [Amanda.Corneliusen@ks.gov](mailto:Amanda.Corneliusen@ks.gov)

Questions regarding any KEES issues are directed to the KEES Help Desk at [KEES.HelpDesk@ks.gov](mailto:KEES.HelpDesk@ks.gov)