

# **Policy Clarifications – Medicaid**

## **Long Term Care PMN16051468**

**Submitted: 01/19/12**

**Agency: CAOs**

**Citations:**

**Subject: Use of Income Expense Codes When Authorizing Long-Term Care Budgets**

When a Long-Term Care (LTC) applicant or recipient has income being adjusted for an overpayment, recoupment, or child support should an income expense code be utilized?

**Response By: Division of Health Services**

**Date:01/19/12**

In certain circumstances the appropriate income expense code should be entered on the CAUNRD screen in the Client Information System (CIS) or on the Unearned Income screen in Phase IVB. An income expense code should be utilized when gross income must be counted towards determining eligibility for Medical Assistance (MA) and payment of LTC in Step 1 but not towards the actual cost of care determination (Step 2). Entry of an income expense code will ensure that the appropriate income is used to determine eligibility for LTC and that the income will be updated appropriately at each automated Cost of Living Adjustment (COLA).

The income expense codes used most often for LTC budgets include:

- 16 - Social Security Levy
- 17 - IRS Levy
- 99 - Other (Use for child support garnishment. Use to designate the Medicare B premium only for Living Independence for the Elderly (LIFE) Program recipients in LIFE counties.)

Example: Mr. A receives gross monthly RSDI income of \$1,599.90. IEVS and Data Exchange 3 verify that \$100/month is being garnished from Mr. A's monthly RSDI income to recoup an overpayment. In this case in order to determine if Mr. A is eligible for payment of LTC facility services the monthly gross income of \$1,599.90 must be compared to the Special NMP Income Limit of \$2,094. In order to determine the payment towards cost of care, the \$100/month garnishment must be deducted from his gross income. In order to count the \$1,599.90/month gross income when determining Step 1 eligibility but not the \$100/month garnishment when determining the payment towards cost of care, an income

expense code must be used. In this case, \$1,599.90 should be entered as the gross income on the Unearned Income screen. Income expense code 16 should be entered as the type of expense with an amount of \$100.00. Entering this information will ensure the eligibility notice includes the correct gross income, lists the \$100 expense, and displays Mr. A's correct cost of care of \$1,454.90.

Currently the CAO must be watchful when using expense code 99. At this time both CIS and Phase IVB incorrectly deduct the amount of expense code 99 when determining Buy-In eligibility. Until software fixes are implemented, in any case where the amount of the expense is deducted by the system to determine Buy-In eligibility, a category override will need to be completed.

You will be informed via a Daily Status once the software fixes have been implemented.