



Date: February 16, 2018

DMS Operations Memo 18-05

To: Income Maintenance Supervisors
Income Maintenance Lead Workers
Income Maintenance Staff

Affected Programs:	
<input checked="" type="checkbox"/> BadgerCare Plus	<input type="checkbox"/> Caretaker Supplement
<input type="checkbox"/> FoodShare	<input type="checkbox"/> FoodShare Employment and Training
<input checked="" type="checkbox"/> Medicaid	
<input type="checkbox"/> SeniorCare	

From: Rebecca McAtee, Bureau Director
Bureau of Enrollment Policy and Systems
Division of Medicaid Services

**Policy Changes and CARES Enhancements to Comply With
Federal and State Health Care Laws and Regulations**

CROSS REFERENCE

- Operations Memos [15-30](#) and [17-35](#)
- BadgerCare Plus Eligibility Handbook, [Section 4.2 Documenting Citizenship and Identity](#), [Section 16.5 Other Income](#), and [Section 16.9 Gap Filling](#)
- Medicaid Eligibility Handbook, [Section 7.2 Documenting Citizenship and Identity](#)
- Process Help, [Section 13.3.5 BadgerCare Plus MAGI Budget](#), [Section 13.3.6 Family Planning Only Services MAGI Budget](#), and [Section 68.3 Acceptable Citizenship and Identity Documentation](#)

EFFECTIVE DATE

Refer to the sections below for specific effective dates.

PURPOSE

This Operations Memo announces several policy changes and CARES enhancements to comply with federal and state health care policies.

BACKGROUND

On an ongoing basis, enhancements have been made to CARES to better meet requirements under the Patient Protection and Affordable Care Act and other federal and state health care policies. The various enhancements described in this Memo will help income maintenance (IM) workers determine eligibility for BadgerCare Plus, Family Planning Only Services (FPOS), and other health care benefits per federal and state guidelines. This Memo also describes health care policy changes required in order to comply with federal health care regulations.

The policy changes and CARES enhancements concern the following topics:

- Counting Social Security income under Modified Adjusted Gross Income (MAGI) budgeting rules to determine BadgerCare Plus and FPOS eligibility
- Counting annuity and pension income to determine BadgerCare Plus and FPOS eligibility
- Verifying citizenship and identity for health care
- Timeframe for the reasonable opportunity period
- Backdated eligibility during a reasonable opportunity period
- Gap filling provision
- Removal of the three-month waiting period

POLICY

USE OF MAGI BUDGETING RULES TO DETERMINE ELIGIBILITY FOR BADGERCARE PLUS AND FPOS

INCLUSION OF SOCIAL SECURITY INCOME

Social Security benefits are the gross benefits paid before deduction of any Medicare premiums. Although generally not taxable, under MAGI budgeting rules Social Security benefits must be counted as unearned income in the month they are received. However, self-employment losses, other unearned income losses, or BadgerCare Plus income tax deductions may not be subtracted from Social Security benefits, only from other income. Effective for the April 2018 benefit month, if losses and deductions exceed other income being counted, any remaining loss is ignored and not subtracted from Social Security.

Example 1: Abner, who is 63 years old, reports that he has self-employment income of \$200 per month and losses of \$300 per month. Abner has received \$500 per month of Social Security benefits since June 2017.

Abner requested health care benefits on April 10, 2018, and requested a backdate for benefits in February and March of 2018. When his eligibility is determined for the months of February and March, the entire amount of self-employment losses is subtracted from his Social Security.

-	\$100 Countable self-employment income	
+	\$500 Social Security income	_____
	\$400 total countable income	

However, an eligibility determination for Abner in April 2018 and going forward will not allow a net loss of self-employment income to be subtracted from Social Security. The self-employment income will be zeroed out.

	\$0 Countable self-employment income	
+	\$500 Social Security income	_____
	\$500 total countable income	

VERIFICATION OF INCOME FROM PENSIONS OR ANNUITIES

Under MAGI rules, countable income includes the taxable portion of income from pensions or annuities. Effective for the April 2018 benefit month, if the gross amount of pension and annuity income has been verified but the taxable amount has not, the gross amount must be used in the BadgerCare Plus or FPOS budget calculation. Eligibility will not fail due to a lack of verification of the taxable amount. If both the gross amount and the taxable amount are not verified, eligibility will fail due to no verification.

