

DMA ADMINISTRATIVE LETTER NO: 01-10

DATE: 02/04/10

SUBJECT: MQB Budgeting

DISTRIBUTION: County Directors of Social Services
Medicaid Supervisors
Medicaid Eligibility Staff

I. BACKGROUND

On June 17, 2009, the North Carolina Supreme Court denied the state's appeal of a Court of Appeals decision, which changes the way MQB cases are budgeted. This in effect upholds the Court of Appeals ruling that the MQB budgeting policy employed by the state violates federal law (42 United States Code §1396d). The court specifically rejected the state's argument that SSI budgeting methodology governed MQB eligibility determinations. Because of the court's ruling, DMA must determine MQB eligibility based upon "family size," which includes the a/r, the spouse if there is one, and any dependent children under age 18 living in the home.

The decision of the court applies to all MQB and MWD cases. Although MAABD budgeting is not affected, budgeting for dual eligibles is impacted by the change in methodology. A major manual revision is required to accommodate the court ruling. A second budgeting procedure, which is not based on SSI methodology, will be added to the budgeting section of the adult Medicaid manual. In addition, system changes are needed to accommodate more MQB maintenance levels and income limits for MAABD and MQB dual eligibles.

System changes to accommodate the new budgeting methodology cannot be made at this time. However, we must take those steps which are immediately possible to comply with the court ruling. If the a/r receives Medicare and is ineligible for MQB-Q using the existing budgeting methodology, evaluate using the family size budgeting methodology as outlined below.

II. POLICY

Implement the following changes in all MQB and MWD cases.

A. New Budgeting Methodology and Applicable Definitions

The new budgeting methodology utilizes "family size" and financial responsibility in place of the current deeming methodology.

1. Financial Responsibility

a. Spouse for spouse financial responsibility exists for a spouse who:

- Is legally married to the a/r,
- Lives in, or is temporarily absent from the home, and
- Does not receive SSI, Work First, or CAP.

b. Parent for child financial responsibility exists for a child who:

- Is under the age of 18,
- Lives in or is temporarily absent from the home,
- Has never been married,
- Has never served in the military,
- Has not been legally emancipated,
- Does not receive SSI, Work First, CAP, or IAS, and
- Is the child of an adult a/r or of an adult a/r's spouse.

c. Children do not have financial responsibility for parents or siblings.

2. Definition of Family

a. For an adult a/r, family consists of:

- (1) The a/r;
- (2) His financially responsible spouse; and
- (3) Any children under age 18 who live in the home for whom he or his spouse bears financial responsibility.

(see 1.a. and b. above).

b. For a blind or disabled child, family consists of:

- (1) The a/r;
- (2) His parent(s); and

- (3) Any children in the home for whom either of his parent(s) bears financial responsibility.

(see 1.b. above).

B. Methodology

1. Compare countable income of the a/r and any family members who are financially responsible for the a/r to the income limit for the applicable family size. Follow procedures in MA-2250, Income, to determine countable income.
2. Continue to use existing resource policy and resource limits as outlined in MA-2230, Financial Resources, and MA-2260, Financial Eligibility Regulations -- PLA.

III. PROCEDURE

A. Evaluate for MAABD and MQB-Q/MWD eligibility first using existing budgeting methodology as outlined in MA-2260, Financial Eligibility Regulations – PLA.

B. If the a/r is ineligible for MQB-Q/MWD using existing budgeting methodology, evaluate for MQB-Q, MQB-B, MQB-E and MWD eligibility using the family size budgeting methodology. Complete a separate budget sheet for each budgeting methodology employed. See [attachment 1](#) for income levels and [attachment 2](#) for MQB/MWD Budget Sheet.

C. If the a/r is determined eligible for MQB/MWD using the family size budgeting methodology, enter the applicable family size in the “Needs Unit” field on the DSS-8125. DMA will use the Needs Unit field for tracking purposes until the needed system changes can be made. Do not make an entry in the Needs Unit field if the individual is eligible for MQB-Q using existing budgeting methodology.

