

**Kansas Department of Social and Rehabilitation Services  
Janet Schalansky, Secretary**

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**MEMORANDUM**

To: EES Program Administrators  
All Asst. Reg. Directors

Date: September 20, 2004

From: Bobbi Mariani, Director  
KEESM  
Economic and Employment Support

RE: Implementation Instructions

Rev. 20 Effective October 1, 2004

This memo provides implementation instructions and information for the following October 1, 2004 KEESM changes:

- Medical Expenses and Medicare Approved Drug Discount Cards
- Expunged Drug Felony
- CSE Penalties
- National Voter Registration Act of 1995
- Minors Acting in Own Behalf
- In-Home Child Care
- Foster Care Child Care
- EBT CC Data Collection for Child Care Providers
- WtW Components
- ES-3102

**I. ALL PROGRAMS**

**Medical Expenses and Approved Drug Discount Cards** - [See Summary of Changes, Item I, A. (3).] As noted in the Summary of Change, special provisions are being provided for treatment of medical expenses for persons with Medicare Approved Drug Discount Cards.

The Medicare Approved Discount Drug Card was established under the authority of the Medicare Modernization Act and provides Medicare beneficiaries the opportunity to receive reduced rates on select prescription drugs. Discount cards are offered from a number of carriers, each offering a unique formulary and network of participating pharmacies. No direct payments are made from the carrier to the pharmacy when a drug is purchased, rather, a discount is given on the purchase price of the drug.

A special benefit is also offered to persons without full Medicaid coverage who have incomes under 135% of poverty called Transitional Assistance or the \$600 Credit. Recipients are given a credit of \$600 toward the purchase price of medications.

Both CMS and USDA have recently clarified that neither Medicaid or food stamp benefits are to be negatively impacted because of the discount drug card. Eligibility and benefit levels are to be determined without regard to drug costs reductions attributed to the card or the \$600 credit. This change in direction nullifies previous instruction, provided during the May, 2004 teleconference sessions, to use actual costs attributable to the beneficiary for Medically Needy/spenddown purposes.

Prescription drug expenses for spenddown, patient liability reductions or client obligation reductions are allowed at the pre-discount drug card price. Regardless of the actual out of pocket expense the client assumed, the full price the beneficiary would have paid if not for the existence of the card is to be used. The same is true of the \$600 credit. If the \$600 credit is used to purchase the drug, the full price is still allowable in either of the above situations.

To implement the new policy for spenddown cases, pharmacies will be provided specific instructions to reflect the actual pre-discount approved drug card price in their billing process. This will also include an MMIS modification to always point to the correct field when processing a spenddown claim. Do not use the KAECSES MEEEX screen to reflect these allowances. The MMIS spenddown claim process will accommodate the change.

However, for HCBS and NF cases where MMIS billing will not occur for non-covered expenses, it is necessary to obtain the pre-discount price from the pharmacy or beneficiary. Pharmacies track and hold a number of different "prices" for various drugs, primarily for insurance purposes. Pharmacies will maintain the pre-drug card price as the "Usual and Customary" price. Specific requests to pharmacies for this information should utilize this specific phrase.

**Example:** Joe, a Medicare beneficiary uses his Orange Drug Card to purchase blue pills. The cost of the blue pills to people without the Orange Drug Card is \$50.00. The Orange Drug Card offers a discount on blue pills, so he gets them for \$35.00.

- If Joe is covered under the Medically Needy program and has \$100 left on his current spenddown, the full \$50.00 is used toward the spenddown. The pharmacy should bill Medicaid \$50.00. The MMIS will apply \$50.00 to the spenddown.
- If Joe is an HCBS recipient or in an NF and the blue pill is not covered by Medicaid, the full \$50.00 is used to reduce the patient liability or client obligation.
- If Joe is receiving full Medicaid (including met spenddown) and the blue pill is covered by Medicaid, the pharmacy should bill Medicaid as usual and the claim will be adjudicated without regard to the Orange Card.
- If Joe also receives the \$600.00 credit and the credit is used to purchase the drug, the entire \$50.00 is still allowable.

For medical assistance, these instructions are effective upon receipt of this memo. Because CMS specifically requires adjustment of cases back to the inception of the

discount card, (June 1, 2004), it may be necessary to make retroactive adjustments. If requests for adjustments are made, the following procedures are used:

- For Medically Needy cases, instruct the pharmacy to rebill claims using the corrected amount. The Medicaid Provider Representative or Liaison can assist with this process. If the provider will not rebill, reflect the new claim amounts on a Beneficiary Billed (BB) claim. However, if the pharmacy has already billed and a portion applied to spenddown, only used the amount of the actual discount or credit which hasn't previously been allowed for the BB claim. Do not use the MEEEX process for this purpose.
- For HCBS or NF cases, reflect the additional amounts to be allowed toward a future months obligation allowance, as the amounts are expected to be minimal.