Example 2: Belinda receives an annuity payment of \$500 per month from ABC Insurance. She reports that \$350 of this amount is taxable.

Belinda requested health care benefits on April 14, 2018. The worker pends for verification of the taxable amount of her annuity payment and sends out a Verification Checklist. Belinda provides verification of the gross amount of the annuity payment, which is \$500 per month. Belinda does not provide documentation to verify the taxable amount by the verification due date. The worker enters an NV for the taxable amount and runs eligibility. Instead of failing the health care altogether, CARES will automatically include the \$500 gross amount in the calculation of countable income under MAGI budgeting rules.

VERIFICATION OF CITIZENSHIP AND IDENTITY FOR HEALTH CARE

ACCEPTABLE CITIZENSHIP AND IDENTITY DOCUMENTATION

On November 30, 2016, the Centers for Medicare & Medicaid Services (CMS) issued its final regulation regarding verification for citizenship and identity. This regulation includes new requirements for verifying citizenship and identity for health care programs. The following types of documents are now considered a valid form of verification for citizenship and identification:

- Tribal identification documents
- Written affidavit
- Enhanced driver's license: A special type of driver's license identified as an enhanced license and requires proof of U.S. citizenship to obtain. Five states currently issue enhanced driver's licenses (Minnesota, Michigan, New York, Vermont, and Washington).

REASONABLE OPPORTUNITY PERIOD

A person who is otherwise eligible for BadgerCare Plus benefits but has not yet provided verification of citizenship or identity is enrolled in BadgerCare Plus for a reasonable opportunity period (also known as a good faith period) pending verification for citizenship, identity, or both. Previously, the reasonable opportunity period was 93 days. Federal regulations now state the reasonable opportunity period must be 95 days. They also state that benefits for backdated months are not available during the reasonable opportunity period. Once verification is provided, the person may then be eligible for benefits during the backdated period.

CARES

The updates to CARES described in this Memo will be implemented on March 3, 2018.

COUNTING SOCIAL SECURITY INCOME FOR BADGERCARE PLUS AND FPOS ELIGIBILITY

Starting with eligibility determinations for the April 2018 benefit month, the BadgerCare Plus and FPOS budgets will list the Social Security income subtypes separate from the unearned income when calculating the countable income for the group because losses and deductions cannot offset Social Security income under the MAGI budgeting rules. The countable income total will be calculated in two parts:

1. The combined subtotal of the employment earned income, self-employment income (or loss), unearned income (or loss), and deductions is the countable income without Social Security income.
Note: If this subtotal results in a negative amount, the displayed amount will be zero.
2. The Social Security income is added to yield the total countable income.

MAGI Group Income		
Employment Earned Income:	\$	0.00
Self Employment Profit (or Loss):	-	100.00
Unearned Income (or Loss):	+	0.00
Deduction:	-	0.00 <input type="checkbox"/>
Countable Income w/o Social Security:	\$	0.00
Social Security Income:	+	500.00
Countable Income:	\$	500.00

Figure 1 MAGI Group Income Section of the BadgerCare Plus MAGI Budget Page

The Social Security income will also be listed under a separate line in the “Individual Income” section of the budget page.

Individual Income		
Employment Earned Income:	+	\$ 0.00
Self Employment Profit (or Loss):	-	100.00
Unearned Income (or Loss):	+	0.00
Deduction:	-	0.00 <input type="checkbox"/>
Social Security Income:	+	500.00

Figure 2 Individual Income Section of the BadgerCare Plus MAGI Budget Page

COUNTING ANNUITY AND PENSION INCOME FOR BADGERCARE PLUS AND FPOS ELIGIBILITY

Starting with eligibility determinations for the April 2018 benefit month, CWW will use the verified gross amount for either annuity or pension income subtypes rather than fail an assistance group for BadgerCare Plus or FPOS when a taxable amount is not verified.