D. Due to EIS systems limitations, you will not be able to enter correct maintenance and income amounts for family size budgeting when the needs unit is greater than two.

1. MQB Cases

Until new systems edits are in place, for MQB cases with needs units of more than two individuals enter the correct number in the needs unit field. Key the maintenance amount for two and countable income up to the maintenance amount for two. Document the file with the correct income for the needs unit.

2. Dual Eligible Cases

MAABD dual eligibles may have two applicable maintenance amounts – one maintenance amount for MAABD and one for MQB. EIS accepts an MAABD maintenance amount and an income in the MQB-Q or B range. Family size budgeting methodology may result in incomes that EIS cannot recognize as being within an acceptable MQB income range.

In MAABD dual eligible cases with a MAABD maintenance amount for 1 person and a MQB needs unit of 2 for MQB, the caseworker enters the MAABD maintenance amount for one person and the actual countable income for the MQB family sized budget on the DSS-8125.

Until new edits are in place, in dual eligible cases with needs units of 3 or more, the caseworker enters the maintenance amount for the applicable MAABD budget. Enter countable income up to the maximum income limit for 2 for the applicable MQB program. Be sure to carefully document the file with the correct income for the needs unit.

E. Examples Related to Income Limit Issues with No Dual Eligibility

1. Couple, no children, both apply for MQB (no dual eligibility) – countable income is combined and the income limit is for two. This case will not be affected by family size budgeting and can be handled in EIS.

Current policy is applied; family size budgeting is not needed.

No special handling is necessary. The couple's combined total income will be compared to an income limit for two.

Because this case is handled under current policy, do not enter a needs unit amount.

2. Couple, no children, only the wife applies for MQB (no dual eligibility). The wife has countable monthly income of \$1,000 (after \$20 general income deduction). The husband has no income.

- Following the current policy, the wife is over the income limit for one person for MQB-Q (\$903) and is ineligible for MQB-Q regardless of the fact that she lives with her husband.
- Even though the wife is eligible for MQB-B, she must be evaluated for MQB-Q under family size budgeting.

Her income of \$1,000 is compared to the MQB-Q income limit for two persons (\$1,215) and she is eligible for MQB-Q under family size budgeting. This case, while affected by family size budgeting, has an income limit for two, which EIS can handle.

Family size budgeting is applied and the maintenance amount for a couple is used.

Enter a needs unit of 02, the MQB-Q maintenance amount for two, and the actual total countable income in EIS because it is below the Q income limit for 2 in this case. (The needs unit is needed to track that this case is using family size budgeting.)

EIS can handle this case.

Document the file that this case was budgeted using family size budgeting.

3. Couple has a child under 18, and the husband applies for MQB (no dual eligibility).

The husband's countable monthly income is \$1,300 (after \$20 general income deduction). The spouse has no income. Like the wife in example 2, this husband's income is greater than the MQB-Q income limit for one person (\$903), and he is ineligible for MQB-Q under the current policy and must be evaluated under family size budgeting.

Under family size budgeting, the family size is three persons with an MQB-Q income limit of \$1,526, thus the husband is eligible for MQB-Q. However, EIS will not handle an MQB income limit for three persons.

Because EIS edits cannot currently handle the case, the worker must follow these instructions.

a. Enter:

- **An MQB-Q maintenance amount for two (\$1,215),**
- **Total countable income equal to the MQB-Q maintenance amount for two (\$1,215), and**
- **A needs unit of 03.**

b. Document the file that this case was budgeted using family size budgeting. Make sure to note the correct budget for a needs unit of 3.

F. Examples Related to Dual Eligibility

1. A wife living with her husband applies for MAA & MQB (dual eligibility) on 01/03/2010. The wife's countable monthly income is \$1,150 (after \$20 general income deduction). Her husband has no income, is under 65, not disabled, and not entitled to Medicare.

