



Policy Memo	
KDHE-DHCF POLICY NO: PM2024-06-01	From: Erin Kelley, Senior Manager
Date: June 04, 2024	MKEESM Reference(s): 2124, 2124.1. 1322, 1320, 1321,8140,8142 KFMAM Reference(s): 2022
RE: Potential Resources and Resource Compatibility Changes	Program(s): All Medical Programs

This policy sets forth implementation instructions to eligibility staff concerning the agency’s efforts to streamline verification policy and process, as mandated in the April 2024 CMS Final Rule (CMS-2421-F2). These policies are effective with all case processing actions taken on or after June 3, 2024. The KFMAM and MKEESM policy manuals will be updated with the next regularly scheduled revision.

I. CHANGES IMPACTING ALL MEDICAL PROGRAMS

A. REVISION OF THE REQUIREMENT TO APPLY FOR OTHER BENEFITS POLICY

1. BACKGROUND

Historically, applicants and recipients have been required to pursue and apply for potential benefits to which they are entitled as a condition of Medicaid eligibility. Examples of these benefits include (but are not limited to) annuity, pension, Veteran’s benefits, retirement, and disability benefits.

To assist in streamlining review processing during the COVID-19 PHE Unwinding period, CMS approved KDHE’s section 1902 (e)(14) waiver request to suspend that requirement during the Unwinding period. Application of this waiver was set to end at the end of the agency’s Unwinding period (April 30th, 2024). However, CMS later provided all states an extension of this waiver through December 31st, 2024. KDHE-DHCF Policy provided formal guidance to staff regarding the suspension of the requirement to apply for other benefits in section (I)(C) of PM2023-08-02 PHE

2. NEW POLICY

Upon the effective date of this memo, the policy requirement for applicants/recipients to pursue potential resources as a condition of Medicaid eligibility is being revised. This revision will eliminate the requirement to pursue benefits such as (but not limited to):

- Annuities
- Pensions
- Retirement
- Disability benefits
- Old-Age, Survivors, and Disability Insurance (OASDI)
- Railroad Retirement Benefits,
- Unemployment Compensation
- Veteran's Benefits

Individuals that are eligible for these benefits typically do apply for them because they want them. By revising the requirement to pursue potential resources, the agency is ensuring that individuals who only apply as a condition to obtain (or maintain) their Medicaid coverage, are not adversely impacted; ensuring that eligible individuals are not facing unnecessary, administrative hurdles.

The agency may still provide education on potential benefits that applicants and recipients may be eligible for and may still request that they apply for the benefit(s). However, effective with this new policy, the individual(s) may not be denied or discontinued solely for failing to pursue potential resources.

This policy supersedes the guidance provided in PM2023-08-02 and PD2024-01-01 as those policies were written under the authority of the state's approved (e)(14) waiver for the COVID-19 PHE Unwinding period. This new policy is written under the permanent authority noted in the CMS Final Rule (CMS-2421-F2).

Note: This requirement solely applies to Medicaid programs that receive federal funding. This policy is not applicable to state only funded programs, such as MediKan.

3. EXCEPTION TO APPLY FOR MEDICARE

As noted above, eliminating the requirement to pursue potential resources is not without exception, given that Medicaid is the payer of last resort. As such, the requirement to pursue Medicare as a condition of Medicaid eligibility is not impacted by this policy.

The existing policy and process for individuals to apply for Medicare (both initial and conditional enrollment) will remain in place without revision.

4. PURSUING RECOVERY OF TRANSFERRED PROPERTY (LTC MEDICAL PROGRAMS)

While individuals are not required to pursue potential resources (such as income) for eligibility purposes, assets that are transferred within the look back period is a “post-eligibility” determination when determining long-term care. As such, the policy noted above does not eliminate the requirement for individual(s) to pursue recovery of assets that are transferred within the applicable look back period and the policies noted in MKEESM 5700 and subsections apply.

II. CHANGES IMPACTING ELDERLY & DISABLED MEDICAL PROGRAMS ONLY

A. REASONABLE COMPATIBILITY TEST FOR RESOURCES

1. BACKGROUND

In 2008, as part of the Supplemental Appropriations Act, Congress amended section 1940 of the Social Security Act to require states to have a mechanism in place to verify assets for the purposes of determining or redetermining Medicaid eligibility for aged, blind, and disabled (E&D) Medicaid applicants and recipients. The Affordable Care Act (ACA) required asset verification systems to be electronic. KDHE has contracted to provide the Asset Verification Solution as a mechanism to electronically verify bank accounts and resources.

The utilization of the AVS system was first implemented with the issuance of PM2017-12-01 for processing Elderly & Disabled (E&D) Pre-Populated reviews (otherwise known as Phase I). To be in full compliance with the federal mandate, KDHE expanded the use of the AVS system to application processing for E&D populations with the implementation of PM2020-08-02 (otherwise known as Phase II). Those instructions, except as noted below, remain in effect. See also Medical KEESM 9333(2)(b) and MKEESM 1322.3.

