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TO: **Income Maintenance Supervisors**
Income Maintenance Lead Workers
Income Maintenance Staff
W-2 Agencies
Workforce Development Boards
Job Center Leads and Managers
Training Staff
Child Care Coordinators

FROM: Amy Mendel-Clemens
Technical Assistance, Training & Education
Section
Bureau of Eligibility Management
Division of Health Care Financing

BEM/DWS OPERATIONS MEMO					
No:	06-52				
DATE:	12/19/2006				
FS	<input type="checkbox"/>	MA	<input checked="" type="checkbox"/>	SC	<input type="checkbox"/>
CTS	<input type="checkbox"/>	CC	<input type="checkbox"/>	W-2	<input type="checkbox"/>
FSET	<input type="checkbox"/>	EA	<input type="checkbox"/>	CF	<input type="checkbox"/>
JAL	<input type="checkbox"/>	JC	<input type="checkbox"/>	RAP	<input type="checkbox"/>
WIA	<input type="checkbox"/>	Other	EP	<input type="checkbox"/>	★
PRIORITY: HIGH					

SUBJECT: **Medicaid Case Processing and IRS/PARIS Reminders**

CROSS REFERENCE: Operations Memo 06-10
Administrators Memo 06-01

EFFECTIVE DATE: Immediately

PURPOSE

The Department of Health and Family Services (DHFS) is committed to payment accuracy and correct case processing of the Medicaid (MA) and FoodShare (FS) programs. The Department has implemented a number of quality assurance initiatives, such as IRS/PARIS, Payment Error Rate Measurement (PERM), and Medicaid Quality Control (MEQC) to review selected cases and check for correct eligibility determinations and benefit issuances. The primary focus of DHFS Income Maintenance (IM) quality assurance activities is to evaluate the accuracy of IM eligibility determinations and identify opportunities for program improvement. Through these efforts, a number of errors or problem areas have been identified. This memo is being issued as a reminder of correct case processing in these specific areas as well as the roles and responsibilities of state and local agency staff.

This memo also emphasizes the importance of closing cases timely, especially in situations where capitation payments are being made even when an MA card is not being used.

POLICY REMINDERS

GROSS INCOME

The following policy and process areas have been identified during QA case reviews and IRS/PARIS data exchange processing as being the cause of eligibility errors related to gross income.

- **Bank Statements**

A bank statement showing a deposit usually represents a net income amount. The *gross income amount* is required to be used in the MA eligibility determination. The bank statement is not a valid representation of gross income or adequate verification of expense deductions because it does not show the types and amounts of deductions made from the gross income amount. The bank statement should only be used as income verification when it is known that the amount shown is the *full gross income amount*.

- **Health Insurance Premiums**

When a recipient pays a health insurance premium, the *full gross income amount* (including the amount paid for the health insurance premium) should be entered on the Earned or Unearned Income page in CWW. The insurance premium amount should then be entered, along with the other insurance information on the Medical Coverage page. CARES will correctly budget the income and allow the premium as an expense. If the health insurance premium is deducted from the gross amount prior to being entered as monthly income and is then entered as an allowable deduction, the premium amount is incorrectly deducted twice.

- **Taxes**

MA and FS policy requires *gross income* to be budgeted in the eligibility determination. State and federal taxes are NOT an allowable deduction.

REPORTING CHANGES

Customer failure to report

It is important that recipients fully understand their responsibility to report all changes which could impact their eligibility and the consequences for failure to do so. For example, if a family receiving MA is enrolled in an HMO and fails to report to the IM agency that they moved out of Wisconsin, the capitation payment continues to be made to the HMO (even if the card isn't being used) until the case closes many months later for failing to complete a review. Had the recipient properly reported the move and the worker properly and timely closed the case, the capitation payments would have ended. The capitation payment amount made to the HMO in error is recoverable since it is a client error when the recipient fails to report timely the change in circumstance.

Agency failure to act

In some instances a recipient fails to report a move out of state, but the state or local agency staff find out some other way. For instance, the CARES Call Center often receives information that a client has moved to and applied for benefits in another state. When that happens, the Call Center staff either directs the other state to contact the local agency worker, or, for Milwaukee County, sends that information to the worker assigned to the case to process the change in CARES. There have been several cases found where the worker failed to close the

case, and monthly capitation payments have continued to be made. In those situations, the error goes from being a client error to, an error caused by the agency's failure to act.

Communication

The State is in the process of updating publications to ensure recipients are informed that, even if they do not use their Forward Card or go to their doctor, payments are being made to their HMO. Therefore, to avoid any chance of an overpayment, they need to report changes timely, especially moving out of state. The local agency staff may wish to remind applicants and recipients as well.

SOCIAL SECURITY ADMINISTRATION AUTO UPDATE

The SSA Auto Update process updates the CARES Unearned Income pages with the net income for all Social Security income types. The Medicare eligibility and premium information (including Medicare premium assistance or "buy-in" eligibility status) is updated on the Medicare page. When a mismatch between the entry on CARES and the SSA record is identified, the Unearned Income page is updated and Alert 369 is generated to the worker assigned to the case.

When this alert is received, the worker should contact the Social Security Administration as necessary to determine the reason for the discrepancy. The BENDEX file does not include information about garnishments, but does include information about recoupment amounts that are being deducted to repay Social Security. If there is a garnishment, enter the gross income amount in CARES. Because the auto update will update the income with the net amount the additional amounts must be entered manually on a different unearned income sequence. For example: If the garnishment is for child support, enter the amount being garnished as <OT> income on the Unearned Income page and enter the support obligation on the Support page. In many situations, the difference is attributable to the Medicare Part D (prescription drug) premium amount. Enter the Part D premium amount on the Unearned Income page as <OT>. Enter the Part D insurance (leave the carrier code blank) and the premium amount on the Medical Coverage page.