Gross Income Amount	Verification	BC+ Taxable Amount	Verification	Delete
250.00	OW - OTHER ACCEPTABLE WRITTEN STATEMENT	200.00	QV - QUESTIONABLE NOT VERIFIED	

Figure 3 Details Section of the Unearned Income Page

VERIFICATION OF CITIZENSHIP AND IDENTITY

VERIFICATION CODES

As of March 3, 2018, the following verification codes will be valid for both citizenship and identity:

Valid CARES Verification Code	Acceptable Documentation	Notes
SN	<ul style="list-style-type: none"> • Seneca Indian tribal census record • Bureau of Indian Affairs census records of the Navaho Indians 	Documentary evidence issued by a federally recognized Indian tribe, which meets all the following criteria: <ul style="list-style-type: none"> • Identifies the federally recognized Indian tribe that issued the document
TR	<ul style="list-style-type: none"> • Certificate of degree of Indian blood • Tribal enrollment card • A tribal census document • Documents on tribal letterhead, issued under the signature of the appropriate tribal official 	<ul style="list-style-type: none"> • Identifies the individual by name • Confirms the individual’s membership, enrollment, or affiliation with the tribe A photograph is not required.
WA	Written affidavit	A written affidavit was formerly valid only for citizenship. Though the document can now verify both citizenship and identity, not all written affidavits will be submitted to provide verification for both; it might only be submitted to verify only citizenship or only identity.
EN	Enhanced driver’s license	The EN verification code will only be worker-enterable for the MA Verification of Citizenship or Identity field on the Permanent Demographics and Current Demographics pages, and this verification will only apply to health care programs.

Note: W6 (Level 6 State Defined ID Verification Document) and W7 (Special Population Document) verification codes will no longer be acceptable to verify citizenship and identity for new applications, though existing records that used either the W6 or W7 code to verify citizenship or identity will be retained. An edit message will display if workers select either verification code as an option for Identification MA Verification field in the “Individual Demographic Information” section of the Current Demographics page or the W7 verification code for the Permanent Demographics page.

Current Demographics Cancel Reset

The following events have occurred:

AE441: The code selected is not worker enterable in the field for 'Identification MA Verification'.

Total: 1

Individual Demographic Information

Effective Period

Begin Month: 01 / 2018 Last Updated: 01/19/2018

Individual Details

Individual: [REDACTED]

Identification Verification: AF - AGENCY FORM

Identification MA Verification: W6 - LEVEL 8 STATE DEFINED ID VERIF

Figure 4 W6 Verification Code Selected on Current Demographics Page

Current Demographics Cancel Reset

The following events have occurred:

AE441: The code selected is not worker enterable in the field for 'Identification MA Verification'.

Total: 1

Individual Demographic Information

Effective Period

Begin Month: 01 / 2018 Last Updated: 01/19/2018

Individual Details

Individual: [REDACTED]

Identification Verification: AF - AGENCY FORM

Identification MA Verification: W7 - SPECIAL POPULATION DOCUMEN

Figure 5 W7 Verification Code Selected on Current Demographics Page

Permanent Demographics Cancel Reset

The following events have occurred:

AE441: The code selected is not worker enterable in the field for 'US Citizenship MA Verification'.

Total: 1

Individual Demographic Information

Effective Period

Last Updated: 01/19/2018

Individual Details

Individual: [REDACTED]

Language: E - ENGLISH

Are you a US citizen: Yes

Verification: AF - AGENCY FORM

US Citizenship MA Verification: W7 - SPECIAL POPULATION DOCUMEN

Figure 6 W7 Verification Code Selected on Permanent Demographics Page

BACKDATED ELIGIBILITY DURING A REASONABLE OPPORTUNITY PERIOD

CARES will be enhanced to increase the number of days assigned for the reasonable opportunity period from the current length of 93 days from the mailing date of the letter to the federally required 95 days. As of March 3, 2018, reasonable opportunity period letters sent on or after the implementation date will reflect the 95-day timeframe.