2. IMPLEMENTATION OF RESOURCE COMPATIBILITY

Effective June 3, 2024, Reasonable Compatibility (RC) methodology is being added to Tier 2 of the resource tiered verification policy. As Reasonable Compatibility (RC) verification is also applied to income verification, the application of Reasonable Compatibility (RC) methodology to resources shall be identified as “Resource Compatibility” or “R/C”. This policy shall be applied when all of the consumers non-exempt resources can be verified through a reliable electronic data source.

Similar to the income Reasonable Compatibility (RC) test, the Resource Compatibility (R/C) test shall be used to determine if resource values reported by the consumer are generally consistent with information received through a recognized electronic data source. If the information from the source is reasonably compatible with the consumer’s statement, additional verification of that resource cannot be requested. The attested value of the resource and the resource value received through the source are compared.

Reported information is considered reasonably compatible if the resource value reported by the consumer is within 15% of the amount received from the data source for the specific month. Currently, the applicable data source for Resource Compatibility (R/C) is the Asset Verification Solution (AVS). Staff shall review information received from this source and compare the value against the attested value to determine if it can be accepted as verification. The Resource Compatibility (R/C) Tool is used to make this comparison.

3. WHEN TO APPLY RESOURCE COMPATIBILITY

As stated above, the R/C test may only be completed when all of the individual’s non-exempt resources can be verified with an electronic data source. Ownership of non-exempt resources, that do not require verification due to their exempt status (i.e., ownership of a primary vehicle or primary residence), have no impact on the ability to complete the R/C test, so long as all other resources owned by the individual can be verified with an electronic data source, noting that any red flags that are identified during case processing (such as large changes in AVS values from one month to another), may require hard copy verification of potential transferred assets (i.e., determining whether a transfer penalty exists or not).

The scenarios below identify the situations when use of the R/C test is applicable, noting that in each of these scenarios, it has already been identified that the individual only owns non-exempt resources that may be verified with an electronic data source.

a) ATTESTATION AND AVS VALUES ARE BOTH BELOW

Both below is when the attested value of all reported (non-exempt) resources (bank accounts) and the results received from the AVS interface both verify that the individual's resource value is below the applicable program resource limit. Further verification of the resource(s) is not required. As both the attested value and the AVS values are within the program limit, it is crucial that the account(s) be reviewed to determine if R/C criteria has been met (or not met) which will determine the value that the agency accepts as "verified" and is entered into KEES.

When the difference between the attested value and AVS value are within the 15% R/C threshold, the attested value is considered R/C. The attested value is considered "verified" and is entered into KEES.

If the difference between the values exceeds the 15% R/C threshold, the resource is not considered R/C. However, as the AVS value is within the program limit, it is considered "verified" and the AVS value is entered into KEES. (See PM2020-08-02)

b) ATTESTATION VALUE IS ABOVE & AVS VALUE IS BELOW

When the applicant/recipient attests that the account resource value is above the applicable program limit, but the AVS response confirms the value is below the limit, further research must be completed to determine if the resource meets R/C criteria. This is accomplished by calculating the difference between the attested value and the AVS value to verify if the difference falls within the 15% R/C threshold.

When the difference does fall within the 15% R/C threshold, no further verification from the consumer is required. The attested value of the resource is accepted, and case processing may continue. However, if the difference is more than the 15% R/C threshold, the resource is considered "not reasonably compatible" and the resource value must be verified using the tiered verification process, which includes collateral contacts or requesting hard copy verification of the account from the consumer.

c) ATTESTATION VALUE IS BELOW AND AVS VALUE IS ABOVE

When the applicant attests to an account balance that is below the applicable program limit, and AVS shows above, the R/C threshold test must be completed and the difference between the two values must be within 15% of the attested value following the same policy and process as noted in section (3)(b) above.

4. RESOURCE COMPATIBILITY IS NOT APPLICABLE

As tiered verification policy must be applied to verify resources, reasonable compatibility methodology exists when there is both client attestation of the resource value and an electronic data source to verify the value. However, there are situations where applying reasonable compatibility is not applicable, as noted below.

a) RESOURCE VERIFICATION IS RECEIVED WITH THE APPLICATION/REVIEW

When an individual voluntarily provides verification of their resources at the time their application or review is received, an R/C test is not required. This direction was previously provided in section (2)(A)(1)(a)(ii) of PM2020-08-02 and is not superseded by this policy. Verification of resources voluntarily provided at the time of application or review shall continue to be considered Tier 1 verification and further verification of the resources shall not be required.

b) ATTESTATION AND AVS VALUES ARE BOTH ABOVE

When individual(s) self-attest to having resources more than the applicable program limit, which is then confirmed with the results received from the AVS, this is considered “both above” and further verification of resources is not required. The self-attested value is accepted per MKEESM 1322.4(2)(e). Worker should note that there may be situations when the individual’s resource values are close to the program limit, and workers should process based on assumption that countable income is deposited and request bank statements to attain the true value of the account described in section (2)(f) below.

