



Policy Memo

KHPA POLICY NO: 2010-10-01	From: Jeanine Schieferecke Senior Manager - Medicaid Eligibility
Date: October 14, 2010	KEESM Reference: 2670
RE: MIPPA Medicare Savings Programs (MSP) Application Processing	Program(s): Medicare Savings Programs (MSP) – QMB, LMB, Expanded LMB

The purpose of this memo is to provide the first phase of implementation instructions to eligibility staff concerning the processing of Medicare Savings Program (MSP) applications received from the Social Security Administration. These initial special processes are effective with the issuance of this memo. Additional implementation phases will be established at a later date.

A. Background

In an effort to eliminate some of the barriers to enrollment in the Medicare Part D Low-Income Subsidy (LIS) and the Medicare Savings Programs (MSP), Congress passed the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA). Section 113 of that Act specifically directs the Social Security Administration (SSA) to transmit data from an LIS application received by the SSA (from a consenting applicant) to the state Medicaid agency for purposes of processing an MSP application for that individual.

Effective January 1, 2010, Kansas is required to treat the LIS application data transmitted from SSA to the state like a signed application for MSP. As this memo only outlines the initial phase of implementation, additional instructions will follow. Note, this memo addresses only applications received on or after October 1, 2010. All instructions for applications received prior to that date will be addressed in a later implementation phase.

As a general rule, the information received on the LIS application received from SSA shall be considered valid and verified. Except where specifically noted in this memo, there is no need to verify this information. To simplify processing, minimal information necessary to process the application may be recorded in KAECSES.

NOTE: The LIS application data submitted from SSA is an application for MSP only – QMB, LMB, and Expanded LMB. It is not considered an application for any other medical program. In addition, the application date determines the first possible month of coverage as these applications do not include a request for prior medical assistance.

B. The LIS Application Data File

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www.khpa.ks.gov

Medicaid and HealthWave:
Phone: 785-296-3981
Fax: 785-296-4813

State Employee Health Plan:
Phone: 785-368-6361
Fax: 785-368-7180

State Self Insurance Fund:
Phone: 785-296-2364
Fax: 785-296-6995

The data file received on each applicant contains information obtained from the LIS application filed by the individual with the SSA. Once the data file is received from the SSA, the information from each applicant then populates a special one-page application template designed specifically for this purpose. A copy of the template is included with this memo (Attachment 1). An explanation of all data fields included on the application is also included (Attachment 2).

- (1) **Preliminary Eligibility Determination** - The information received on the SSA data file is further processed through a special program designed to complete a preliminary income and resource eligibility determination. The preliminary application screening will establish the probability of approval or denial based on those factors. The screening will also determine the potential level of coverage (ie: QMB, LMB, or Expanded LMB).

The applicant information is also matched against data sent to the iCMMIS system to determine current medical assistance involvement and against the Kansas Department of Health and Environment (KDHE) death records. Any additional information obtained from this process will appear at the top of the application template.

- (2) **Distribution of Applications** – Based on the preliminary eligibility determination described above, the MSP applications shall be distributed for processing under this implementation phase as follows:

- (a) **SRS** – Applications identified as probable approvals shall be distributed to SRS for processing and maintenance. Additional application categories may be included at a later implementation phase.

The applications will be batched and sent electronically from SRS Central Office on or about the first and third Tuesday of every month to a designated contact in each region. That contact shall be responsible for distributing the applications to the appropriate eligibility staff for processing. Each application shall be printed and retained in the case file like any other paper application received by the agency.

- (b) **KHPA** – Applications identified as probable denials shall be distributed to KHPA for processing, as well as creating and storing the physical case file.

It is understood that there will be instances where an application assigned to KHPA as a probable denial actually results in an approval. In those situations, the application will be processed by KHPA and then transferred to SRS for on-going maintenance.

C. Application Registration

Each application shall be registered in the KAECSES system based on the following guidelines:

- (1) **Application Date** - The KHPA/SRS DATE on the application template is the date the data file was received by the state from the SSA. This is the MSP application date for eligibility purposes and establishes the 45 day processing timeline.
- (2) **Start Date** – The SSA APP. DATE on the application template is the date the individual filed the original LIS application with the SSA. This is considered the date of request for MSP and as such is the pro ration date for eligibility purposes.
 - (a) Coverage under either the LMB or Expanded LMB programs may begin as early as the month of

application. As mentioned above, there is no prior medical eligibility for these applicants.