Under policy for MAA, she is evaluated with an income limit for one person, and her income is over the MAA income limit for one person (\$903). Family size budgeting is not applicable to MAA. She is medically needy for MAA and has a 6-month deductible of \$5,448 for 01/2010 – 06/2010.

Additionally, following the current MQB policy, she is over the MQB-Q income limit for one person (\$903). She must be evaluated for MQB-Q using family size budgeting.

Under family size budgeting, she and her husband are a family unit of two persons. The MQB-Q income limit for two persons is \$1,215 so she is determined eligible for MQB-Q on 01/23/2010 with a certification period of 01/2010 – 12/2010 and authorized 02/01/2010.

- **Because family size budgeting is used to determine eligibility for MQB-Q, enter a needs unit of 02;**
- **Enter the MQB-Q maintenance amount for two persons (\$1,215);**
- **Enter the actual countable monthly income (\$1,150);**
- **Document the file that this case was budgeted using family size budgeting.**

EIS can handle this case.

She meets her MAA deductible 02/16/2010 and becomes eligible for MAA-M with an income limit for one person (\$242) and MQB-Q with an income limit for two persons (\$1,215).

When the deductible is met:

- **Key a program transfer to MAA with an authorization date of 02/16/2010** (EIS automatically shortens the certification date from 01/01/2010 – 12/31/2010 to 01/01/2010 – 06/30/2010).
- **Key the MAA-M maintenance amount (\$242);**
- **Retain the actual countable income (\$1,150);**
- **Retain the Medicaid classification (Q).**
- **Retain the Needs Unit (02).**

2. A husband living with his wife applies for MAA and MQB (dual eligibility) on 01/15/2010. His countable monthly income is \$1,310 (after \$20 general income deduction). His wife has no income, is under age 65, not disabled, and not entitled to Medicare.

Under policy for MAA, he is evaluated with an income limit for one person, and his income is over the MAA income limit (\$903). Family size budgeting is not applicable to MAA. He is medically needy for MAA and has an ongoing 6-month deductible of \$6,408 for 01/2010 – 06/2010, and a \$3,204 deductible for 10, 11, and 12/2009.

Additionally, following the current MQB policy, he is over the MQB-Q income limit for one person (\$903) and the MQB-B income limit for one person (\$1,083). He must be evaluated for MQB-Q and B using family size budgeting.

Under family size budgeting for MQB, he and his wife are a family unit of two. The MQB-Q income limit for two persons is \$1,215, and he is ineligible for MQB-Q. The MQB-B income limit for two persons is \$1,457, and he is determined eligible for MQB-B ongoing 01/01/2010 through 12/31/2010 and retro 10/01/2009 through 12/31/2009.

The initial case is MQB-B (income limit for two persons) ongoing. EIS can handle this case. Approve the application for MQB-B retroactive 10, 11, 12/2009 and ongoing 01/2010 through 12/2010.

- **Because family size budgeting is used to determine eligibility for MQB-B, enter a needs unit of 02;**
- **Enter the MQB-B maintenance amount for two persons (\$1,457);**
- **Enter the actual countable monthly income (\$1,310);**
- **Document the file that this case was budgeted using family size budgeting.**

The husband does not meet his retro MAA deductible. However, he meets his ongoing MAA deductible on 05/10/2010 and becomes eligible for MAA-M with an income limit for one person and MQB-B with an income limit for two persons.

When the deductible is met:

- **Key a program transfer to MAA with an authorization date of 05/10/2010 (EIS will automatically shorten the certification period from 01/01/2010 -- 12/31/2010 to 01/01/2010 – 06/30/2010);**
- **Key the MAA-M maintenance amount for 1 person (\$242);**
- **Retain the actual countable income (\$1,130);**
- **Retain the Medicaid classification (B).**
- **Retain the Needs Unit (02).**

3. A husband and father, living with his wife and 16-year-old child, applies for MAD & MQB (dual eligibility) on 01/05/2010. His countable monthly income is \$1,500 (after \$20 general income deduction). His wife has no income, is under age 65 and not disabled. His child has monthly income of \$500.

