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MEMORANDUM

To:	EES Program Administers & Staff HealthWave Clearinghouse Staff	Date:	March 19, 2008
From:	Andrew Allison Bobbi Mariani	RE:	Implementation Instructions for 2008 Poverty Level Increases

This memo provides implementation instructions for the increases in the federal poverty level standards which take effect May 1, 2008.

POVERTY LEVEL CHANGES

1. **Medicaid Poverty Level, HealthWave, QMB, LMB, QWD , Working Healthy and Medicare Part D Subsidy Programs** - The following instructions are for the increases in the federal poverty level standards in the Medicaid poverty level, HealthWave, QMB, LMB and QWD programs. These new standards also increase the minimum community spouse income allowance and the dependent family member allowance under the spousal impoverishment provisions effective May 1.

The poverty level table in KAECSES will be updated prior to close of business on 03-17-08 to incorporate the new poverty level amounts effective 05-01-08. Eligibility for any cases copied into May, 2008 after this date will be computed using the new poverty level amounts. The Medicaid poverty level/HealthWave, Working Healthy, QMB and Medicare D Subsidy programs are affected by this update. Since eligibility for the LMB and QWD programs is determined manually, automated processing for these programs as well as the spousal impoverishment changes, are not affected by this action.

- a. **Medicaid Poverty Level and HealthWave Programs** - Because changes in the poverty level standards will not impact the majority of poverty level eligibles, except for certain premium payers at noted below mass change will not occur for the MP program. Because changes in financial eligibility do not affect eligibility until the end of the family continuous eligibility period, persons are not transferred from HealthWave XXI to Medicaid or vice versa solely because of the change in poverty standards. No coverage changes are made at this time unless a child is at the end of his/her continuous eligibility period. Because ongoing cases will rebudget based on the new amounts if PLID is accessed for the benefit of May or later, staff need to be aware that poverty level percentages may be altered but medical subtypes should remain unchanged. Although this

could result in some inconsistency in the information present on the system, eligibility will not automatically change.

As indicated previously, certain HealthWave XXI households assigned a family premium amount may be impacted by this change. If the change in poverty standard results in a decrease in the family's poverty level percentage so that the premium amount is either reduced or eliminated, action should be taken to reflect that change. Cases currently in premium status with participating individuals who fall between 151% -156% of poverty and 176% -182% of poverty are to be reviewed by staff in order to determine if the premium amount will change. To assist with this review a printout listing all cases meeting this criteria will be produced and sent electronically to the HealthWave Clearinghouse and, if necessary, the EES Report Distribution List the week of April 07, 2008. The report is titled HealthWave XXI Premium Report. These cases are to be rebudgeted under the new standard prior to the first medical card cutoff for May on April 22, 2008. Any necessary premium changes are to be made effective May, 2008. KAECSES Notice P703, HealthWave 21 - Premium Amount Change, shall be sent for any premium adjustments.

In addition to the review of current premium cases, spenddown cases with either a child or pregnant woman recipient are to be reviewed in the month of April for potential poverty level Medicaid coverage under the higher standards. These spenddown cases are identified on the MA Spenddown Report. This report lists all open MA cases without a program subtype regardless of spenddown status. Those cases which include a pregnant woman (including postpartum coverage) are identified with a Y in the PW/PP column. The report is sorted by worker and is included with this memo. All cases are to be reviewed for potential Medicaid poverty level or HealthWave eligibility with any changes effective May 1, 2008.

NOTE: While reviewing MA programs careful attention must be given to those without existing subtypes to ensure program coding is correct. In instances where the MA program provides Family Medical coverage (including TransMed and Extended Medical) a subtype must be present. Without a subtype of CM, WT or EM, the MA program is regarded as a spenddown case and the family is not assigned to managed care.

For spenddown cases in which a child(ren) and/or pregnant women is included and meet the Medicaid poverty level or HealthWave criteria, an MP program is to be added in KAECSES with a proration date of 5-01-08 and the current base is shortened to end in April.

Individuals who have not met spenddown previous to the change are to be notified of the new spenddown amount for the shortened base. In addition, persons who met spenddown previous to the poverty level determination are to be notified of the shortened base and decreased spenddown so they have the opportunity to have a portion of their spenddown expenses covered.

Eligibility work for any of the above changes must be completed by April 22, 2008 (medical card cutoff for May) in order for eligibility/coverage to be correct

for May.

- b. **Presumptive Eligibility For Children** - As with the poverty level programs for children, no mass change will occur for the MK program. Individuals currently eligible for coverage under either the Presumptive Medicaid or Presumptive HealthWave XXI programs shall continue to receive the same benefit, as the change in the poverty levels shall not impact the initial presumptive determination.

Revised instructions incorporating the new poverty levels will be issued to the entities authorized to make Presumptive Eligibility Determinations (Children's Mercy Hospital in Kansas City, Via Christi Medical Center in Wichita and Grace Medical Evergreen Clinic in Wichita). Revised materials will be available to the entities in April, 2008.

