Policy Memo	
KDHE-DHCF POLICY NO: 2020-05-01	**From: Erin Kelley, Senior Policy Manager**
Date: May 14, 2020	**KEESM Reference: 5724.4(2)**
RE: Annual Change in Spousal Impoverishment Income Allowance; Change in the Transfer of Property (TOP) Divisor	**Program(s): Long Term Care Medical Assistance Programs**

This memo provides implementation instructions for the annual increase in the spousal impoverishment community spouse minimum monthly needs allowance (MMNA) 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.

1. Spousal Impoverishment

The Minimum Monthly Needs Allowance, the Dependent Family Member Allowance, and the Excess Shelter Deduction are all changing effective July 1, 2020.

A. Minimum Monthly Needs Allowance

The Minimum Monthly Needs Allowance is increasing from $2,114/month to $2,155/month.

B. Dependent Family Member Allowance

The Dependent Family Member Allowance is increasing from $705/month to $719/month.

C. Excess Shelter Deduction

Due to the increase in the Minimum Monthly Needs Allowance indicated above, the Excess Shelter Deduction is also changing effective July 1, 2020. 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 $364/month. 30% of the Minimum Monthly Needs Allowance is $646.50/month ($2,155 times .3 = $646.50). Therefore, based on the formula described above, the amount by which the community spouse’s household expenses exceed $282.50/month [$646.50 (30% of MMNA) minus $364 (FA SUA) = $282.50] equals the excess shelter deduction (if any) for the case. The amount of the excess shelter deduction, when added to the Minimum Monthly Needs Allowance ($2,155), cannot exceed the Maximum Monthly Needs Allowance ($3,216).

This means the amount of the Excess Shelter Deduction may not exceed $1,061/month ($3,216 maximum minus $2,155 minimum = $1,061).

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 $282.50 shelter deduction equals $767.50, which is the excess shelter deduction. That amount is added to the base MMNA of $2,155 to determine the maximum amount of income which can be allocated to the community spouse. $2,155 plus $767.50 = $2,922.50 (the adjusted MMNA 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 base MMNA of $2,155, the couple does not benefit from the increased MMNA of $2,922.50 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 MMNA of $2,927.87.

3. If the couple's total countable monthly income is $3,200, then income up to $2,922.50 (the adjusted MMNA) could be allocated to the community spouse. The remaining amount ($277.50) would be attributed to the long term care spouse and budgeted in determining the share of cost.

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 Medical KEESM 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 $282.50 shelter deduction equals $1,567.50 ($1,850 minus $282.50 = $1,567.50), which is the excess shelter deduction. However, the excess shelter deduction cannot exceed $1,061 ($3,216 maximum minus $2,155 minimum = $1,061). Therefore, the excess shelter deduction in this case is $1,061 and the maximum monthly needs allowance of $3,216 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 $3,216, then all income could be allocated to the community spouse.

2. If the couple's total countable monthly income is more than $3,216, then the maximum amount of $3,216 could be allocated to the community spouse. The amount of income in excess of $3,216 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 18, 2020 when July 2020 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 case is touched by eligibility staff for other case maintenance reasons, such as a reported change, but no later than the next scheduled annual redetermination. Any manual adjustment completed based on this change shall be for the come-up month, allowing for timely and adequate notice.

E. Forms

The following forms have been updated to reflect the changes and are now available to eligibility staff.

1. **ES-3163** (Income Allowance Determination Form) 7-20

2. **F-8** (Kansas Medical Assistance Standards) 7-20

2. Transfer of Property (TOP)

The divisor amount used to calculate a transfer of property (TOP) penalty has changed. The divisor amount has increased from $211.56/day to $220.50/day effective July 1, 2020. The new amount is effective with any newly determined inappropriate transfer penalty period commencing on or after July 1, 2020. 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.

Note: When using the electronic TOP worksheet (W-4) 7-20, 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. The *Recipient* tab is for an individual who is currently receiving 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).

3. Questions

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

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Questions regarding any KEES issues shall be directed to the KEES Help Desk at KEES.HelpDesk@ks.gov