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**MEMORANDUM**

To:	EES Field Administrators Regional Directors EES Central Office HealthWave Clearinghouse	Date:	November 17, 2008
From:	Bobbi Mariani Darin Bodenhamer	RE:	Implementation Instructions for TAF Work Incentive Payment, Effective January 1, 2009

**Description and Reason for Proposed Policy Change:**

The TAF Work Incentive payment is a TAF benefit of \$50.00 for cases which would otherwise be ineligible for regular TAF benefits due to excess income, when earnings are included. If eligible, this payment will assist customers in maintaining employment and will be issued for five consecutive months beginning the first month of ineligibility following a TAF benefit month.

The TAF Work Incentive payment is counted as a TAF month and is included in the 60 month time limit. The Work Incentive benefit will never be prorated. It is available on a case when one or more adults obtain employment, and the earnings, coupled with any other income, exceed TAF budgetary standards. The TAF Work Incentive payment is available for a maximum of five consecutive months and there is no limit to the number of times a household can qualify for this incentive.

Child support received is retained by the state on TAF Work Incentive payment cases. In order to avoid undue hardship on a TAF customer, the case is to be reviewed to determine if child support is being paid. This payment can be identified on KAECSES by reviewing the UNIN screen. If income coded CS EX for the household exceeds \$50 and this income is received on a regular basis, then the TAF Work Incentive payment is not appropriate for this household.

This \$50.00 payment will provide transitional assistance when a family member gains employment, has income, including earnings, which exceeds the TAF budgetary standards. The continued TAF benefit along with the earned income will provide an incentive to maintain employment. In addition, those individuals receiving food assistance remain categorically eligible. Use of Computation of Food Stamp Benefit form ([ES-1510.1](#)) may be needed. Those individuals needing child care services will remain JO/CC eligible each month they receive the \$50 Work Incentive. They are also eligible for work related special services for each month they receive the TAF Work Incentive payment. Other benefits to remaining open on TAF assistance may include continued eligibility for public housing,

reduced lunches, and reduced school fees. These policies will allow employed individuals an additional incentive to maintain employment. When the TAF Work Incentive payment ends, they are eligible for work program transitional services for twelve months if they continue to meet eligibility criteria.

Once full time employment is reached most families lose TAF assistance and cannot be counted in the Work Participation Rate. The Deficit Reduction Act of 2005 mandates all states meet work participation rates. Current processes limit our ability to count employment successes in the work participation rate. This revision will benefit both the TAF customer and the State of Kansas.

In part, we are not meeting the 50% participation rate because we have been successful in moving families off cash assistance. By helping families transition successfully off of the TAF program, we can include those successes in the participation rate. The TAF Work Incentive payment, used in addition to the increase in the Earnings Disregard, will help meet the required work participation rate.

### **Implementation Instructions:**

The Work Incentive payment policy will be incorporated in KEESM revision 38, effective January 1, 2009.

Applications - This policy will not apply to cases ineligible in the month of application. Eligibility may occur if there is a benefit eligible month prior to losing eligibility for excess income, when earnings are included.

Ongoing cases – The following provides implementation information for ongoing cases:

Prior to rollover in November, system changes will be implemented to modify logic to allow authorization of the Work Incentive payment even if income is over the maximum allowed. AFPD will be updated by changing the Work Allowance Field to the Work Incentive Payment Field, and when a payment is entered in this field, will allow a cash benefit to be authorized.

Currently, when the TAF case exceeds the income maximum, a message is displayed on AFPD “Failed Income – Check Possible TransMed/Extended Medical”. Beginning with rollover in November 2008, this error message will be changed to “Failed Income – Check Work Incentive/ Check TransMed”. Any case failing income eligibility effective January 1, 2009 and any subsequent month, will need to be reviewed to determine eligibility for the Work Incentive payment.

### **Eligibility for the Work Incentive Payment:**

Eligibility for the Work Incentive payment exists if ALL of the following are true:

- Income exceeds the maximum (Failed Income – Check Work Incentive/Check TransMed)
- Income includes earnings
- There was an open TAF case in the previous month (i.e. paid AF, authorized benefit – 0 payment due to under \$10, or paid Work Incentive)
- Work Incentive payments have not exceeded five consecutive months.