VETERAN'S INCOME

Verifying VA Income

VA income is a mandatory verification item. The Verification of Veterans Benefits ([HCF 10162](#)) is now available to use to verify VA income type, amount and allowances, if any. Verification can also be obtained by calling the Veterans Administration Regional Office at 1(800) 827-1000. When verifying by telephone, workers should be sure to gather the following information:

1. Date income began;
2. Type of benefit (pension, compensation or educational aid);
3. Total amount of the benefit;
4. If the veteran is receiving aid and attendance, housebound or unusual medical expense allowances and the amount of each; and
5. The portion of benefit being recouped by the VA, if any.

NOTE ➤ Income can also be received by the spouse or dependent of the veteran, but the veterans SSN must be used to obtain the income information from the Department of Veterans Affairs.

For proper budget calculation, the question on the CWW Institutions page, "Veteran (No Dependents)? ", should always be answered <No>.

Veterans (other than residents at King or Union Grove Veterans' Homes)

Exempt VA allowances for unusual medical expenses that are received by a veteran, their surviving spouse, or dependent in the eligibility and post eligibility determinations. Exempt aid and attendance and housebound allowances received by veterans, spouses of disabled veterans and surviving spouses in the eligibility and post eligibility determinations.

When budgeting veterans' (or spouse/dependent) income, enter the total gross income amount in CARES:

1. Enter the gross **countable** veterans' income as unearned income received on the Unearned Income page with a <VE> income type code and with a Yes in the availability field. The countable portion is the gross amount minus any allowances for aid and attendance, unusual medical expense or housebound allowance.
2. Any payments for aid and attendance, unusual medical expense or housebound allowance should be subtracted from the total gross income and entered separately from the gross VA benefit on a new Unearned Income sequence using the <VE> income type and with a No in the availability field.
3. Any income that is paid directly to a dependent of the veteran should not be budgeted.

Institutionalized Veterans Residing at King and Union Grove Veterans Homes

For these residents, the entire aid and attendance and housebound allowances are exempt in the initial eligibility determination. However, only \$90 of the aid and attendance and housebound allowances is exempt when calculating the patient liability. This applies only to those veterans who have neither a spouse nor a child, or to a surviving spouse of a veteran who has no child.

IRS/PARIS STAFF

Since January 2006, the State has implemented a project to review data exchange information received from the U.S. Internal Revenue Service (IRS) and through the Public Assistance Reporting Information System (PARIS). The purpose of this project is to determine the effectiveness of data received through these data exchanges by gathering and analyzing data, gathering additional verification and documentation, and updating CARES to determine correct eligibility and benefit issuance.

In an effort to avoid increasing the local agency workload as a result of this project, staff assigned to the IRS/PARIS project will take corrective action on specific cases which may include:

- Termination of current and future eligibility;
- Calculation of overpayment amount and claims establishment; or
- Restoration of benefits that had been incorrectly under-issued or terminated.

The IRS/PARIS project staff use existing CARES processes to establish claims and notify the recipient of the overpayment. The notice identifies the worker who established the claim and includes contact information, if the recipient has any questions about the action.

The local agency will be notified of any corrective action taken as follows:

- Case comments will be entered in CARES;
- Independent verification of the match data will be scanned into the electronic case file; and

- The local agency worker, his/her supervisor, and the agency's QC Coordinator will be notified of the case actions by email.

Action will not be taken on Wisconsin Works (W-2) and Child Care, however, an alert will be sent to the worker to inform him/her that action has been taken on the FS or MA case.

The IRS/PARIS staff may require documents from a file (if the file isn't scanned to ECF) to calculate overpayment amounts and/or to support actions taken on a case in the event of a fair hearing. Local agencies are required to provide documentation requested by state staff within 10 business days of the date of request. Prompt scanning of all case documents into ECF will reduce the need for paper documents to be faxed or mailed to state staff for review.

If corrective action is taken by the IRS/PARIS staff, it is expected that the agency will not alter or reverse the eligibility determination unless case circumstances change or the agency is directed to do so by the IRS/PARIS staff. If the local agency does not agree with an action taken on a case, the worker or his/her supervisor must contact the IRS/PARIS staff who made changes to the case. If a clear understanding and agreement of the action taken on the case is not reached, then the Central Application Processing Operation (CAPO) Section Chief in the Bureau of Eligibility Management, Sara Edmonds, must be contacted either by telephone: (608) 221-4746 ext. 3196 or by email to edmonse@dhfs.state.wi.us.

Fair Hearing Requests

If a fair hearing is requested as a result of an action taken by the IRS/PARIS staff, the IRS/PARIS reviewer will prepare for and appear at the fair hearing to represent the action taken on the case.

CONTACTS

BEM CARES Information & Problem Resolution Center

★Program Categories – FS – FoodShare, MA – Medicaid, SC – Senior Care, CTS – Caretaker Supplement, CC – Child Care, W-2 – Wisconsin Works, FSET – Food Stamp Employment and Training, CF – Children First, EA – Emergency Assistance, JAL – Job Access Loan, JC - Job Center Programs, RAP – Refugee Assistance Program, WIA – Workforce Investment Act, Other EP – Other Employment Programs.

DHFS/DHCF/BEM/JE