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Division of Medicaid Services

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Date: June 10, 2020

DMS Operations Memo 20-12

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

Affected Programs:

- ☐ BadgerCare Plus
- ☐ FoodShare
- ☒ Medicaid
- ☐ SeniorCare
- ☐ Caretaker Supplement
- ☐ FoodShare Employment and Training

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

Changes to the Medicaid Purchase Plan

CROSS REFERENCE

- Medicaid Eligibility Handbook, Chapter 26 Medicaid Purchase Plan
- Wis. Stat. §49.472

EFFECTIVE DATE

August 1, 2020

PURPOSE

This operations memo announces several policy changes for the Medicaid Purchase Plan (MAPP) regarding allowable income deductions, premium calculations and temporary premium waivers, restrictive reenrollment periods (RRPs), and Independence Accounts.

BACKGROUND

Wisconsin passed 2017 Act 59 that made changes to MAPP. The following changes will be effective for the August 2020 benefit month, and will be implemented in CARES on June 27, 2020:

- Verified monthly out-of-pocket medical and remedial expenses incurred by the member or his or her spouse, if above $500, will be deducted from the income used to determine MAPP eligibility.
- MAPP members with gross income above 100 percent of the federal poverty level (FPL) will be charged premiums. Members who owe premiums will have a minimum premium amount of $25.
- A new calculation will be used to determine premium amounts.
- MAPP applicants and members will be able to request a temporary premium waiver due to hardship for up to 12 months for a given hardship reason. The request may be backdated up to three months, but the premium waiver period cannot begin before August 1, 2020.

- The RRP for non-payment of MAPP premiums will be shortened from six months to three months. Members can regain eligibility at any point during an RRP by paying the premium arrears.
- When a member with an approved Independence Account loses MAPP eligibility, the exempt portion of the assets in the account will remain exempt for future applications for MAPP and all other Medicaid programs that have an asset test, including Home and Community Based Waivers and Institutional Medicaid. Previously these assets were only exempt for MAPP.

The Wisconsin Medicaid Purchase Plan Consumer Guide (P-00181) will be updated to reflect the policy changes outlined in this memo. The MAPP consumer guide will be sent automatically to MAPP members when MAPP benefits are confirmed, unless it has already been sent to the member within the previous 12 months.

POLICY

NEW INCOME DEDUCTION FOR MAPP ELIGIBILITY

Effective for the August 2020 benefit month, verified monthly out-of-pocket medical and remedial expenses incurred by a MAPP applicant or member (or his or her spouse, if living together), if above $500, will be an allowable income deduction for the MAPP eligibility determination. For examples of medical and remedial expenses, see the Medicaid Eligibility Handbook, Section 15.7.3 Medical/Remedial Expenses. As a reminder, these medical and remedial expenses must be out-of-pocket expenses. Expenses that are covered by MAPP or any other third party cannot be deducted.

All other income disregards and deductions will remain the same for MAPP (see the Medicaid Eligibility Handbook, Section 26.4.2 Income).

Example 1: Shelly applies for MAPP. She verifies $350 in monthly out-of-pocket remedial expenses for herself and $200 in monthly out-of-pocket medical expenses for her spouse that are not covered by MAPP or any other third party. $550 will be deducted from income as a part of Shelly’s eligibility determination.

Example 2: Mary applies for MAPP. She verifies $600 in monthly out-of-pocket medical and remedial expenses, which are deducted from her income and bring her under the 250 percent of FPL income limit for MAPP. It is possible that these expenses might be covered by MAPP once Mary is eligible, but the IM worker correctly processes the application using these verified out-of-pocket expenses. One month later, MAPP covers the cost of $500 of these medical and remedial expenses. Mary is required to report this change in expense within 10 days. She reports that her medical expenses have dropped to $100. The IM worker processes this change, and Mary is no longer financially eligible for MAPP because the decrease in her out-of-pocket medical and remedial expenses increases her countable income. If Mary applied again using the same expenses, the IM agency would not allow the expenses because they are now known to be covered by MAPP.