Two new reason codes will be implemented on March 3, 2018, one for citizenship and one for identity, to indicate that backdated benefits for health care are denied until verification is submitted to the IM agency:

- 755 – Back-dated denial for lack of proof of citizenship.
- 756 – Back-dated denial for lack of proof of identity.

See the [Correspondence section](#) for the denial reason code text that will display on Notices of Decision.

The screenshot shows a web application window titled "Non-Financial Summary" with "Cancel" and "Reset" buttons. It is divided into several sections:

- Assistance Group Overview:** Assistance Group: MAGS - BCP - CHILDLESS ADULT, Sequence: 1, Benefit Begin Date: 12/01/2017, Benefit End Date: 12/31/2017, Determination Date: 01/17/2018.
- Results:** Assistance Group Status: D - DENIED, Eligibility Status: FAIL.
- Individual Details:** A table with columns: Individual, Result, and Non-Financial Eligibility Reasons. The "Result" column shows "FAIL". The "Non-Financial Eligibility Reasons" column contains two entries: "755 - Back-dated denial for lack of proof of citizenship." and "756 - Back-dated denial for lack of proof of identity.", which are highlighted with a red box.

Figure 7 Non-Financial Summary Page With Reason Codes for Citizenship and Identity

When either the Social Security Administration or the member provides verification, workers will need to run with dates and issue a new determination for the backdated months.

Note: There is no systematic reminder to workers to run with dates after verification is provided.

Example 3: Katrina applies for BadgerCare Plus on April 18, 2018. She requests backdated benefits for January, February, and March. She meets all BadgerCare Plus eligibility criteria, except the worker is unable to verify her U.S. citizenship. Katrina is granted a reasonable opportunity period and is temporarily enrolled in BadgerCare Plus starting April 1, 2018. She is not eligible for backdated BadgerCare Plus benefits for the three prior months (January, February, and March 2018), so CWW will issue denial reason code 755 while she is in the reasonable opportunity period. CARES will set the length of the reasonable opportunity period to 95 days from the mailing date of the Reasonable Opportunity letter.

Katrina will receive a CARES-generated Notice of Decision displaying the new denial reason code for the backdated benefit months and informing her that she is enrolled in BadgerCare Plus starting April 1, 2018. She will also receive a CARES-generated reasonable opportunity letter explaining how to provide verification of U.S. citizenship. The letter will display the due date of July 23, 2018, which is 95 days from the mailing date of April 19, 2018 (the batch process will generate the letter the night of April 18.)

Katrina submits verification of her U.S. citizenship on June 10, 2018. The worker can then update the case, run eligibility for ongoing benefits, and redetermine backdated eligibility.

GAP FILLING PROVISION

As described in the [BadgerCare Plus Handbook, Section 16.9 Gap Filling](#), any person not eligible for BadgerCare Plus due to excess monthly income can ask for a gap filling determination.

Starting with eligibility determinations for the April 2018 benefit month, when an applicant or member who is a parent, caretaker, or childless adult fails any month (including any backdated months) solely due to excess monthly income, CWW will display a new reason code for subcategories MAGA, MAGN, and MAGS: 754 – Monthly income exceeds the net income limit. See the [Correspondence section](#) for the reason code text that will display on Notices of Decision.

Confirm Eligibility								Cancel <input type="checkbox"/>	Reset
Health Care / CTS Results									
Program	Sequence	Benefit Begin Date	Benefit End Date	Benefit Amount	AG Status	Eligibility Status	Reasons	Confirm?	
MAGS - BCP - CHILDLESS ADULT	1	02/01/2018		N/A	DENIED	FAIL	754 714	Yes <input type="checkbox"/>	
		01/01/2018	01/31/2018	N/A	DENIED	FAIL	754		

Figure 8: Reason Code 754 on the Confirm Eligibility Page

Reason Code Search Results		
Reason Code	Short Description	Long Description
754	Monthly income exceeds the net income limit.	
714	Denied or terminated from BC+, referring to the FFM.	

Figure 9 Description of Reason Code 754 in Reason Code Search Results

Also, the “Income Eligibility Determination” section of the BadgerCare Plus MAGI budget page in CWW will display the annual 100 percent FPL threshold amount, which is calculated by multiplying the monthly 100 percent FPL threshold amount by 12. This value will be displayed in a MAGA, MAGS, or MAGN budget for the relevant assistance group if a person within the assistance group fails for this new reason code.

