

**DATE:** March 10, 2016

**OPERATIONS MEMORANDUM #16-03-05**

**SUBJECT:** Medical Assistance Program Changes due to the Introduction of Enhanced Federal Medical Assistance Percentage

**TO:** Executive Directors

**FROM:** Inez Titus  
Director  
Bureau of Operations

**PURPOSE**

To inform County Assistance Offices (CAOs) about changes made to the Medical Assistance (MA) program due to the introduction of the enhanced Federal Medical Assistance Percentage (FMAP) rate. These changes will be implemented on March 14, 2016.

**BACKGROUND**

The FMAP rate is used to reimburse states for the federal share of MA expenditures, which varies by state. For Pennsylvania, the regular FMAP rate is set to about 52 percent for most MA expenditures. Expenditures for newly-eligible individuals enrolled in the adult group are reimbursed at the newly-eligible FMAP rate of 100 percent. An enhanced FMAP rate, set at about 80 percent, is also available since Pennsylvania offered full MA benefits to certain population groups as of December 1, 2009.

This document explains the changes to existing MA categories and the MA cascade necessary for claiming the appropriate FMAP. This document also discusses a one-time conversion that will transition individuals in certain categories to categories with a new or different program status code and target type.

**DISCUSSION**

With the implementation of the FMAP initiative, changes will be made to the following existing MA categories to include the introduction of additional program status codes and target types:

- PH 00
- MG 91 and MG 92

Additionally, a new category/program status code MG 90 will be introduced. See [Attachment 1](#) for an updated MA cascade.

## **PH 00 Modifications**

The Centers for Medicare and Medicaid Services (CMS) has clarified that for purposes of FMAP determination an individual is not considered to be permanently disabled until the disability is verified. For FMAP purposes, a disability is verified when the Social Security Administration (SSA) determines the individual to be disabled or the Medical Review Team (MRT) certifies that an individual is disabled. An individual who returns a PA1663 form indicating a permanent disability or a temporary disability of 12 months or more is not considered to be permanently disabled for FMAP.

The following changes will be made to PH 00:

- **PH 00 M** - New target type for individuals whose disability has been verified by SSA or MRT. These individuals will be evaluated for PH 00 M before an evaluation in MAGI categories.
- **PH 00 D** - Existing category that will be moved in the MA cascade below MAGI categories. Individuals who are over the income limit for MAGI MA but under the income limit for Healthy Horizons will be enrolled in PH 00 D. These individuals may not have a disability verified by SSA or MRT but provided a PA1663 form indicating a permanent disability or a temporary disability of 12 months or more.

**Note:** Non-financial, resource and income rules will not change for PH 00.

## **Changes to the Disability screen**

Changes to the disability screen will be made in order to build a correct category. The following fields will become conditionally mandatory when an MA Disability code is “51-Permanent Disability”:

- MRT Decision
- Disability Benefit Type
- Referred to DAP

When “51-Permanent Disability” is selected, the caseworker will complete either the MRT decision field or the Disability Benefit Type field. When the caseworker takes an action on an existing case with a “51- Permanent Disability” and both of these fields are blank, the caseworker will receive an error message directing him/her to the Disability screen to complete the necessary fields.

The caseworker will check both Exchange 3 and Appmap to determine if the individual is receiving RSDI or is MRT certified. If the individual is not receiving RSDI and is not MRT certified, the caseworker must complete a DAP referral if Appmap indicates that no DAP referral has been completed or if a new DAP referral is necessary.

The Referred to DAP field must be completed if the Disability Benefit Type and Disability Benefit Status are not "02-Social Security Disability" with "B-Benefits being received" or MRT decision field is not "D-Disabled".