For food stamp purposes, the pre-discount price of the drug must be allowed when determining an allowable food stamp medical expense. For food stamp persons on a spenddown, the amount billed to the MMIS will be the pre-discount price of the drug. Staff will be notified when this change to the MMIS is effective. For food stamp persons who do not have a spenddown, the pharmacy must be contacted to ascertain the pre-discount price. Staff are to request from the pharmacy the "usual and customary" price of the drug and that amount will be allowed as a food stamp medical expense. Please note that the State agency is responsible for determining the pre-discount price of a drug by contacting the pharmacy. Clients are not to be required to provide this information. They are only required to provide an adequate description of the prescription and the pharmacy where the prescription was filled. It is also important to remind staff that the fact a person has a Medicare Approved Drug Discount Card is not required to be reported between certification and review. It will be important, therefore, to ask appropriate consumers at the time of application or review if they have a Medicare Approved Drug Discount Card and if so, the procedures described above will apply. For purposes of the Food Stamp Program, this policy change is effective October 1, 2004 and no retroactive benefits are required.

**Expunged Drug Related Felony** - [See Summary of Changes, Item 1, B. (1)] Some persons with an expunged drug related felony are currently being denied assistance. It is necessary to determine who these persons are and provide assistance based on the clarification that expunged drug related felonies do not have a negative effect on eligibility. A report of all cash and food stamp persons on active cases coded DI and DF respectively will be provided to staff. The list shall be used to review cases and determine if any of the persons currently disqualified for an expunged drug related felony are eligible under the revised policy clarification. Benefits are to be provided effective October 1, 2004. The printout will be sent separately and staff will be notified when it is available.

**CSE Penalties** - [See Summary of Change, Item 1, A. (2)] The provision to not penalize children when a non-legally responsible person fails to cooperate with CSE is not retroactive; therefore, staff are not required to identify cases currently on penalty. When such a non-legally responsible person reapplies for assistance for the children, however, there is no longer a requirement that they cooperate prior to the

children being approved for assistance. If the non-legally responsible adult requests assistance for himself/herself, cooperation is still required prior to assistance being approved for the non-legally responsible adult.

A referral should still be made to CSE even if a non-legally responsible person indicates at the time of application an intention to not cooperate with CSE. Support rights for Cash Assistance are still assigned to SRS when an adult signs an application, and CSE will pursue support whether or not the non-legally responsible adult cooperates.

**National Voter Registration Act of 1995** - [See Summary of Change, Item 1, B. (4)] The requirements of the National Voter Registration Act of 1995 have been placed in the manual as a reminder that staff still have a responsibility under federal law to offer all applicants and recipients, as well as others who come through our doors, the opportunity to register to vote. Staff should have procedures in place to 1) assure that all individuals are offered the opportunity to register to vote or decline to register to vote at each application, review, change of address, or change of name; 2) send voter registration forms to the county election office; and 3) retain declination forms for at least two years in the local office.

Since the October 2004 manual revision was completed, the Secretary of State's office has notified SRS of a change in state law which became effective July 1, 2004. Based on this change, SRS must attach a copy of a photo ID when submitting a voter registration form for someone newly registering in the county. If the individual does not have a photo ID, then a copy of a current utility bill, bank statement, or other ID which connects the individual to his/her current address should be attached. Additionally, make sure all registrants have included a copy of their driver's license number or the last 4 digits of their Social Security Number where requested on the voter registration form.

Because of this change in the law, the Secretary of State has revised the voter registration form. You may find a copy of the current voter registration form at <http://www.kssos.org/forms/elections/voterregistration.pdf>. Each local office should have copies of the voter registration form available for use in the office and to mail to consumers as needed. Because the voter registration form is changed periodically, it is suggested that no more than a 6 month supply be copied at one time. KEESM Appendix #88 now links directly to the Secretary of State's website so the most recent version of the voter registration form is always available.

A stuffer is being included with the October medical cards to remind recipients that they must register by October 18, 2004, to vote in the November 2004 election.

## II. CASH ASSISTANCE

**Minors Acting in Own Behalf** - [See Summary of Change, Item III, A. (1)] Each region may establish its own procedure for determining that it is in the best interests of a minor to act in his/her own behalf and for rescinding that decision. Staff must note on INDA for both TAF and MA-CM when a minor has been approved to apply for and receive assistance on his/her own behalf and when that approval is

rescinded. This will help other EES staff and Clearinghouse staff who may receive the case.

Health Care Policy will issue a policy memo to allow medical assistance for a minor who has been approved to act in his/her own behalf to receive TAF assistance. Once a minor is approved to receive medical assistance on his/her own behalf, the minor will remain continuously eligible for medical assistance until the end of the review period even if the minor returns home or is no longer allowed to receive TAF assistance in his/her own behalf.

