



Date: August 18, 2020

DMS Operations Memo 20-XX

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

Affected Programs:	
<input 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

**Counting the Lump Sum Reimbursement of Cost Share or Patient Liability Payments as an Asset for EBD MA Eligibility**

**CROSS REFERENCE**

Medicaid Eligibility Handbook, [Section 16.7.11.1, Retroactive SS Payments](#)

**EFFECTIVE DATE**

July 1, 2020

**PURPOSE**

This operations memo announces how to count reimbursement of cost share and patient liability amounts as an asset for members receiving Elderly, Blind, and Disabled (EBD) Medicaid.

**BACKGROUND**

Members receiving Medicaid through Institutional Medicaid or Waivers Medicaid who have income over a certain amount must contribute to their cost of care through a cost share or patient liability (see Medicaid Eligibility Handbook, [Section 27.7, Cost of Care Calculation](#), and [Section 28.6.4, Cost Share Amount](#)). The member pays the contribution directly to the Managed Care Organization (MCO), or nursing home, or, in the case of IRIS (Include, Respect, I Self-Direct), the Fiscal Employer Agent (FEA).

However, if a member cost share or patient liability payment was higher than it should have been, the MCO, nursing home, or FEA must reimburse the total excess amount by returning a lump sum payment to the member.

There are several reasons why cost share or patient liability contribution may be higher than it should have been, including the following:

- The member is a former Supplemental Security Income (SSI) recipient who has not been recognized as a “Special Status” Medicaid member.
- The member should have been eligible for Medicaid Purchase Plan but was incorrectly determined eligible only for Waivers Medicaid.
- The member’s cost share calculation did not include all possible expenses (medical and remedial, shelter, etc.)
- The member has established a hardship so that the cost share requirement can be waived retroactively.
- The member must be reimbursed due to temporary COVID-19-related policies related to the federal Families First Coronavirus Response Act.

Because the reimbursement can include cost share or patient liability payments made over multiple months, the lump sum payment may be large enough to push the member over the asset limit (see Medicaid Eligibility Handbook, [Section 39.4 Elderly, Blind, Or Disabled Assets and Income Tables](#)) and they will lose eligibility as a result. The new policy is intended to prevent the loss of eligibility due to such reimbursements.

## **POLICY**

To prevent the loss of eligibility due to counting a lump sum reimbursement of cost share or patient liability as an asset, income maintenance (IM) agencies must disregard the payment as an asset in the month of its receipt, and for the next nine months. At the end of this period, agencies will treat any remaining available portion as an asset for purposes of determining eligibility. This time period gives members time to use these assets while also maintaining their Medicaid eligibility. This policy aligns with the treatment of lump sum payments received by members for retroactive Social Security payments (see Medicaid Eligibility Handbook, [Section 16.7.11.1, Retroactive SS Payments](#)).

**Example:** Michelle is a former SSI recipient and now receives Social Security Disability Income and a surviving child benefit. She is considered a Disabled Adult Child (DAC) by the Social Security Administration. She applies for Medicaid but does not know when she stopped receiving SSI. Instead of being determined eligible for Medicaid as a DAC with no premium or cost share, she is determined eligible for Waiver Medicaid as a Group B with a cost share, which she pays each month. When her previous receipt of SSI is discovered, Michelle is owed the money that she paid towards her cost share and must be reimbursed that amount. Michelle has nine months after the month of receipt in which the reimbursed amount will not be considered an asset. If she receives the reimbursement in January, any remaining amount from the reimbursement will be counted as an asset in November.

## **CONTACTS**

BEPS CARES Information and Problem Resolution Center

DHS/DMS/BEPS/MF