In these situations, the AVS results may be used to verify bank accounts (so long as the AVS value does not render the individual ineligible due to excess resources), and standard tiered verification policies apply for all other resources that cannot be verified via the AVS (i.e., life insurance policies, vehicles, real property, etc.).

c) RESOURCES THAT CANNOT BE VERIFIED VIA AN ELECTRONIC DATA SOURCE (AVS)

When the individual owns countable resources that cannot be verified with an electronic data source (AVS), reasonable compatibility methodology may not be applied, and standard tiered verification policies apply. In these situations, the AVS values may be used and considered verified, so long as the AVS value does not render the individual ineligible due to excess resources.

Standard tiered verification policies apply for all other resources that cannot be verified via the AVS (i.e., life insurance policies, vehicles, real property, etc.).

d) INDIVIDUAL DOES NOT ATTEST TO THE ACCOUNT VALUE

The application and review forms both include a place for the individual to attest to their reported resource value(s). However, as this is an optional field, the individual does not always write an attested value. Without this attestation, reasonable compatibility methodology cannot be applied unless self-attestation is obtained verbally. In the absence of an attested value, tiered verification policies apply and the AVS value should be used per PM2020-08-02 and PM2017-12-01 accordingly.

Note: As the new review signature page allows the consumer to select Option 1 (attesting that there are no changes), the previous resource value shall be used as the attestation and reasonable compatibility methodology may be applied if all criteria are met.

e) COMMUNITY SPOUSE RESOURCE ASSESSMENT (CSRA) MONTH DETERMINATIONS

While the implementation of this R/C policy is applicable to Long Term Care (LTC) programs, it is only applicable in the month of application and the three prior medical months. It is not applicable when completing a CSRA determination to identify the appropriate resource limit in the LTC Spousal determination. Standard Spousal verification policies apply to both the CSRA month, as well as the application month (and prior medical months, if requested).

Note: The exception to this, where R/C policy may be applied to a Spousal determination is when the CSRA month and the application month are the same and the criteria noted in Section (3) above are met.

5. CALCULATING REASONABLE COMPATIBILITY FOR RESOURCES

While the process of determining reasonable compatibility for income is completed within KEES, the AVS does not interface with KEES. Therefore, the process of calculating resource RC shall be a manual effort completed off system (and documented in the case file) until such time that the KEES system does interface with the AVS to calculate if the attested resources and AVS results are within the 15% R/C threshold, staff shall take the following steps:

1. Subtract the smaller number from the larger number to attain the difference between the two.
2. Divide the difference by the smallest number and then round to two decimal places (if the hundredths place, or second decimal number, is more than 5 it will round up, if it less than 5 round down).
3. Multiply this number by 100 to get the difference between the two numbers.

Example: If the resource threshold for non-MAGI eligibility is \$2,000, the individual attests to \$1,800.00 in financial assets from two sources, and the AVS returns a resource amount of \$1,900, the attested resource information and the resource information returned from the AVS both would be below the relevant threshold of \$2,000, and therefore considered “reasonably compatible”, and no additional information from the individual would be needed. This is true regardless of the other data elements returned by the AVS such as the type or name of an asset which differs from the two sources listed in the attestation, or if the \$1,900 includes a third source that was not included in the attestation.

Calculation:

1. $1,900 - 1,800 = 100$
2. $100/1,800 = .0556$
3. $.0556 \times 100 = 5.56$
4. $5.56\% = \text{Reasonably Compatible}$

6. DEPOSITED INCOME AND AVS RULES

This is also applicable when the applicant attests to not owning any bank accounts, however the AVS results show that the individual does in fact own an account. Worker may assume that the AVS verified account is where Social Security monies are deposited. This policy does not supersede previous policy guidance advising that verified income amounts may not be subtracted from the AVS balance to reduce the AVS account value. Income may only be subtracted when bank values are received by the agency and the worker can verify the income deposits.

When the individual's attested resource value and the AVS value is close to the applicable Medicaid program limit, as determined by the worker's assumption that countable income is deposited and the true value cannot be attained without request, additional information is needed following the Tiered Verification policy. This allows the individual the opportunity to verify resource eligibility, or for Long Term Care – Nursing Facility requests, to determine if voluntary contribution is a viable option to the consumer. In this instance the bank statements would verify the actual low balance and any income being deposited to determine the true value of the resource.

7. RESOURCE COMPATIBILITY IMPACT ON THE 85% RULE

While this policy does update the tiered verification policy for resource verification for both applications and reviews, it is important to note that Resource Compatibility (R/C) policy does not impact the use of the 85% policy. The use of the 85% policy is to systematically determine if an individual meets the criteria to be passively reviewed. There may be situations where an R/C test may not be completed but the 85% rule is used. However, the worker should first look to determine if an R/C test may be completed.

8. UNREPORTED RESOURCES IDENTIFIED BY THE AVS

With the implementation of this policy, staff shall no longer be required to request additional verification of unreported resources identified by the AVS with a value over \$5, so long as the combined value of all the individual's verified resources are below the applicable program's resource limit. Should the AVS value of an unreported bank account place the individual over the program's resource limit, additional verification of the unreported resource shall be requested. This updated guidance supersedes previous policy direction provided in PM2017-12-01, where applicable.

Questions

For questions or concerns related to this document, please contact the KDHE Medical Policy Staff at KDHE.MedicaidEligibilityPolicy@ks.gov.

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