Example 3: Jim applies for MAPP. He verifies $500 in out-of-pocket medical expenses. Because the expenses are not above $500, these expenses cannot be allowed as an income deduction for the MAPP eligibility determination.

CHANGES TO MAPP PREMIUMS

Prior to the changes announced in this memo, MAPP members with gross monthly income at or above 150 percent of the FPL were charged premiums.

Effective for the August 2020 benefit month, MAPP members with gross monthly income above 100 percent of the FPL will be charged monthly premiums. Members with gross monthly income at or below 100 percent of the FPL will not have premiums. Monthly MAPP premiums will be calculated using the following new formula:

1. Determine the member's Premium Gross Income by adding together the member's monthly gross earned income and gross unearned income.
2. Determine Countable Net Income by subtracting the following deductions from the member's Premium Gross Income:
   - The member's verified monthly impairment-related work expenses (any amount)
   - The member's verified monthly out-of-pocket medical/remedial expenses (any amount)
   - The current COLA disregard from January 1 through the date the FPL is effective in CARES for that year, if applicable
3. Determine Premium Net Income by subtracting 100% of the FPL for a group size of one from the countable premium income. If this results in a negative number, change it to zero.
4. Multiply the net premium income by three percent (0.03).
5. Add the $25 Base Premium Amount and round down to the nearest whole dollar.
6. If applicable, add the Independence Account overage amount (see the Medicaid Eligibility Handbook, Section 26.5.1.1 Independence Account Penalty).

The result is the member's monthly premium amount.

Example 4: Shannon applies for MAPP. Her monthly premium gross income is under 100 percent of the FPL. She has no premium.

Example 5: Michael applies for MAPP. His monthly premium gross income is 105 percent of the FPL. Even though his impairment-related work expenses and medical/remedial expenses decrease his Premium Net Income to $0, Michael will still have a $25 monthly MAPP premium. His monthly MAPP premium will be calculated as shown below:

$1,117.00	Premium Gross Income
− $50.00	monthly IRWE deduction
− $25.00	monthly medical/remedial deduction

$1,042.00	Countable Net Income
− $1,063.33	(100% of the FPL)

-$21.33	(negative number, change to zero)
$0.00	Premium Net Income
X 0.03	(3%)

$0.00	

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   +$25.00  Base Premium Amount
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    $25.00
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Michael's monthly MAPP premium is $25.

Example 6: Susan is a MAPP member whose monthly premium gross income is 206 percent of the FPL. When her allowable deductions are taken in the premium calculation, her Countable Net Income is $1,750. Her monthly MAPP premium will be calculated as shown below:

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  $2,200.00  Premium Gross Income
  − $300.00  monthly IRWE deduction
  − $150.00  monthly medical/remedial deduction
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  $1,750.00  Countable Net Income
− $1,063.33  (100% of the FPL)
 -------------
    $686.67  Premium Net Income

    $686.67  Premium Net Income
     X 0.03  (3%)
 -------------
     $20.60

    +$25.00  Base Premium Amount
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     $45.60  (round down to nearest whole dollar)
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Susan's monthly MAPP premium is $45.

TEMPORARY MAPP PREMIUM WAIVERS DUE TO HARDSHIP

MAPP applicants and members who experience a temporary hardship that makes them unable to pay their premium can apply for a temporary premium waiver. There is no limit to how many temporary premium waivers may be requested, but the temporary premium waiver cannot exceed 12 months in duration **for the same hardship reason**. Applicants and members may request the premium waiver for a backdated period of up to three months, but the premium waiver cannot exceed 12 months. If a temporary premium waiver is approved for months where a premium has already been paid, those premiums must be refunded.

To request a temporary premium waiver, MAPP applicants and members will use a new form, Request for a Temporary Waiver of Your Medicaid Purchase Plan Premium Because of a Difficult Situation, F-02603. The form will be available after the temporary suspension of premiums due to the COVID-19 emergency is lifted. The applicant or member must describe the short-term hardship and state when it began (up to three months in the past) and its expected duration.