The new materials are used for new determinations made on or after May 1, 2008 only. For individuals found eligible under either Presumptive XXI or Presumptive XIX in April, presumptive eligibility is not adjusted for subsequent months due to the poverty level change. A separate determination for May is not necessary. The new poverty levels will be considered in the actual determination made by the HealthWave Clearinghouse.

- c. **QMB Program** - A mass change run will occur at the time of rollover in March and will determine QMB eligibility for all MS cases based on financial and non-financial criteria. A mass change detail report (MR330) will be produced following the run and will list all MS cases, not just those cases with potential or ongoing QMB eligibility. This report will be available on SAR as of 03-31-08 (Report ID SWM03828-B59). The report lists cash and food stamp cases first for the whole state with the medical cases at the end. The mass change run will result in the following:

1. Cases that are newly eligible for QMB will have an alert sent to the worker. The case must then be authorized by going through MSID and authorizing the SPEN screen for the benefit month of May so that QMB status begins effective May 1, 2008. In addition, a notice of QMB eligibility, N197 or similar notice must be sent.
2. Cases which were QMB eligible but have now failed eligibility will be identified by a FAILED message on the mass change report. The QMB indicator on MSID will be deleted during this process and the case must be reauthorized for the benefit month of May. A notice of QMB termination must also be sent by the worker. Potential eligibility for LMB coverage is then explored, especially for those covered only under QMB previously. Only those cases which do not have the special first quarter QMB coding referenced in item (3) below will appear as FAILED on the mass change report.

3. For all cases, if the cost -of-living adjustment (COLA) for January 1 per KEESM 6410 (50)(b) is excluded, the PICK and SEPA screens must also be updated.
4. Some cases may have a change in the spenddown amount since all MS cases will be processed in the mass change. This will likely happen when an individual is on two cases, income was changed, and only one of the cases was authorized.

For all other programs (MA, MA CM, etc.), the worker will need to review any case in which a Medicare Part A recipient is not currently listed in QMB status and who may be eligible under the new poverty standards.

Such review should occur no later than the next scheduled review. QMB status would be effective the month following the month in which the case is reviewed.

NOTE: For all cases in which QMB or LMB eligibility is changing, care must be taken to ensure the PICK and SEPA codes remain compatible. Consider the following examples:

1. Situation: Following the poverty level update a person retains QMB only eligibility. The SSA COLA was exempt between Jan - April and the QO code was used on PICK to provide QMB.

Action: The QO subtype is retained but the PICK code of QO is removed and QMB authorized on MSID.

2. Situation: A medically needy and QMB individual retains QMB eligibility. The SSA COLA was exempt between Jan - April and the QS code was used on PICK to provide QMB and medically needy (spenddown) coverage.

Action: There is no medical program subtype on this case, so the medical program subtype does not change. The QS code on PICK is removed and QMB is authorized on MSID.

3. Situation: An individual moves from QMB only to LMB only.

Action: The medical program subtype changes from QO to LO and a PICK code of LO or LL is used.

4. Situation: An individual is no longer eligible for Expanded LMB.

Action: A Part D Subsidy determination is completed. The LO medical program subtype is removed. The PICK code is changed from LO to MD. A SUDD record is completed with the appropriate Subsidy Type.

All cases which may lose QMB coverage must be reviewed to ensure proper eligibility information is entered and the coding remains consistent. To identify these cases, a printout of all MS cases with a QO medical program subtype as well as those with a QS, QM or WQ subtype have been identified. The printout will be sent within the next few days to the EES Report Distribution List. The cases need to be reviewed beginning with the benefit month of May. A similar printout will be provided in May for final review purposes.

- d. **LMB Program** - The higher 120% and 135% standards become effective on all LMB determinations for the month of May, 2008 and thereafter. For current recipients, a regular LMB (120% of poverty) determination is to be completed based on the new standard as affected cases are identified, but no later than the next scheduled review period.
- e. **QWD Program** - The higher 200% standards become effective on all QWD determinations for the month of May, 2008 and thereafter. For current recipients, a determination is to be done under the new standards as affected cases are identified, but no later than the next scheduled review period.
- f. **Medicare D Subsidy** - The higher standards become effective on all Subsidy D determinations for the month of May, 2008 and thereafter. For current recipients, a new determination shall be completed under the new standards during the month of April and all necessary adjustments made effective May 1, 2008. QMB, LMB, Expanded LMB are to be considered in this review as well as the subsidy level.

To assist with this review, a report of active SUDD records has been produced and is included with this material. If the individual now qualifies for QMB or LMB, the SUDD record must be closed. The medical program subtype and the PICK code must be changed to reflect correct eligibility. If the level of subsidy changes, the Subsidy Type field on SUDD must be updated. An appropriate notice must also be sent. For changes in the subsidy level, use the N728 - Subsidy D Change. For cases moving from subsidy to LMB, use the N193 - Approval for LMB and Subsidy D Benefits. For cases moving from subsidy to QMB, use the N197 - Approval for QMB and Subsidy Benefits.

- g. **Spousal Impoverishment Income Allowances** - The higher community spouse and dependent family member allowances take effect as of May 1, 2008 for all determinations made on or after this date. Current cases are to be reviewed during the month of April and necessary adjustments made effective May 1.