### **MG 91 and MG 92 Modifications**

- **MG 91** - The following individuals will be authorized in MG 91 and claimed at the newly eligible FMAP:
  - Non-disabled Parents/Caretakers age 21-64 with income at or between 33% - 133% of Federal Poverty Level (FPL).
  - Non-disabled childless adults age 21-64 and income at or below 133% FPL.
  - Permanently disabled adults age 21-64 with a disability NOT verified by the SSA or MRT with no Medicare and income at or below 133% FPL.
  - Permanently disabled adults age 21-64 with a disability verified by the SSA or MRT with no Medicare and income at or between 102% - 133% FPL.
  - Individuals age 19-20 with income at or between 44% - 133% FPL.
- **MG 91 P** – If an individual enrolled in MG 91 reports a pregnancy, she will be opened in MG 91P and will remain there until the end of the post-partum period or until the renewal is processed, whichever is sooner. There will be no income test for MG 91 P.
- **MG 92** – This category will be eliminated. Current MG 92 individuals will be transitioned to other categories.

### **New MAGI MA Category – MG 90**

A new MAGI MA category/program status code (MG 90) has been created to identify and claim the enhanced FMAP for certain population groups. It will follow the existing non-financial and financial rules used for MAGI categories. Individuals will be built in MG 90 and assigned a target type based on the following criteria:

- **MG 90 D** - age 19-64, SSA or MRT verified as permanently disabled with no Medicare and income at or below 102% FPL.
  - See [Attachment 2](#) for 102% FPL chart.
- **MG 90 N** - age 19-20 with income at or below 44% FPL. Individuals can be permanently disabled (MRT/SSA verified or not MRT/SSA verified) with no Medicare or be non-disabled.

- **MG 90 P** - already open in MG 90 D or MG 90 N and a pregnancy is reported. The individual will remain in MG 90 P until the end of the post-partum period or until the renewal is processed, whichever is sooner. There will be no income test for MG 90 P.

### **Disability and CAO Action**

When an individual applies for MA and indicates a disability on an application, the CAO will take the following actions to ensure the individual is placed in the correct MA category:

#### **Disability not verified by SSA or MRT**

1. If all eligibility factors to make a MAGI eligibility determination are verified at application, the CAO will review the individual for MAGI MA.

If the individual meets criteria for a MAGI category, the CAO will open the individual in the appropriate MAGI category and request the individual to provide a completed PA1663 to verify the disability. If the individual lists resources on the application, the CAO will enter the resource information in eCIS but will not request verification of resources (the CAO will enter "P- Verification pending" in the verification field for resources in eCIS).

- If the individual returns the PA 1663 indicating a permanent disability or a temporary disability of 12 months or more, the CAO will update the Disability screen on the case and initiate the Disability Advocacy Program (DAP) referral. The individual continues to be eligible in a MAGI category until either SSA or MRT determines the individual to be disabled.

**Note:** The individual is required to cooperate with the DAP process and pursue potential benefits. If the individual later indicates he/she is no longer disabled, the CAO will accept that person's statement and maintain the eligibility in a MAGI category if they meet other eligibility requirements. If the individual fails to cooperate but maintains they are disabled, the CAO will terminate MA for failure to pursue potential benefits.

- If the individual returns the PA 1663 which indicates a temporary disability of less than 12 months, the CAO will update the Disability screen and rerun eligibility. There will be no change to the MAGI category.
  - If the individual returns PA 1663 which indicates employability OR the individual does not return the PA 1663, the CAO will document the outcome of the form request in the Case Comments and will take no action on the case. The individual will stay open in a MAGI category if he/she continues to be eligible.
2. If all eligibility factors to make a MAGI eligibility determination are NOT verified at application (through an electronic data source or available in the case record) or if the individual is not eligible for MAGI MA, the CAO must request verification that is necessary to make both MAGI and non-MAGI MA eligibility determinations.

The CAO will request verification of income, resources (if applicable to the Non-MAGI determination), a PA1663 to verify disability, and any other required verification.

The CAO will determine the correct MA category once required verifications are returned.