Under policy for MAD, he is evaluated with an income limit for one person and his income is over the MAD income limit for one person (\$903). Family size budgeting is not applicable to MAD. He is medically needy for MAD and has an ongoing 6-month deductible of \$7,548 for 01/01/2010–06/30/2010. He has no retroactive medical need for 10/01/2009 – 12/31/2009.

Additionally, following the current MQB budgeting, he is over the one-person income limit for MQB-Q (\$903), MQB-B (\$1,083), and MQB-E (\$1,219). He must be evaluated for MQB under family size budgeting.

Under family size budgeting for MQB, the applicant, his wife, and child are a family unit of 3. His child's income is not counted. The MQB-Q income limit for a family of three is \$1,526, and on 01/20/2010, the applicant is determined eligible for MQB-Q ongoing with a certification period of 01/01/2010 – 12/31/2010 and is authorized beginning 02/01/2010. EIS cannot handle an MQB-Q income limit for three.

EIS edits cannot currently handle the case. The worker must follow these instructions.

- **Because the MQB-Q case was found eligible under family size budgeting enter a needs unit of 03.**
- **Enter a maintenance amount and total countable income equal to the MQB-Q income limit for 2 persons (\$1,215).**

- **Document the file that this case was budgeted using family size budgeting. Make sure to note the correct budget for a needs unit of 3.**

The husband meets his deductible on 03/12/2010 and becomes eligible for MAD-M with an income limit for one person and MQB-Q with an income limit for three persons.

When the deductible is met:

- **Key a program transfer to MAD with an authorization date of 03/12/2010 (EIS will automatically shorten the certification period from 01/01/2010 – 12/31/2010 to 01/01/2010 – 06/30/2010);**
- **Key the MAD-M maintenance amount for 1 person (\$242);**
- **Retain the total countable income equal to the MQB-Q income limit for two persons (\$1,215);**
- **Retain the Medicaid classification (Q).**
- **Retain the Needs Unit (03).**

G. Document the Narrative or Case Record.

The following information must be included in the record. It is contained in the Family Size Budget Documentation Sheet (see [attachment 2](#)):

1. If you use family size budgeting, put the following statement in the record:

“This case is budgeted using the MQB family size budgeting method.”

2. If the MQB needs unit has a family size of more than two individuals, put the following statement in the record and fill in the correct amounts:

“System limitations required that I enter an income limit and maintenance amount for two people. The actual countable income is \$_____, the family size is _____ and the maintenance amount is \$_____.”

(Be sure to file in the record all the budget sheets that were completed according to III.B. above.)

IV. XPTR REPORT

For tracking and information purposes, a report is in NCXPTR that lists all the MQB, MAA, MAD and MAB cases that have a number in the needs unit field in EIS for each county. The report title is "DHRWDB MQB Budget CHG".

The report contains:

- District Number
- Casehead Name
- Case ID
- Aid Program/Category
- Medicaid Classification
- Number in the Needs Unit field
- Number in each aid program category and Medicaid Classification with a number in the needs unit for each county and statewide.
- Total number of all cases with a number in the needs unit for all counties.

V. EFFECTIVE DATE AND IMPLEMENTATION

- A. This policy is effective upon receipt. Apply this policy to all MQB/MWD applications, redeterminations and changes in situation in process or taken on or after this date.**
- B. All denials or terminations for excess income after June 17, 2009 must be reviewed to determine if the individuals would have been eligible using family size budgeting. A list of all those potentially affected will be created on XPTR and the counties will be notified when the XPTR reports are available. DMA will publish an addendum to this Administrative Letter with instructions on how to handle these cases.**

If you have any questions regarding this material, please contact your Medicaid Program Representative.

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Director

(This material was researched and written by William Appel, Policy Consultant, Medicaid Eligibility Unit.)