



B. J. Walker, Commissioner

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**MEDICAID MANUAL (ESS Policy Manual, VOLUME II) TRANSMITTAL NO. 17**

**TO:** County Departments of Family and Children Services  
State DFCS Staff

**FROM:** Mary Dean Harvey, Director  
Division of Family and Children Services

**RE:** Relative Care Placement, Loans when the Applicant/Recipient is a Borrower, Clarification on Bonds, Updates to Forms, Clarification on Annuities and other Miscellaneous Updates and Clarifications

**PURPOSE:** This manual transmittal contains policy updates and clarifications received since the previous transmittal.

**DISCUSSION:**

**2347** – New Section on Loans

**2848** – New Section on Relative Care Placement

**Appendix B** – Changes time frame for client request for continuation of benefits from 12 to 14 days.

**Appendix F - Form 227**, Notification of Change in Foster Care or Adoption Assistance revised to include Legal responsibility effective date. **Declaration of Citizenship Form** revised to be used for multiple AU members. **DMA 6 Instructions** – to questions 17, 18, 25, 310 and 39, added instructions to use N/A if question isn't applicable. **Form 129** – The notice has been given a title. Instead of date, it now says "annual review date", added signature line for A/R to agree that these are the resources to transfer. Verification of transfer must be received no later than annual review, and deleted portion of notice pertaining to diversion. Form 129 and SUCCESS notice should suffice. **Form 172 and instructions** revised. A sentence was added to the top of Form 172 that it is not for Medicaid Cap budgeting. A NOTE was added to front and back of the form that, for Q-track, the A/R must be eligible for that COA as both individual and couple if applying as an individual with an ineligible spouse. **Form 700** revised to add mailing address for applicant and the street address was change to "mailing address" for the RP. **Form 981** revised to add space for AU number and date. The heading on **Form 958** was corrected. **Application for MR/DD** has been added for Mental Retardation or Developmental Disabilities Services for workers to provide to A/Rs or RPs who may be interested in any of their programs. The **Notice of Review of Promissory Notes, Loans, or Property Agreements** was revised so it can be used for new applications as well as reviews.

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**Family Medicaid** – Miscellaneous updates, including CMD clarifications and updates to Documentation Standards (Appendix D) and Appendix J.

**Children in Placement Medicaid** – New Section on Relative Care Placement, updates to Documentation Standards (Appendix D) and Appendix K.

**ABD Medicaid** – New Section on Loans, updates to Documentation Standards (Appendix D) and Appendix I. Also includes updates in Appendix H, and clarification that payments on Annuities and contracts must be monthly.

Specific changes to the Sections are discussed briefly under the Comments Section below.

Manual Transmittal 17 includes information found in Medicaid e-mails numbered through 05-18

#### **UPDATES:**

<b>Section</b>	<b>Instructions for Manual Maintenance</b>	<b>Comment</b>
2050	Remove and Replace	Page 1 - Added info on where to apply for Medicaid, including links to the RSM Project Web Site
2052	Remove and Replace	Page 2 - Under CMD application requirements, clarifies that a new application is required when processing a CMD to a higher COA. Page 3, after step 4 of procedures, added note that timely notice is required when completing CMD from LIM to TMA.
2053	Remove and Replace	Page 1 – next to last paragraph, added statement to see page 3 for SSI prior month exception. Page 2 – added NOTE, middle of page explaining that RSM-PGW can be eligible for prior month without having unpaid medical expense. Page 3 – Under “Prior Months for SSI Applicants”, added statement that E02 is not valid for Medicaid unless the next month is C01. Treat as a prior month in that instance.
2054	Remove and Replace	Page 2 - 5th paragraph, added statement that Form 526 must have both a begin and end date for services provided.
2066	Remove and Replace	Page 3 - 2nd bullet, removed reference to institution operated for treatment of mental illness. 2nd paragraph under Private Placement of a child, added statement that a child placed in a psychiatric hospital would be considered absent from the home for treatment or training. Page 5 - Added to Chart 2066-1 Outdoor therapeutic program/outdoor therapeutic residential wilderness program as Medicaid eligible but non-reimbursable for IV-E
2135	Remove and Replace	Page 1 – In note at bottom of page, added info on how to get Rx filled for unrelated Hospice needs.
2139	Remove and Replace	Page 1 – Top of page and 1 <sup>st</sup> bullet, changed references from DMA-6 to “LOC Instrument”. Page 3 – Step 4, NOTE, changed reference from DMA-6 to “LOC Instrument”.