### III. CHILD CARE

**In-Home Child Care** - [See Summary of Changes, Item V, A. (1).] Effective with this revision, clients choosing In-Home child care for their children (hiring someone to come into the child's home for care) must provide verification of contact with the Internal Revenue Service (IRS). Proof of receipt of a Federal Employer Verification Number (FEIN) shall serve as verification of contact. The following document is available through the IRS to assist parents with tax issues:  
<http://www.irs.gov/pub/irs-pdf/p926.pdf>.

This document is Publication 926 (Rev. November 2003) Household Employer's Tax Guide For Wages Paid in 2004. SRS staff are not expected to answer tax questions. If parents have questions regarding these IRS rules, they should be referred to the IRS or a tax professional for assistance. For existing In-Home cases, staff should request the parent to supply verification of FEIN no later than December 31, 2004. If an FEIN is not provided, staff should move to terminate any plans using In-Home care. The parent remains eligible for child care subsidy, but should choose another provider type. The C205 General Verification Request notice on KsCares may be used to request information. For any new In-Home child care requests, proof of FEIN shall be part of approval for initial enrollment.

Staff are reminded that the FEIN is for eligibility purposes only, and is NOT to be used when putting the parent on KsCares. The parent's SSN preceded by a "3" will continue to be used for payment purposes.

A new In-Home statewide rate is also being implemented with this revision. The new rate is \$1.72/hour and will be paid automatically once system migration has been completed. Letters were sent to all In-Home cases on August 23, 2004 informing parents of the rate change and of the FEIN requirement. After October 1, 2004, staff should update existing Child Care Plans in KsCares and send plans with the new rate to parents. Updating plans can be done by accessing the CHCP screen and pressing Pf12. Once the screen is updated, plans are printed by pressing Pf5. The case listing that was sent to Assistant Regional Directors on August 23, 2004 can be used to identify In-Home cases by caseload.

**Foster Care Child Care** - [See Summary of Changes, Item IV, A. (2).] Effective October 1, 2004, requests for EES child care subsidy for foster care placements shall be the responsibility of the Foster Care Contractor. EES child care subsidy may be accessed where a foster parent is in need of child care for a child (not in custody)

of a foster child (E.G. - teen foster child with own child). For existing cases, this policy change should be implemented at the next case review.

**EBT CC Data Collection for Child Care Providers** - [See Summary of Changes, Item V, A. (3).] A face to face meeting is being held on September 22, 2004 in Topeka to discuss implementation of these changes. Child Care staff from all Regions are scheduled to attend.

#### IV. **MEDICAL ASSISTANCE**

**Mandatory Verification Requirements-** [See Summary of Changes, Item I, B.(3)] For medical assistance cases where program requirements include a resource test, verification of real property, except for the home in which the applicant/recipient resides, is now required. This change essentially expands verification requirements to include the home property if the individual is absent. This is applicable to all situations in which the applicant/recipient is actually absent, including independent living and spousal impoverishment cases. However, it does not apply to temporary absences, including persons entering LTC arrangements for a planned brief stay where the stay is not expected to exceed the month of entrance and following two months.

Generally, a copy of the deed reflecting ownership interests in the property will satisfy this requirement. However, copies of trusts or other related documents may also be needed to establish ownership interest.

The requirement is applicable for all new applications processed on or after October 1, 2004. It also applies to changes processed on or after this date. For example, verification must be obtained for an HCBS consumer moving from his own home into an NF prior to NF payment approval. For existing cases, verification shall be obtained no later than the next review.

#### **Estate Recovery, Contracts for Care, Annuities and Shared Property Ownership**

- [See Summary of Changes VII A.(2), (3), (4) and B. (3)] Implementation instructions were provided in materials associated with the teleconference presentations in August, 2004. Please see these materials for implementation instructions.

#### V. **SUCCESSFUL FAMILIES**

**Welfare to Work Component** - [See Summary of Change, Item VIII,A.] Welfare to Work (WtW) is no longer an available component for TAF recipients. A list of all TAF clients currently assigned to the following components will be distributed the week of September 27 to Regional staff:

- Welfare to Work (WTW)
- Welfare to Work Competitive (WWC)
- Welfare to Work Goodwill (WWG)
- Welfare to Work Participant (WWP)

Other appropriate available component assignments should be discussed with these clients and the new assignment should be completed by December 31, 2004.

- VI. **Forms** - [See Summary of Change, Item A. Cash Assistance] The IM 3102 is obsolete effective September 30, 2004, and has been replaced by the ES-3102. Effective October 1, 2004, staff should use the ES-3102 to inform clients of the consequences for failing to meet specific CSE and work program expectations. All TAF clients should receive a copy of the ES-3102. (See KEESM 2165, 3500).

BM:MW:jmm

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