

CHANGE NOTICE FOR MANUAL 04-13, Earned Income Exclusions AND COLA DISREGARD

DATE: FEBRUARY 21, 2013

Manual: Aged, Blind, and Disabled Medicaid

Change No: 04-13

To: County Directors of Social Services

Effective: April 1, 2013

I. BACKGROUND

The order of deductions for the earned income exclusions, Impairment-Related Work Expenses (IRWE) and Work Expenses for the blind, are updated to match the order of deductions used by Social Security. It is important to follow the order of the deductions to guarantee accuracy of the budget.

Previously, some beneficiaries of aged, blind and disabled and Medicare Savings programs lost Medicaid benefits when a discrepancy between the COLA increase and the increase in the federal poverty level occurred. The North Carolina General Assembly during the short session of 2011 amended General Statute 10.6(a). This amendment (108A-54.4) provides provisions for Social Security and Railroad Retirement COLA disregard.

The federal poverty level increase of 2.6% for 2013 is higher than the Social Security Cost-of-Living Adjustment of 1.7%, therefore COLA Disregard may not affect most beneficiaries this year. A thorough evaluation must be completed because as the family size increases the FPL% decreases.

Centers for Medicare and Medicaid Services (CMS) and other federal agencies use the term beneficiary instead of recipient. To match their terminology, as policy changes, recipient and A/R will be changed to beneficiary and A/B.

II. CONTENT OF CHANGE

- A. MA-2250-IX.A.2 is revised to match the order of deductions used by Social Security.
- B. MA-2250-IX.E is revised to indicate the IRWE exclusion is deducted after the subtraction of the \$65.00 earned income exclusion and prior to the subtraction of 1/2 of the remainder.
- C. MA-2250-IX.F is revised to indicate work expenses for the blind are deducted after the subtraction of 1/2 of the remainder.
- D. MA-2130, MA-2140, MA-2160 and MA-2250 are revised incorporating amendment 108A-54.4 (COLA Disregard) provisions.

III. EFFECTIVE DATE and implementation

These changes are effective April 1, 2013.

A. Exclusion method

(1) Applications

Apply the new exclusion method in budgeting for all applications processed on or after April 1, 2013.

(2) Ongoing Cases

Apply the new exclusion method in budgeting at re-determination/review or change in situation.

(a) For reviews or changes in situation in process or begun on or after receipt of this change notice, use the new exclusion method when calculating the budget.

(b) For all other cases, apply this exclusion method at the next review or change in situation

B. COLA Disregard

When the COLA increase is greater than the Federal Poverty Level, some Medicaid beneficiaries may lose eligibility or move to deductible status. In this situation, the most recent COLA must be disregarded in determining continued eligibility. If the individual remains eligible when the SSA COLA is disregarded, the disregard continues until the beneficiary loses Medicaid eligibility or becomes eligible without the disregard. (Evaluate for COLA Disregard during review of NCXPTR report "DHREJA POV POT ELIG FOR PROG REV). This report is generated with the implementation of the Federal Poverty level changes in April of each year when the COLA is greater than the FPL increase.

The federal poverty level increase for 2013 is higher than the Social Security Cost-of-Living Adjustment, therefore this change may not affect most beneficiaries this year. However, a thorough evaluation must be completed because as the family size increases the FPL% decreases.

If a beneficiary is eligible for the COLA Disregard, code the individual as "UC" in the Individual Special Use field along with six digit date (MM/DD/YY) on the individual level in EIS.

iv. MAINTENANCE OF MANUAL

A. Remove: MA-2130, Qualified Medicare Beneficiaries – Q, page 3

Insert: [MA-2130](#), Qualified Medicare Beneficiaries – Q, page 3

B. Remove: MA-2140, Qualified Medicare Beneficiaries – B, pages 3 & 4

Insert: [MA-2140](#), Qualified Medicare Beneficiaries – B, pages 3 & 4

C. Remove: MA-2160, Qualified Individuals 1 (MQB – E), pages 7, 8 & 9

Insert: [MA-2160](#), Qualified Individuals – (MQB – E), pages 7, 8 & 9

D. Remove: MA-2250, Income, pages 93 - 104

Insert: [MA-2250](#), Income, pages 93 - 104

If you have any questions regarding this information, please contact a Medicaid Program Representative.

Carol Steckel, MPH

Director

(This material was researched and written by Kellye Wooten and Pam Cooper, Policy Consultants, Medicaid Eligibility Unit)