Note that premium waiver periods can begin no earlier than August 1, 2020.

A temporary hardship may include, but is not limited to, the following:

- The applicant or member has an unusual expense related to his or her health or ability to work. An unusual expense is an expense that is necessary for the ability of the individual to work or take care of his or her health that is not a regular, recurring, or planned expense. The expense cannot be anything that was used to establish eligibility or the premium amount for the individual, as these should be regular and recurring.
- The applicant or member has experienced a decrease in work hours but still owes a premium.
- The applicant or member has lost a job but remains non-financially eligible due to a medical exemption or participation in a HEC plan.
- The applicant or member is the survivor of a crime, such as domestic violence, sexual assault, identity or regular theft, armed robbery, etc. As a result, the member has incurred extra expenses or is unable to access his or her funds due to the crime.
- The applicant or member is experiencing temporary transportation issues, causing a decrease in the hours he or she can work.
- The applicant or member is experiencing temporary child care issues, causing a decrease in the number of hours he or she can work.
- The applicant or member has experienced a sudden increase in household expenses such as rent, vehicle insurance, utilities, gas, etc.

IM workers will be required to review temporary premium waiver requests and approve or deny them within 30 calendar days after receipt of the request.

In determining whether there is hardship, the IM worker may only consider circumstances that are documented. Hardship must be verified (see the Medicaid Eligibility Handbook, Section 20.1 Verification). Proof includes, but is not limited to, the following:

- Agency form
- Employer statement/paystub/taxes/Employer Verification of Earnings form (EVF-E)
- Collateral contact
- A statement from a health care or mental health provider, such as a medical doctor, psychiatrist, social worker, AODA professional, or psychologist, that identifies there is an issue and time period in which the individual cannot work.
- A receipt for the unusual health or work related expense.

Verification must be received by the due date (or the extended due date if additional time is requested) in order to process an application for a temporary waiver of premium. If verification is not received by the due date or extended due date, the request must be denied. This denial does not prevent the applicant or member from submitting another request for the same time period and being approved once verification has been received, as long as the request does not include a backdate of longer than three months prior to the month the request is received.

Example 7: On November 1, John requested a temporary waiver of premium starting August 1, but he did not provide the requested verification, so the request was denied. On December 1, John submits a new request for a temporary waiver of premium with the appropriate verification. The earliest that the waiver could be approved is September 1.

If the request for temporary waiver of premium is denied, the waiver applicant will be notified. The waiver applicant has the right to appeal the decision through a written request to the Division of Appeals (DHA). The waiver applicant has 45 calendar days from the date of the notice issuance to file the appeal.

If the request is approved, the premium waiver period will begin on one of the following, depending on what the member requested:

- The first day of the month in which the temporary premium waiver request was received.
- The first day of the month after the month in which the temporary premium waiver request was received.
- The first day of the month one, two, or three months prior to the month in which the temporary premium waiver request was received, if the applicant or member stated on the request form that the temporary hardship began in the past. **Note:** When processing temporary premium waiver requests received before October 2020, IM workers should remember that the premium waiver period can begin no earlier than August 1, 2020, even if the hardship began before August 1.

Example 8: Susie requests a temporary waiver of premium on March 31. If approved, the premium waiver period could start as early as December 1 and as late as April 1, depending on the request and the verification.

The member’s premium will be waived for the duration approved by the agency (up to 12 months). Temporary premium waivers that have been granted for a shorter duration than 12 months can be extended at the member’s request for up to the full 12-month limit for a given hardship reason.

Example 9: Mae is a MAPP member who uses a car to get to work. Her vehicle requires an expensive fix by a mechanic. She requests a three month temporary premium waiver to help her redirect the funds toward the repairs on the car. The request is approved. When the repairs are completed, they were twice what she was quoted. She requests a three month extension of her temporary premium waiver in order to redirect those funds to the remaining repair bill. That request is approved.

