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Division of Medicaid Services

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DMS Operations Memo 24-23

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

Affected Programs:

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

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Changes to Family Maintenance Allowance for Long-Term Care Cases

CROSS REFERENCE

- Medicaid Eligibility Handbook, Section 28.6.4.2 Family Maintenance Allowance
- 42 CFR § 435.725 - § 435.726

EFFECTIVE DATE

July 1, 2024

PURPOSE

The purpose of this operations memo is to announce changes to the family maintenance allowance for Institutional Medicaid or Waiver Medicaid (Group B/B+) members with children under the age of 18 who are not living with a community spouse.

BACKGROUND

Medicaid rules allow long-term care (LTC) Medicaid members who have one or more minor children not living with a community spouse to deduct a "family maintenance allowance" from their income rather than applying that income toward the cost of care (see Medicaid Eligibility Handbook, Section 28.6.4.2 Family Maintenance Allowance). A different allowance is given for dependents who live with a community spouse (see Medicaid Eligibility Handbook, Section 18.6.3 Dependent Family Member Income Allowance).

Prior to the changes announced in this memo:

- The family maintenance allowance for non-spousal-impoverishment cases was only given to Waiver Medicaid members who are the custodial parent of a minor child living in their home. It was not given to Institutional Medicaid members. This policy is being adjusted due to a changed understanding of federal Medicaid rules.
- The family maintenance allowance amount was based on the old Aid to Families with Dependent Children (AFDC) medically needy income limit. Because Wisconsin now uses 100% of the federal poverty level (FPL) as the SSI-Related medically needy limit (see Operations Memo 19-26. "New Medically Needy Income Limit for Supplemental Security Income-Related Medicaid"), the family maintenance allowance calculation is likewise being updated to use 100% of the FPL as the basis.

POLICY

If any Institutional Medicaid or Waiver Medicaid (Group B/B+) member has one or more children under the age of 18 who are not living with a community spouse, a family maintenance allowance is deducted from the member's patient liability or waiver cost share. The member does not have to be the custodial parent of the children.

The family maintenance allowance is calculated as follows:

1. The gross monthly earned and unearned income of all of the member's minor children who are not living with a community spouse are added together. No exclusions, disregards, or deductions apply.
2. The children's gross income is subtracted from 100% of the FPL for a family size equal to the number of minor children not living with a community spouse (see Medicaid Eligibility Handbook, Section 39.5 FPL Table).
3. The family maintenance allowance amount is the difference between the children's total gross income and the applicable FPL amount. If the gross income of the children exceeds the applicable FPL standard, no family maintenance allowance is deducted.

The member does not need to verify that the allowance is being given or made available to the children.

Example: Mario is in a skilled nursing facility following an accident. He applies for Medicaid and is determined eligible for Institutional Medicaid. He has two children aged 12 and 17 living with a family member. The children receive combined monthly child support of $1,545 and have no other income. The monthly family maintenance allowance is calculated by subtracting the children's $1,545 total gross income from 100% of the FPL for a group size of two.

$1,703.33 (100% of the FPL for a group size of two)
- 1,545.00 (children's monthly gross income)
$ 158.33 (monthly family maintenance allowance to be deducted from Mario's patient liability)

If Mario were not in a medical institution but instead received long-term supports and services through a community waivers program such as Family Care or IRIS, the same family maintenance allowance would be deducted from his waiver cost share.

CONTACTS

DHS CARES Problem Resolution Team

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