To aid in the review process, a printout will be produced based on KAECSES records and will list all cases in which an AI or AI/DI code is reflected on EXNS. These codes reflect cases in which income is being allocated. The printout will be in alphabetical order by case name and be in caseload by county order. It will also list the expense code as well as the allocated amount. This information will

be based on KAECSES information as of mid-March and will be sent separately

Income allowances are to be adjusted in some of the cases as the community spouse can now get at least \$1750 a month and any dependent family member can get \$584 a month provided his or her income is not in excess of \$1750 per month. The new community spouse standard affects the outcome of the excess shelter calculation. The maximum amount of excess shelter which can now be given is \$860. Excess shelter expenses are now reduced by a standard of \$191. Thus, if the person's shelter payment equals or exceeds \$1051 all that can be allocated is \$860. Any payment less than \$1051 but more than \$191 would produce a varying standard. These new guidelines may decrease or eliminate the excess shelter allowance in some cases.

- h. **Working Healthy (Including Medically Improved)** - Because of the new poverty level both the maximum income level and premium standards will be adjusted. The new income limits and ranges become effective for all Working Healthy determinations for the month of May, 2008 and thereafter. A mass change will occur at the time of rollover in March to incorporate the new maximum income level and minimal premium threshold. The mass change detail report (MR330) noted in item (b) above will list all cases processed during this mass change. Any case with income in excess of the limit will be identified with an UNABLE TO PROCESS message, although none are expected. The SAR report will be available on 03-31-08 (Report ID SWM0828-B59).

Premium adjustments necessary because of the new income levels will not be automated. All Working Healthy premium cases must be reviewed to determine if the premium obligation will be reduced or eliminated based on the new income levels. Countable income shall be compared to the new standard and, if a reduced premium results, the new premium is effective May 1, 2008. A new notice, N743 - Change - WH Premium Levels, has been created for this purpose. Premium cases are identified on the Working Healthy Premium Report (MR410) and is available on SAR, report ID SWY0183T-R04. Please make note that only the premium income levels are changing, the premium amounts are not being adjusted this year.

2. **Child Care Program** - The monthly gross income amounts will be updated on the Child Care Family Income and Share Schedule to reflect changes in the new federal poverty guidelines. KsCares will be updated at 3:00 pm on Monday April 11, 2008 with the changes effective May 1, 2008. Staff will need to be sure to sign off of KsCares before 3:00 pm on that day. The changes will not affect Family Shares already attached to existing child care plans on CHCP. In order to have the Family Share recalculated in INEL with the new income levels, it will be necessary to press PF12 on INEL, however, it is not necessary to change any of the income on INEL first.

Staff should be reminded that any time a change has occurred which may affect the family share - income level table changes, adding a household member, removing a household member, changing income - it is necessary to press PF12 in INEL in order to accurately update the case. Once INEL is updated, any pre-existing child care

plans will also need to be updated on CHCP accordingly. Cases have been seen where an income change was reported, INEL updated, but the existing child care plans were not updated and continued to show/assign the old family share amount.

With annual poverty level adjustments, changes to existing child care plans will be implemented at the next review (which may be as far as 12 months in the future) unless requested/required earlier. Any cases processed after the table changes will use the new Family Share table on KsCares with the new income levels. This includes new plans with an effective date prior to May 1, 2008 if initial eligibility is completed on or after the table changes. Poverty level updates are a positive change, so staff need not be concerned that some plans with a start date prior to May 1, but processed after the table changes will use the new income/share amounts. Since there will be no mass change to child care plans, no mass notice is necessary.

3. **Grandparents as Caregivers** - This revision incorporates the 2008 federal poverty income guidelines to the Grandparents as Caregivers Program that is effective May 1, 2008. Poverty level adjustments are a positive change, so this will not affect eligibility for on-going cases.

NOTE: There may be some families who do not meet the income guidelines for March and/or April, but are under the income limits for the benefit month of May. For applications received on or after March 18 and that would be otherwise denied for excess income, the eligibility is to be determined for the month of May using the new guidelines.

4. **Report Summary** - The following reports are associated to this mass change:

- a. **HealthWave XXI Premium Report** - Lists cases in premium status with incomes close to the current premium limits. These cases shall be reviewed to determine if the premium amount is adjusted with the poverty level change. This report will be available the week of April 7, 2008.
- b. **MA Spenddown Report** - Lists current MA spenddown cases. These cases shall be reviewed to determine if the child or pregnant woman is now eligible for Medicaid or HealthWave XXI. This report is included with this material.
- c. **QMB Cases** - Lists all QMB cases with a QO medical program subtype of a QS, QM or WQ PICK code. These cases are to be reviewed for continued QMB eligibility. This report is included with this material.
- d. **Medicare Part D Subsidy** - Lists all persons with an active SUDD record reflecting Medicare D Subsidy. These cases are to be reviewed to determine ongoing eligibility and the level of eligibility. This report is included with this material.
- e. **Spousal Impoverishment Report** - Lists all cases with allocated income. These cases are to be reviewed to determine ongoing Community Spouse and Dependent Family member allowances. This report is included with this material.

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