Once eligibility for the Work Incentive payment is determined, the following actions need to occur:

- Enter '\$50.00' in the Work Incentive field on AFPD. If this amount is not entered exactly, an error message will appear – “Failed – Incorrect \$ Amount. Should be \$50.00”, and the Work Incentive field will be highlighted.
- If the case is in the current month, the case will copy forward during rollover for 4 more months.
- If the case is not in the current month, roll forward and authorize each month until you are in the current month.
- Send new notice, A721. This notice informs the customer their income exceeds program standards and they are eligible for a \$50 payment for five months. It will also include an explanation that these months will count towards their 60 month time limit, and their case will close at the end of the fifth month. This notice will suffice for the Work Incentive payment closing notice. There is not a requirement to send an additional closing notice for the end of the fifth month of the Work Incentive payment; however, if the case is eligible for transitional work program support services, a notice is to be mailed notifying the customer of these services. Notice A420 or W407 will satisfy this requirement. The A721 notice also informs them of their reporting requirements (change reporters), and if eligible for child care, they will have no family share deduction. If a review comes due during any of these months, the review must be completed for the payment to continue. If the review is not completed, the case will close, and a new application will be required to re-open the case, following current change reporting requirements. (KEESM [1423](#), [9300](#) and [7401](#)(5))

If the client maintains employment, further action is not required until the end of the fifth month. At this time, a Worker Alert will appear on the WOAL screen, with the notification that the case needs to be closed. Wording will be “Last Month of Work Incentive – Close TAF Case”. The case will be in the future month, but no payment will be authorized and the system will not allow additional Work Incentive payments. The case manager is responsible to close the case at this time. A code of IE is to be used to close the case on the AFED screen. A closure notice is not required if notice A721/A121 was sent when the Work Incentive initiated, however, if the case is eligible for transitional work program support services, a notice is to be mailed notifying the customer of these services. Notice A420 or W407 will satisfy this requirement. In addition, notice A430 or A431 are to be mailed to those customers who have received over 60 months of TAF assistance.

The Work Incentive payment is a TAF payment. It is countable unearned income, coded as CA on UNIN. We have removed the gross income and the resource limits for those individuals eligible for the Work Incentive payment. All other eligibility criteria remain in effect, including child in the home, residency, etc. At the end of the five months, food assistance eligibility will need to be re-budgeted without the work incentive payment as countable income. As per current policy, Child Care with no family share continues for two months after TAF closes, so EM Child Care needs to be determined at the end of the fifth month, remove any family share deduction for the following two months, and send notification to the customer of the change in their child care benefit. Twelve months of transitional work program services begin with the closure of the TAF/Work Incentive payment case. Persons receiving the transitional work program services remain

categorically eligible for food assistance.

### **Changes:**

If an individual reports employment termination, or a reduction in hours of employment, this is considered like any other change. Verification needs to be requested, and existing rules in KEESM [9000](#) are to be followed. If verification is received timely, the change is to be made giving timely and adequate notice. If verification is not received timely, the change will be made the first month following the month the verification is received, giving timely and adequate notice. An increase in income will not affect the five month Work Incentive payment eligibility. Changes in a household, including a reduction in income, a change in household members, or moving to a different county, may result in a change in the TAF benefit. This change could result in a TAF benefit less than the \$50 Work Incentive payment. The Work Incentive payment is for those cases where income, which includes earnings, exceeds the TAF budgetary standards. Once income is under the TAF budgetary standards, the Work Incentive payment is not available, even if the payment a customer becomes eligible for is under \$50.

### **Overpayments:**

If an AF payment has been made for any given month, a Work Incentive payment may not also be authorized. Overpayments will continue to be recovered from any Work Incentive payment, and any Work Incentive payment made in error is subject to recoupment.

An overpayment for TAF will not be established if a job loss or reduction in income is not reported during the Work Incentive payment months. However, other eligibility criteria may cause an incorrect payment, and hence an overpayment to occur during the Work Incentive payment months. These criteria may include no eligible child in the home, residency, etc.

Unreported income continues to result in an overpayment for TAF. These overpayments will be established according to the procedures explained in KEESM. The overpayment computation will not be reduced by the \$50 Work Incentive payment, as the Work Incentive payment will commence the month following the month income is reported and verified, allowing for timely and adequate notice.