(b) Coverage under the QMB program may still begin no earlier than the month after the month the application is processed.

(3) **Pending Application** – There may already be a pending medical application registered in KAECSES at the time the SSA data file application is received. The application which provides the earliest possible start date for MSP coverage should be used to determine eligibility for that program. Any discrepant information between the applications should be reconciled as indicated above.

(4) **Treatment of Spouses** – Since spouses are required to file separate LIS applications with SSA, it is possible that an individual data file for each spouse may be transmitted to the agency. These separate records shall be combined and treated as one MSP application for the couple. Both spouses shall be registered in KAECSES under a single case number with eligibility determined for each spouse.

If only one spouse has applied for LIS resulting in a single MSP application data file, both spouses shall still be registered under a single case number with eligibility determined for both.

(5) **Expanded LMB** – Where the individual has current medical coverage with a spenddown, registration of the application depends on the status of the spenddown. Contact with the applicant may be required. If the individual chooses spenddown coverage over Expanded LMB, the application need not be registered. If the individual chooses Expanded LMB over a spenddown, the following applies:

(a) Where the spenddown has been met, Expanded LMB eligibility may begin no earlier than the month after the month the current base period ends.

(b) Where the spenddown has not been met, Expanded LMB eligibility may begin with the month of application.

D. Application Processing

While the information contained in the application template shall be used to determine the applicant's eligibility for MSP, the individual's current medical program status in the KAECSES system will dictate which processing rules to follow.

(1) **No Open Medical Program** – The information contained in the application template shall be used to determine the individual's eligibility for MSP.

(a) The following reported general eligibility information shall be accepted as verified:

(i) Social Security Number (SSN) – The applicant's SSN is deemed to have been provided.

(ii) Citizenship – The applicant's citizenship status is deemed to have been verified by Social Security. Exception: LIS denial by SSA because the individual was not a Medicare A or B beneficiary.

(iii) Identity – The applicant's identity is deemed to have been verified by Social Security. Exception: LIS denial by SSA because the individual was not a Medicare A or B beneficiary.

- (b) Residency of the applicant must be supported by a source outside of the SSA data file application. The address reported on the LIS application is the applicant's mailing address, which may be that of a payee, guardian, or other family member. Since this may not accurately reflect the applicant's home address, Kansas residency has not been verified. After the application has been registered in KAECSES, the EATSS system may be accessed as a means to confirm the individual's residency within the state.
- (i) If the system indicates a Kansas home address, the individual is deemed to be a resident of the state.
- (ii) If the system indicates a non-Kansas home address, absent other documentation to the contrary, the individual is not considered to be a Kansas resident.
- (c) Individuals meeting the general eligibility guidelines shall have the following financial information from the application template used to determine income and resource eligibility for MSP. The reported resource and income amounts shall be considered verified.

- (i) Resources – The countable value of reported resources on the application is the total of Bank Accounts, Investments, Cash, and Real Estate minus a \$1,500 Burial Expense (if claimed) for each spouse reported on the application. Each resource category contains the total of all items in that category and does not list accounts or items separately. These amounts are deemed to be verified.

The total amount of reported resources has already been measured against the applicable resource limit for the appropriate household size via the special program designed to complete a preliminary resource determination as indicated above.

- (1) If the individual fails the resource test, the application may be denied due to excess resources and there is no need to proceed to the income determination.
- (2) If the individual passes the resource test, proceed to the income determination.
- (ii) Income – The gross countable income is that amount reported on the application. The unearned income is a monthly amount. Earned income from wages and self employment income is reported as a yearly amount which must be annualized (ie: divided by 12) to arrive at a monthly amount.
- (1) Unearned income is not broken down by applicant and spouse – the total amount received between the spouses is listed. If SSA income is reported on the application, the separate benefit amount received by each spouse should be verified via the EATSS system for entry in KAECSES. This will ensure that any subsequent SSA mass change process will update the case properly. Any other reported unearned income should be attributed to the applicant, unless there is evidence to the contrary.
- (2) Earned and self employment income is broken down by the applicant and spouse. Once the yearly amount reported on the application has been annualized, that monthly amount shall be entered in KAECSES attributed to the appropriate spouse.

- (d) Individuals who are determined ineligible (ie: fail the general eligibility requirements, are

financially ineligible due to excess resources or income, or are not entitled to Medicare) shall be issued a denial notice indicating the reason for the denial.