Example 10: Stan is a MAPP member. He is experiencing health concerns that impact his ability to work the number of hours he typically works. While the IM worker has adjusted his premium due to the decrease in income, his doctor tells him it could be nine months before he will be back to normal work hours. He requests a temporary premium waiver and is approved. At month eight of his premium waiver, Stan’s doctors inform him that they cannot approve an increase in his hours for another six months. Stan requests an extension to his temporary premium waiver. Because he has an approved nine month waiver and the maximum time a waiver can be granted for the same hardship reason is 12 months, the IM worker can only approve an additional three months to extend the waiver.

CHANGES TO THE MAPP RESTRICTIVE RE-ENROLLMENT PERIOD (RRP)

Prior to the changes announced in this memo, RRPs for MAPP were six months long. MAPP members could only gain eligibility for months during an RRP for a good cause reason. MAPP members could regain eligibility following the six-month RRP after paying all arrears and current premiums. After 12 calendar months (from the start of the RRP), the member could regain eligibility without paying the past-due premiums. These policies will no longer apply effective August 1, 2020.

Effective for the August 2020 benefit month, a MAPP member who fails to pay the premium on time will lose his or her MAPP benefits and will be subject to an RRP of three months, beginning with the month after the missing payment month. (For example, if the member does not pay the December premium by the due date (December 10), an RRP will be imposed at December adverse action from January to March). A MAPP member will be able to regain eligibility during the RRP if any of the following conditions are met:

- The member pays all past-due premiums by the last day of the RRP. Members must pay the overdue premium(s) that resulted in case closure, but do not have to pay the premium owed for the following month, unless the late payment is made after the benefit month.
- The member becomes eligible for MAPP without a premium (that is, the member's gross monthly income is reduced to at or below 100 percent of the FPL). Note: the RRP will still run in the background if the member's income increases above 100 percent of the FPL during the RRP.
- The member is granted a temporary premium waiver for the duration of the RRP or makes the past due payments for any RRP months not covered by the temporary premium waiver.

Example 11: Amy is eligible for MAPP with a premium. She misses her September MAPP premium payment and an RRP is imposed for October, November, and December. In October, she applies for and is granted a temporary MAPP premium waiver for September 1 through January 31. The RRP is lifted and Amy is eligible for MAPP with no premium effective September 1. She will be required to pay premiums again starting in February.

Example 12: Lynn is eligible for MAPP with a premium. She misses her October premium payment and is placed in an RRP on November 1. Lynn pays for October and November's premiums on November 30 to end her RRP and become eligible for MAPP. Her December premium is not due until December 10, so she is not required to pay that amount in order to end the RRP.

Example 13: John is eligible for MAPP with a premium. He misses his January MAPP premium payment and an RRP is imposed for February, March, and April. In March, his employer decreases his work hours and John's gross income is now under 100 percent of the FPL, making him eligible without a premium starting March 1. He pays the January and February premium arrears and regains MAPP eligibility effective January 1. If John did not pay the January and February premiums, he would open as of March 1.

CHANGES TO INDEPENDENCE ACCOUNTS

Prior to the changes announced in this memo, assets deposited in Independence Accounts were exempt for MAPP eligibility only. See the Medicaid Eligibility Handbook, Section 26.4.1.1, Independence Accounts.

Effective for the August 2020 benefit month, if a member with a registered Independence Account loses MAPP eligibility, the exempt portion of the account (on the date MAPP eligibility ended) will remain an exempt asset for future applications for MAPP and all other Medicaid programs that have an asset test, including Home and Community Based Waivers and Institutional Medicaid.