2198	Remove and Replace	Page 2 - 1st paragraph, added income limit for the BCCP program.
2205	Remove and Replace	Page 3 – Step 1, added information about employment and NOTE that Form 188 is not required for Katie Beckett COAs. Step 2, deleted references to Form 375, which is no longer a valid form. Step 3, added to include info regarding employment and wages to info sent to SMEU. Page 4 – Chart 2205.3, clarified in last block that includes if A/R is potentially RSDI eligible.
2215	Remove and Replace	Pages 1 & 2 - Clarified existing NOTE: citizenship/alienage must be established for a child to receive Medicaid under IV-E and State AA even if adoption has been finalized. Added information from the Child Citizenship Act of February 27, 2001. Page 2 - Added EXCEPTION to the 5 year from date of entry for retention of categorical eligibility for IV-E children who are qualified aliens.
2230	Remove and Replace	Page 5 – included other Medicaid claims, not just pharmacy. Added new # 4 for instances when the insurance is still valid but some services are exhausted.
2240	Remove and Replace	Page 2 – For ICWP, changed DMA-6 to “LOC Instrument”
2310	Remove and Replace	Clarifies that all bonds are counted as a resource.
2312	Remove and Replace	Page 2 – 4 <sup>th</sup> paragraph under Non-FBR COAs, added sentence that to retroactively designate funds for burial, the funds must currently exist. 5 <sup>th</sup> paragraph, made correction to next to last sentence, changing “designated” to “of the commingled funds”. Page 4 – Clarified last 2 paragraphs on page by changing word “designated” to “commingled”.
2313	Remove and Replace	Page 1 – Under bullet on Loans, referenced Section 2347 – Loans for Borrower Instructions. Page 2 – Under “Amortized” changed payment schedule to monthly ONLY. No quarterly or annual payments are permissible. Page 3 – 2 <sup>nd</sup> paragraph, Step 3, removed sentence “Proceed to Step 7” Page 5 – Special Considerations, added verbiage on “forgiving” contracts to compute a transfer penalty. Added that defaulting on payments includes “paid ahead” payments.
2339	Remove and Replace	Page 1 – 2 <sup>nd</sup> paragraph, Under “Basic Considerations”, added verbiage that an annuity should be part of a legitimate retirement plan set up in anticipation of retirement. 3 <sup>rd</sup> paragraph, added sentence that payments must be monthly. Page 2 – added new Step 3 regarding whether annuity is part of a legitimate retirement plan and how to handle, Step 4, added that payments must be monthly or require conversion to monthly. If not done, compute a transfer penalty on amount placed in annuity. Pages 4 – 6, corrected life Expectancy Table.
2342	Remove and Replace	Page 1 – Definition of FMV added. Page 4 – 2 <sup>nd</sup> bullet, if family provided free care at one time and subsequently want reimbursement for that care, money given is considered a transfer of resources.
2346	Remove and Replace	Page 1 – moved the 1 <sup>st</sup> bullet to be the last bullet. Added a NOTE for not assignable payments. Page 2 – reworded Step 3. Page 3 – reworded Step 1
2347	Insert after Section 2346	New Section on Loans
2399	Remove and Replace	Page 2 – Bonds, changed wording of reference. Page 7 – Income Tax Refund is excluded indefinitely. Page 10 – Loans to Others and Loans FROM Others, added MAY be a resources. Referenced Sections 2313 and 2347

2403	Remove and Replace	Page 1 - Under Basic Considerations, clarifies that income of a Child In Placement whose income has been diverted to the county of custody is considered the child's income and is included in budgets.
2418	Remove and Replace	Page 1 – 6 <sup>th</sup> bullet, added to VA Comp that it included the Dependency & Indemnity Comp. Page 3 – 2 <sup>nd</sup> paragraph, added sentence that if A/R receiving DIC elects \$90 PNA and subsequently leaves the NH, then A/R cannot resume receiving DIC> Under Verification, deleted mailing address.
2499	Remove and Replace	Chart 2499-1 Page 2 – Black Lung Benefit Verification, new phone number. Page 4 – Child's Earnings , added reference for Children in Placement. Page 5 – Child Support Arrearage, payment on adult child , Children in Placement info. Page 7 – Diverted Income for Family Medicaid – added how to treat benefits/support for children in placement. Page 15 – Irregular/infrequent income – corrected bullets to match Section 2504-5. Loans from Others and Loans to Others, stated it may be income. Referenced Sections 2313 (Lender) and 2347 (Borrower). Page 16 – Lump Sum – added that for Child in Placement to follow 1996 AFDC budgeting procedures. Page 19 – Relative Care Subsidy – reworded. Page 26 – Included Dependency & Indemnity Compensation under VA Compensation. Page 28 – Wages – added reference for Children in Placement.
2502	Remove and Replace	Page 1 – Under “Community Spouse”, 1 <sup>st</sup> sentence, deleted word “and”. Definition of Medicaid Child and Ineligible Child expanded to include any Medicaid COA. Page 2 – Definition of Ineligible Parent expanded to include any Medicaid COA, not just SSI or ABD. Page 6 - Under “Resource Eligibility Determination at 1 <sup>st</sup> Review”, deleted NOTE. Added verbiage to verify that A/R transferred assets over SSI limit to community spouse and if resources were transferred inappropriately to compute transfer penalty.
2507	Remove and Replace	Pages 1 & 2 – removed procedures for completing Form 172 and put this information in Appendix F. Reference Appendix F. Page 2 no longer exists.
2557	Remove and Replace	Page 3 – Added 2 sentences to last paragraph before Step 1 regarding doing reconciliation in current BM. Pages 5 & 6 – deleted all instructions regarding use of “Pat Liab. Inc/IME Calculation Sheet” as it is not a valid form.
2576	Remove and Replace	Page 1 - Last paragraph, added PeachCare to LIM/BCCP procedures for an A/R temporarily in a NH.
2657	Remove and Replace	Page 5 - Chart 2657.1, under failure to cooperate with application for other benefits, clarified RSM and FM-MN penalty for failure to apply for other benefits.
2760	Remove and Replace	Page 1 - 4th bullet under permanent verification section, Moved Notice of Privacy Practices from Case Support Section to documents belonging in Permanent Verification Section.
2812	Remove and Replace	Page 1 - Added Form 224 as part of the eligibility determination request from DJJ. Page 2 - reworded the process to align with DJJ procedures
2817	Remove and Replace	Page 1 - clarifies citizenship/alienage status for receipt of IV-E AA. Page 3 - Amended procedures for SSCM to include specific form number for determination of IV-E/State AA.
2820	Remove and Replace	Page 3 - added information on the Permanency Plan

