Department of Human Resources 311 West Saratoga Street Baltimore MD 21201	FIA INFORMATION MEMORANDUM
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TO: DIRECTORS, LOCAL DEPARTMENTS OF SOCIAL SERVICES
DEPUTY/ASSISTANT DIRECTORS FOR FAMILY INVESTMENT
FAMILY INVESTMENT SUPERVISORS AND CASE MANAGERS

FROM: ROBERT J. EVERHARD, EXECUTIVE DIRECTOR, FIA
JOSEPH MILLSTONE, DIRECTOR, DHMH/MCPA

RE: MEDICAL ASSISTANCE DE-LINKING AND CORRECTIVE ACTIONS

PROGRAM AFFECTED: MEDICAL ASSISTANCE

ORIGINATING OFFICE: OFFICE OF POLICY, RESEARCH AND SYSTEMS

BACKGROUND

The Personal Responsibility and Work Opportunity Act of 1996 (PRWORA) required many significant changes to the way in which states administered welfare programs. The most significant change was the elimination of AFDC replacing it with Temporary Assistance to Needy Families (TANF). TANF provided for welfare grants to be fully administered by the states. A corollary to this change was the elimination of automatic or "categorical" eligibility for Medicaid to those families who receive welfare. Before PRWORA, all AFDC recipients were certified for Medicaid upon approval for AFDC, with no additional application or testing required. PRWORA eliminated the requirement that states grant Medicaid to all welfare recipients, but did permit states the option of offering automatic eligibility for Medicaid to welfare recipients which is sometimes referred to as "de-linking," since it broke the link between receipt of welfare and eligibility for Medicaid.

Maryland implemented its TANF program, Temporary Cash Assistance (TCA), on January 1, 1997. Maryland chose to grant automatic eligibility for Medical Assistance (MA) to TCA recipients, therefore Maryland's welfare recipients remained eligible for MA without additional application or testing of eligibility. In addition to this automatic coverage of TCA recipients (CARES coverage group F01), the requirement to provide transitional MA for one year to families who lost TCA due to earnings remained in place (CARES coverage group F02), as did the requirement for a four-month extension of MA to families who lost TCA due to increased child support collections

(CARES coverage group F03). Therefore, as of January 1, 1997 TCA recipients received MA as long as they remained eligible for TCA, and could remain eligible for MA without further application, if TCA was terminated due to earnings or child support.

The CARES system correctly certified recipients in the F01, F02, and F03 coverage groups since the implementation of welfare reform. CARES processing also allowed for automatic determination of eligibility in other coverage groups when eligibility for TCA was denied or closed for reasons other than earnings or support. However, the processing had certain limitations because it relied on the accurate use of specific closing codes to initiate certification in F02 and F03. The correct codes were not always entered due to clients' failure to report critical information, such as employment, and due to case managers using inappropriate codes. The result was that some families who may have been eligible for extensions of their MA following TCA closure did not receive that coverage.

Another limitation of CARES processing was that the automatic testing of MA eligibility in other coverage groups was limited to testing under the medically needy Family and Children's (FAC) program, and was limited to certain types of system generated closures and denials. The result of these limitations meant that again, some families who might have been eligible for MA were not properly tested and therefore did not receive coverage to which they may have been entitled.

Medical Assistance policy requires that a person who requests MA be considered in any coverage group for which they may qualify, and that eligible person remain eligible until a determination is made that they no longer qualify in any coverage group. The systems limitations noted above sometimes resulted in denials of Medical Assistance eligibility when eligibility had not been tested in all potential coverage groups, and also resulted in closures without testing in all potential coverage groups.

Corrective Action

DHMH and DHR are taking steps to ensure that families who have been denied or canceled from TCA, and did not subsequently receive MA, receive all benefits to which they may be entitled. The Departments also wish to ensure that all future determinations thoroughly exhaust the possibilities for eligibility. To achieve this the following steps have already been taken:

- Local departments have received instructions and briefings to reinforce the correct policy for comprehensive testing of MA eligibility before denial or closure of a case.

- A review process, which includes local supervisors and staff at central DHR, has been set up to review TCA closures and denials.

- MMIS has been altered to prevent closure of F01 coverage pending the completion of the reviews.

- CARES has been programmed to alert the worker to test for MCHP eligibility when a case fails eligibility under the FAC track.

- CARES has been programmed to trickle through the FAC track regardless of the closing or denial codes entered. Only a few codes, such as loss of state residency, death and dual participation result in a denial or closure that does not trickle.

Retrospective Relief

The above steps will address this eligibility issue for current applicants and recipients, however the Departments wish to provide appropriate relief to those families who may been adversely affected by systems limitations or worker errors prior to the implementation of these steps. This is referred to as "retrospective relief." To provide this retrospective relief, the following steps are being taken:

- Families whose TCA eligibility was denied or canceled since January 1, 1997, and who did not subsequently receive an MA determination are being given the opportunity to request coverage of medical expenses incurred back to the month of their denial or closure. These families will receive a packet which includes a one-page yellow application form and a return envelope. The yellow applications will be returned to DHMH and will be processed by DHMH staff. Eligibility for the coverage of prior bills will not appear on the CARES system, but will be determined off-line. The certifications will appear on MMIS in the Administration coverage group (S13).

- Families whose TCA was canceled since January 1, 1997, and who subsequently did not receive MA, will receive a Medical Assistance card valid for the months of November and December 1999. Recipients of the two-month cards will not be enrolled in HealthChoice. The two-month eligibility will be certified by MMIS in coverage group S13 and this eligibility will not appear on CARES.

- Even though the title of the application indicates coverage "through 5/31/99" DHMH will consider more recent bills as long as they are outside the regular three-month retroactive period.

Current Eligibility

In addition to the retrospective relief noted above, all families whose TCA eligibility was denied or canceled since January 1, 1997 and who did not receive a subsequent determination of MA eligibility will receive a short application form for current benefits. This short form will be included in the same mailing that includes the notices regarding retrospective relief and the yellow application. If the families want current MA they are asked to use the return envelope to send the short form to DHMH. DHMH will maintain a log on the application forms received and will forward them to the appropriate LDSS for processing of current eligibility.

It is important to understand that the short form application is a step taken to compensate for the fact that the automatic determinations of MA eligibility, which should

have occurred at the time of denial or closure, may not have taken place. In the automatic determination that is made when a case sprouts and trickles the applicant/recipient is not required to file a new application, attend an interview, and generally does not have to submit any additional information. When a determination is made without the participation of the client, is is called an "ex parte" determination.

The law requires that an ex parte determination occur when TCA is closed or denied. In certain instances, an ex parte determination may not have occurred, such determinations need to be conducted at this time. The short form application is required to update information such as address and income, and to provide sufficient identifying information on each AU member to process the case though CARES and MMIS. However, other standard application requirements, such as a face to face interview, are not required if they would not have been required when the case ideally should have sprouted or tricked. Due to the fact that the CARES system will, most likely, have outdated information, it is necessary to update such information in order to determine current eligibility. However, this should be done with the least amount of involvement of the client as possible.

Local Department Action

- Local departments are instructed in a separate Action Transmittal (#00-15) entitled ***"Medical Assistance Retrospective Relief"*** on procedures for processing the applications for current eligibility that are returned to DHMH.

INQUIRIES

Please direct questions to the DHMH Division of Eligibility at (410) 767-1463.

cc: DHR Executive Staff
DHMH Executive Staff
FIA Management Staff
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Constituent Services