As a reminder, only funds deposited in a registered Independence Account while the member is eligible for MAPP may be exempted from the asset limit. Any deposits made prior to MAPP enrollment or during periods of MAPP ineligibility are not exempt assets. Note that there are different rules for retirement/pension accounts and non-retirement/pension accounts regarding how they may be registered as Independence Accounts and when funds may be deposited:

- Existing retirement/pension accounts may be registered as Independence Accounts after the applicant has been approved for MAPP. The amount that was already accumulated in the retirement/pension account before it was designated as an Independence Account is called the "Pre-Independence Account Balance." The Pre-Independence Account Balance is considered a countable asset when MAPP eligibility is determined. Funds may be deposited in a retirement/pension account designated as an Independence Account during periods of MAPP ineligibility. However, any funds deposited during a period of MAPP ineligibility must be added to the account's Pre-Independence Account Balance and considered a countable asset.
- Non-retirement/pension accounts may only be opened and registered as Independence Accounts after the applicant has been approved for MAPP. (Note that cash, escrow accounts for a home sale, money owed, prepaid debit cards, and tax refunds may not be designated as Independence Accounts.) Non-retirement/pension accounts registered as Independence Accounts may only have funds deposited during months when the member is eligible for MAPP. **If any funds are deposited in a non-retirement/pension account during a period of MAPP ineligibility, the Independence Account's entire balance will be considered a countable asset.**
    - For non-retirement/pension accounts registered as Independence Accounts **on or after August 1, 2020**, there should be no Pre-Independence Account Balance at any time because the only deposits that are allowed into these accounts are those made while the account owner is a MAPP member.
    - For non-retirement/pension accounts that were registered as Independence Accounts **prior to August 1, 2020**, any existing amount entered in the Pre-Independence Account Balance field will continue to count for all Medicaid programs, and the Independence Account Balance will be exempt for all Medicaid programs that have an asset test. However, no new funds may be deposited in non-retirement/pension accounts during months when the member is ineligible for MAPP. If new funds are deposited during months when the member is ineligible, the entire asset will be counted.

After the changes outlined in this memo go into effect, the Department of Health Services (DHS) expects that more MAPP members will begin registering Independence Accounts. CARES will be enhanced to make it easier for IM workers to track what portion of an Independence Account balance must be considered an exempt asset. Processing instructions will be in Process Help on June 29, 2020.

Example 14: Sheila is approved for MAPP. She has an established retirement account through her employer that currently has a $5,000 balance. The $5,000 was considered a countable asset during her eligibility determination. Sheila registers the retirement account as an Independence Account with the IM agency. The money deposited into this retirement account while Sheila is a MAPP member will be considered an exempt asset as a part of an Independence Account. The $5,000 Pre-Independence Account Balance will continue to be a countable asset.

Example 15: Mac is approved for MAPP. He fills out the Independence Account form to register his already established savings account as an Independence account. The IM worker will be unable to approve this account as an Independence Account because it was opened and established with funds deposited prior to Mac's MAPP eligibility.

Example 16: Tom is approved for MAPP. After he receives his Notice of Decision, he opens a savings account and registers it as an Independence Account. Tom is eligible for MAPP from August to October, eligible for Medically Needy SSI-related Medicaid from November to December, and eligible for MAPP again in January. Although his Independence Account will be considered exempt when his eligibility for both MAPP and Medically Needy SSI-related Medicaid is determined, he may not deposit any money into the account during November and December because he is not eligible for MAPP during that time. If he does deposit money during those months, the Independence Account's entire balance will be considered a non-exempt asset.

Example 17: Tom is approved for MAPP. After he receives his Notice of Decision, he registers his existing Individual Retirement Account (IRA) as an Independence Account. This IRA has a balance of $1,000 prior to registration as an Independence Account, so that $1,000 is a countable asset. Tom is eligible for MAPP from August to October, eligible for Medically Needy SSI-related Medicaid from November and December, and eligible for MAPP again in January. Although the amount deposited into his Independence Account in August, October, and January will be considered exempt when determining his eligibility for both MAPP and Medically Needy SSI-related Medicaid, any money deposited into the IRA during November and December would be added to the $1,000 Pre-Independence Account Balance and counted as an asset because Tom was not eligible for MAPP during those two months.

CONTACTS

BEPS CARES Information and Problem Resolution Center

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