2825	Remove and Replace	Page 7 - Referenced Section 2499, Treatment of Income.
2835	Remove and Replace	Page 5 - Removed "If the total net income is less than the SON proceed to step 4" and inserted "If the total net income is less than the SON for that AU, then the financial need of the child is established and the child is IV-E eligible"
2840	Remove and Replace	Page 1 - Step 2, inserted reference to Section 2499
2848	Insert after Section 2845	New Section on Relative Care Placement
2850	Remove and Replace	Page 1 - removed paragraphs on relative placement and inserted reference to Section 2848
2860	Remove and Replace	Page 3 - added information on the Permanency Plan
2870	Remove and Replace	Step 3 - added reference to Section 2820, Legal Status
2880	Remove and Replace	Page 1 - Under Basic Considerations, expried court orders now reads "DFCS no longer has custody per a court order".
2931	Remove and Replace	Page 3 – added NOTE that Part D is effective beginning the month following month of Medicaid approval. Medicaid will cover Rx until Part D coverage begins. Page 5 – Deleted last note on page since it is covered by the note on page 3.
Appendix B	Remove and Replace	Page 2, charts B.1 & B.2 - changes time frame for requesting a hearing and continuation of benefits to 14 days. Page 9 – Step 1 “See page 8” Step 2 & 3 changed “LSO” to “DCH Legal Services”. Added chart for what agencies do hearings.
Appendix D	Remove and Replace	Page 4 - Children in Placement - adds that all FM documentation standards apply for Children in Placement Medicaid. Page 6 - AREP, adds instructions for Children in Placement Medicaid. Page 9 - DME1, adds instructions for Children in Placement Medicaid; Page 11 - ALAS, alien status documentation is required if applicable; Page 18 - FCAR - adds that REMA should be a chronological narrative of case history. Pages 7, 9, 10, 27 & 28 - added standards for TMAI screen, added pregnancy verification, pregnancy terminated for reason other than live birth and deprivation coding to DME1, added declaration of citizenship to DEM2, added to whom income can be allocated to on DEAL, added instruction to list children separately on CARE. Page 19 – Places to document for Promissory Note is behind RES screen for how resource amount is calculated, even if zero. Page 22 – Behind TRAN if penalty, if not explain why. Page 28 – Behind UINC, if income producing, how determined amount to count.
Appendix E	Remove and Replace	Page 3 – 6 <sup>th</sup> block, added “TriCare” to “Champus” Page 7 – Last block, updated definition of GMCF Page 8 – HIPP is now “Health Insurance Premium Payment” , not “Purchase” Page 9 – expanded definition of Ineligible Child Page 11 – altered definition of Medicaid Designee.
Appendix F	Remove and Replace or Insert using Appendix F TOC as a guide	<b>Added:</b> Application for MR/DD (hard copy only) <b>Revised:</b> Appendix F TOC, Forms DMA6i, 129, 172, 172i, 222, 227, 700, 701, 958, 981, Declaration of Citizenship, Notice of Promissory Notes, Loans or Property Agreements.
Appendix G	Insert in front of MT 16 Cover Letter	Adds Cover Letter for MT 17.
Appendix H	Remove and Replace	Form 965 – minor revisions, total number of elements now 79. Form 965 instructions – corrected several errors.

Appendix I	Remove and Replace	Added information on completing the AREP screen
Appendix J	Remove and Replace	Added workaround for LIM/EMA cases with all AU members undocumented, added instructions for closing cases with less than 10 days left in the month.
Appendix K	Remove and Replace	Pages 1 & 2 - added Relative Care Placement Options
TOC 2300	Remove and Replace	Adds Section 2347
TOC 2800	Remove and Replace	Adds Section 2848
TOC 2900	Remove and Replace	Renames Section 2931
TOC- Main	Remove and Replace	Adds Sections 2347 & 2848

**Pen and Ink Changes:**

Update the Record of Receipt of Manual Transmittals for ESS Policy Manual, Volume 2, Medicaid.