- (e) Individuals who pass both general and financial eligibility requirements shall be approved with a 12 month review period (beginning with the first month of eligibility) and issued a notice of approval.
- (f) Individuals matched to the KDHE death record, as indicated on the application, shall be denied. Confirmation of the match is required. Notification of the denial is not required.

(2) Open Medical Program – The information contained in the application template as well as information in the existing medical case file shall be used to determine the individual’s eligibility for MSP.

(a) Unless discrepant information exists in the case record, the following reported general eligibility information shall be accepted as verified due to the open medical program:

(i) Social Security Number (SSN).

(ii) Citizenship.

(iii) Identity.

(iv) Residency.

(b) Unless discrepant information exists in the case record, the income and resource information contained in the application shall be used to make an eligibility determination as indicated above. The original LIS application captures less resource information than is required for an MSP eligibility determination. Most notable is life insurance, funeral agreement, and trust information.

(i) Life insurance – The LIS application does not report life insurance owned by the applicant since it is an exempt resource for that program. However, life insurance may be a countable resource for MSP. The verified life insurance information (if any) contained in the case record shall be considered valid to make the MSP determination.

(ii) Funeral agreement – The LIS application allows the individual to claim an unverified \$1,500 burial expense deduction from countable resources for each spouse. The case record, however, may document other burial assets in the form of burial funds, burial space, or funeral agreement.

(1) If there is no contrary documentation in the case record, a \$1,500 burial expense deduction from otherwise countable resources shall be allowed (if claimed) for each spouse. This amount shall be manually deducted from the value of other reported resources before entry in KAECSES.

Example: The MSP application reports a Bank Account of \$5,000 and also claims a \$1,500 burial expense. There is no funeral agreement information in the case file. \$1,500 shall be subtracted from the Bank Account amount ($\$5,000 - \$1,500 = \$3,500$) before entering the reduced amount in KAECSES.

(2) If there is documentation of funeral assets in the case record, that information shall be used

to determine eligibility for MSP. No deduction from resources would be allowed for a burial expense claimed on the MSP application where other funeral agreement information exists.

Example: The MSP application reports Investments of \$6,000 and also claims a \$1,500 burial expense for both the applicant and the spouse. The case file documents a \$7,000 funeral agreement for each spouse. No burial expense deduction would be allowed for either spouse. The full \$6,000 Investment amount would be entered in KAECSES.

- (iii) Trust – The LIS application does not specifically report trust resource or income information for the applicant. The case record, however, may contain trust information which could impact the MSP eligibility determination. Any trust information in the case file shall be used to determine availability as either a resource or income.
- (c) All other discrepant information between the MSP application and the case file must be reconciled on a case by case basis. The case record must clearly document the discrepancy and the action taken to reconcile the information.
- (d) Individuals who fail the general eligibility requirements, are financially ineligible due to excess resources or income, or are not entitled to Medicare shall be issued a denial notice indicating the reason for the denial.
- (e) Individuals who pass both general and financial eligibility requirements shall be approved within the existing medical review period and issued a notice of approval.
- (f) Individuals matched to the KDHE death record, as indicated on the application, shall be denied. Confirmation of the match is required. Notification of the denial is not required.

D. Data Entry

To simplify the actual application processing in KAECSES, only the minimum information necessary to complete the eligibility determination shall be entered in KAECSES. The ‘Medicare Savings Program Application From Social Security – Application Processing in KAECSES’ is a guide that has been created to assist staff with processing these special applications. The guide outlines specific screens in the entry sequence which must be updated to complete the eligibility determination. A copy of the guide is included with this memo (Attachment 3).

E. Reviews

Applications approved under these special circumstances shall be fully reviewed at the end of the eligibility period within the existing review process. Some cases may be determined to be no longer eligible for coverage due to the discovery of new information that had not been captured previously under this special application process.

F. Notices

Due to the unique nature of the application process for these individuals, the following new notices have been created. The notice templates are included with this memo (Attachments 4-7).

N160 – MS – QMB Approval – MIPPA

N161 – MS – LMB Approval – MIPPA

N162 – MS – ELMB Approval – MIPPA

N266 – MS – MSP Denial – MIPPA

If you have any questions about the information in this memo, please contact the KHPA Elderly & Disabled Medical Eligibility Policy Manager, Tim T. Schroeder, at (785) 296-1144 or Tim.Schroeder@khp.ks.gov.