- If the individual meets criteria for a MAGI category, the CAO will open an appropriate MAGI category and follow instructions above in regard to the PA 1663 action (see section 1). The CAO will not reject an MA application if the individual does not return verification of resources or the PA 1663.
- If the individual is not eligible for MAGI MA, the CAO will review the individual for non-MAGI MA.

Once SSA or MRT determines the individual to be disabled, the CAO must complete the appropriate entries on the Disability screen. The CAO must rerun eligibility to move the individual to the correct category.

**Note:** If the Applicant/Recipient (AR) group has unverified resources in the system, the CAO will request verification of resources.

Once the individual returns verification of resources, the CAO will update the case with the resource information and rerun eligibility to determine the correct category. If the resources are over the resource limit for Healthy Horizons OR if the individual fails to provide verification of resources, the individual will be evaluated for MAGI MA.

#### Disability verified by SSA or MRT

At application, if an individual reports a disability, which has been verified by SSA or the individual is MRT certified, the CAO will determine eligibility for non-MAGI MA first.

The CAO must request verifications necessary to make an eligibility determination for SSI-related MA (non-MAGI MA) and MAGI MA if verification cannot be obtained from an electronic data source or it is not available in the case record.

- If all required verification is obtained or provided and the individual meets all conditions of eligibility for Healthy Horizons, the CAO will authorize PH 00 M.
- If all required verification is obtained or provided with the exception of resources or if resources are over the limit for Healthy Horizons (if resources are applicable to the Non-MAGI determination), the CAO will review the individual for MAGI MA.

If verification of resources is provided after a MAGI category is opened, the CAO will update resource information in eCIS and rerun eligibility.

**Note:** Once the individual is placed in a MAGI category, the CAO will not request any new resource verification unless the individual makes a request to be

evaluated for non-MAGI MA or unless the individual begins receiving Medicare benefits.

- If the individual is ineligible for MAGI MA, the CAO will review the individual for eligibility for SSI-related MA (non-MAGI MA) including NMP and MNO.

**Note:** If an individual with a disability verified by SSA or MRT begins receiving Medicare benefits, the individual must promptly be evaluated for non-MAGI MA and be discontinued from MA in the MG 91 or MG 90 category.

Refer to [Attachment 3](#) for an overview of categories affected by the FMAP initiative implementation and [Attachment 4](#) for Scenarios that demonstrate the CAO action for various situations involving authorizing new categories.

### **Transition**

On March 14, 2016, individuals enrolled in MG 91, MG 92 and PH 00 will be systematically transitioned to the new or different budgets outlined in this Operations Memorandum. There will be no eligibility determination made during the transition process. Individuals will be mapped to new categories/program status code/target type and opened for ongoing MA.

The following conditions for transitioned budgets will apply:

- Eligibility begin date for new budget will be set to the transition processing date.
- Case demographic and composition information will not change.
- Original renewal date will be retained.
- Income eligibility results summary data will be carried over from the previous eligibility determination.
- No notices sent as a part of the transition.
- Continuity of care with no break in coverage.

### **Inmate Inpatient MA Categories used by the Central Office**

- **PD 38, PD 39** will only be built for permanent residents under the 5-year bar and temporary aliens. There will be no other changes to the eligibility rules for these budgets.
- **MG 38, MG 39** are new categories that will be built for individuals who are citizens, refugees, and permanent residents over the 5-year bar.

Similar to PD 38/39, the system will perform a non-financial test and no income test will be performed. The eligibility rules for PD38/39 will be used for MG38/39 budgets. These budgets will be processed as Non-Continuous Eligibility periods and built when the MG38 or MG 39 special category is selected on the Program Request Questions screen in eCIS.

**NEXT STEPS**

1. Share and review this information with appropriate staff members.
2. Please contact your area manager if you have questions regarding this Operations Memorandum.
3. This Operations Memorandum will become obsolete upon release of revised Handbook changes.

Attachments