Income Eligibility Determination			
Total Countable Income			
Group 1 Countable Income:	\$ 2,000.00		
Assistance Group Countable Income:	\$ 2,000.00		
Income Limits			
Countable Income FPL:	199.00%	Gap Filling Annual Income Limit:	\$ 12,060
Eligibility Test FPL:	100.00%	Income Limit:	\$ 1,005.00

Figure 10 Income Eligibility Determination Section of the BadgerCare Plus MAGI Budget Page

Note: The ACCESS Am I Eligible? screening tool will also be updated to include text about potential eligibility based on annual income when someone appears to have too much income to qualify for BadgerCare Plus.

REMOVAL OF THE THREE-MONTH WAITING PERIOD

The policy that removed the three-month waiting period following the month when major medical insurance coverage ended for children eligible under the Children's Health Insurance Program and pregnant women applying for the BadgerCare Plus Prenatal Program went into effect July 14, 2015. As of March 3, 2018, CARES will no longer fail these people for failure reason code 281, and workers will not need to use the workaround described in [Operations Memo 15-30, "End to BadgerCare Plus Restrictions Related to Dropping Health Insurance."](#)

CORRESPONDENCE

As of March 3, 2018, the following new denial reason codes will display under the Who is not enrolled? table in the Your Health Care Benefits section of the Notice of Decision.

DENIAL REASON CODES FOR BACKDATED ELIGIBILITY

Denial Reason Code	Description	When to Use	Text that Displays on the Notice of Decision
755	Citizenship Verification	A person in a reasonable opportunity period is restricted from getting backdated health care coverage across all health care categories because citizenship details are not verified.	You cannot get benefits for this time yet because we do not have proof of your citizenship. After you provide proof of your citizenship, we will check again to see if you can get benefits during this time.
756	Identity Verification	A person in a reasonable opportunity period is restricted from getting backdated health care coverage across all health care categories because identity details are not verified.	You cannot get benefits for this time yet because we do not have proof of your identity. After you provide proof of your identity, we will check again to see if you can get benefits during this time.

 Who is not enrolled?		
When?	Which plan?	Who and why?
Dec. 01, 2017 - Dec. 31, 2017	BadgerCare Plus	<p>ANNA: You cannot get benefits for this time yet because we do not have proof of your citizenship. After you provide proof of your citizenship, we will check again to see if you can get benefits during this time.</p> <p>ANNA: You cannot get benefits for this time yet because we do not have proof of your identity. After you provide proof of your identity, we will check again to see if you can get benefits during this time.</p>
Supporting Laws: 42 CFR 435.956		

Figure 11 Sample Notice of Decision With Reason Codes 755 And 756

DENIAL REASON CODE FOR GAP FILLING PROVISION

The purpose of this new reason code is to inform people that they may be able to qualify for BadgerCare Plus under a gap filling determination. Since people in a household can potentially have different household income due to MAGI rules, the annual income limit for the group with the highest annual income limit in the household will be displayed. The amount will be a whole dollar amount.

Denial Reason Code	Description	When to Use	Text that Displays on the Notice of Decision
754	Gap Filling Provision	A person's BadgerCare Plus eligibility is denied solely because of excess income.	Your monthly income is over the program limit. See the part of this letter that shows how we counted your income. You could still get health care if your household's annual income is under \$XX,XXX. Call your agency to see if you are eligible based on annual income.

 Who is not enrolled?		
When?	Which plan?	Who and why?
Jan. 01, 2018 - Jan. 31, 2018	BadgerCare Plus	ANNA: Your monthly income is over the program limit. See the part of this letter that shows how we counted your income. You could still get health care if your household's annual income is under \$12,060. Call your agency to see if you are eligible based on annual income.
Supporting Laws: S.49.471		

Figure 12 Sample Notice of Decision With Reason Code 754

CONTACTS

BEPS CARES Information and Problem Resolution Center

DHS/DMS/BEPS/RW