### **IMPACT ON MEDICAL**

Receipt of the \$50 TAF work incentive payment does not qualify the household for automatic MACM coverage. It also does not provide automatic eligibility for TransMed coverage. With the implementation of the Work Incentive Payment, some changes have occurred in the type of information provided by the SRS staff to the Clearinghouse as well as the actions required of the Clearinghouse upon receipt of a TAF Change Form. Examples of these changes are outlined below.

- In the past, an increase in income was the only type of income change that could impact the medical program. However, a decrease in income may now move a TAF customer from the TAF Work Incentive program into a full TAF benefit. In turn, this may result in a change from TransMed to MACM medical coverage. The instructions on the TAF Change Form for income changes have been modified to accommodate this.
- Not all TAF Closures require Clearinghouse notification. A closure of the TAF Work

Incentive Payment at the end of the five months does not have an impact on medical coverage and notification is not required.

- While a TAF Work Incentive Payment may be provided to a household with income in excess of the TAF standard, when earnings are included, this same policy does not qualify a family for TransMed coverage. To be eligible for TransMed, earnings must directly cause the household to exceed the MACM income standard. Therefore, if a TAF and MACM household with earnings receives an increase in unearned income; this will qualify the household for the Work Incentive Payment, but not TransMed.
- The TAF Work Incentive Payment is provided when there is excess income and TAF has been open, even if the TAF months are determined to be an overpayment. However, when determining eligibility for TransMed, the household must have received 3 accurately paid MACM months in the last 6 months. Therefore, when the TAF worker determines that there is a TAF overpayment in conjunction with the approval of the TAF Work Incentive payment, this information must be provided to the Clearinghouse at the time of submittal of the TAF Change Form. See Example 9 of Attachment A.

The TAF Change Form with MACM budget worksheet is required to be completed by SRS when approving the \$50 work incentive payment.

The TAF Change Form is required to be completed in the following circumstances:

- TAF case opening (including reinstatements)
- TAF review completed
- TAF case closing, with the exception of a Work Incentive Payment closure at the end of the five month period.
- Add Person/Remove Person
- Change in Income
- Potential MAWT
- TAF approvals with a MFU member coded DI
- TAF denials with a MFU member coded DI
- TAF work incentive approvals

**In the first six reasons listed above, the MACM electronic worksheet section of the form is only required when earned income is involved.**

KEESM Appendix item [W-11](#), TAF Change Form, has been updated with the following changes:

- *MP*, *MACM*, and *MAWT* checkboxes removed.
- *Open Med* box added, so the worker is only required to identify if medical exists at the Clearinghouse or not.
- Checkbox added for *TAF Work Incentive*
- Instructions for *Change in Income* checkbox modified to indicate the need to send all income changes, not just those that exceed MACM guidelines.
- *Sent to Clearinghouse* box removed; if it has been determined the form is needed, it shall be sent to the Clearinghouse.

In addition, the form has been updated to automatically calculate the appropriate need

standard based on values entered by the worker in the following new fields:

- County Code – enter the two-letter county abbreviation
- Living Arrangement – enter S for shared or N for non-shared
- MACM Household Size – enter the appropriate household size, using those MFU members coded IN or DI on SEPA.

Upon completion of the electronic form with the household's income, the results in the Adjusted Need field identify eligibility or ineligibility for MACM. A positive number results in MACM eligibility, while a negative indicates the income is in excess of the MACM standard.

Appendix item [W-11 A](#), Instructions for the TAF Change Form has also been updated with information about these changes.

### **Clearinghouse Instructions**

The Clearinghouse is still responsible for determining medical coverage based on information received by the TAF case manager. Upon receipt of the TAF Change Form, the Clearinghouse shall review the case to determine what type of action is required. In some situations, no action will be necessary, such as when the Clearinghouse is notified of a TAF Work Incentive approval and the household is open on MAWT.

When the Clearinghouse has an open MP case, and is notified of a TAF reinstatement it will be necessary to identify if there has been a request for coverage for the adult prior to determining eligibility for MACM. An application is not required to add the adult to case, so verbal contact, or another request for coverage will suffice.

If you have any questions about the material included in this memo, please contact:

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Questions regarding any KAECSES issues are directed to the SRS Business Help Desk at [helpdeskbusiness@srs.ks.gov](mailto:helpdeskbusiness@srs.ks.gov) .

### **Attachments:**

[Attachment A: TAF Work Incentive Payment Examples](#)