

Rosemary Malone

DEPARTMENT OF HUMAN RESOURCES INCOME MAINTENANCE ADMINISTRATION 311 W. Saratoga Street Baltimore, Maryland 21201	IMA ACTION TRANSMITTAL
ISSUANCE DATE: September 18, 1995	EFFECTIVE DATE: UPON RECEIPT
	CONTROL NUMBER: IMA OPA #96-06

To: Directors, Local Departments of Social Services
Deputy/Assistant Directors, IMA
Income Maintenance Supervisors and Eligibility Staff

From: *Katherine L. Cook*
Katherine L. Cook, Acting Executive Director, IMA

RE: Medical Expense Reporting and Verification

Program Affected: Food Stamps

Originating Office: Office of Policy Administration

SUMMARY

This obsoletes Action Transmittal OPA 95-11 dated August 1, 1994, which notified local departments of the simplified reporting requirements for eligible households to claim the excess medical expense deduction.

BACKGROUND

The change in policy contained in Action Transmittal OPA 95-11 was implemented with guidance from the Food and Consumer Service (FCS) pending the final rulemaking. Additional requirements were implemented when the Final Rule was printed in the Federal Register. Information from OPA 95-11 is included in this transmittal. The additional clarifications and changes resulting from the Final Rule are in bold print.

POLICY IMPLEMENTED WITH OPA 95-11

The Food Stamp Act, as amended, requires the local department to work with elderly or disabled household members to determine the medical expenses that can be reasonably anticipated for the certification period. This includes changes that can be reasonably anticipated based on available information about the household member's medical condition, medical insurance coverage, and the current verified medical expenses. The local department cannot require the household to report additional changes.

Following is the clarification provided by FCS:

1. Households are still required to report and verify all medical expenses at the time of certification and recertification.
2. Households can, but are not required to, report changes in medical expenses during the certification period. The \$25 rule does not apply.

3. If a household does report a change, it must be acted upon within required time frames.
4. If the local department finds out about a change in medical expenses from a source other than the household, the agency will act on the change if it is considered verified on receipt and the agency can act on the change without contacting the household for additional information or verification. Following are two situations when this policy might apply:
 - a. Approval of a Medical Assistance case for the household resulting in no out-of-pocket medical expense.
 - b. Mass changes in Medicare premiums.

If the change would require recontacting the household, the change would not be acted on until recertification. Do not apply the changed information to the previous certification period.

5. If a household reports an anticipated medical expense at the time of certification but is unable to provide verification at that time, inform the household that the expense will be allowed upon receipt of verification.
6. Quality Control errors will be cited for the following:
 - a. Mistakes made by the local department at certification and recertification.
 - b. Incorrect reporting by the household at certification and recertification.
 - c. Failure to correctly act on changes reported during the certification period.

Example

Ms. Jones listed medical expenses on her application. She is 65 years old and receives Social Security benefits. She brought in a pharmacy printout for the past year for verification of her prescription expenses. The printout verified the following expenses:

Prescription #1	\$10 until 2 months ago when it increased to \$12 - Filled each month.
Prescription #2	\$10 - Filled every other month.
Prescription #3	\$15 - Filled every month until three months ago.
Prescription #4	\$21 - Filled as needed, but in looking at the pattern of the last year it is filled every three months.

Ms. Jones also had a doctor's statement showing visits every other month. The basic cost is \$30. Her Medicare expense is \$41.80. She stated on the application that she has an expense for an eye exam.

During the application interview, the Eligibility Worker reviewed the medical expense verification with Ms. Jones to establish a reasonable estimate of expenses for the certification period.

The allowable amount for prescriptions was:

Prescription #1	\$12	The current cost for the prescription.
Prescription #2	\$5	\$10 ÷ 2 - the period intended to cover is two months.
Prescription #3	\$0	This was not allowed because the medication was no longer needed.
Prescription #4	\$7	The client said she expects to continue to use the medication at the same rate. The \$21 was divided by 3.

The expense for doctor's visits was allowed in the amount of \$15 per month. The Medicare amount of \$41.80 was also included in the calculation of the medical deduction.

The anticipated amount for the eye exam was not allowed because she had no verification. Ms. Jones was informed that upon receipt of the verification, the agency would allow the one-time-only expense either in the month billed or averaged over the remaining months of the certification period.

This household's allowable monthly medical expenses totalled \$80.80.

NEW POLICY

Verification Requirements:

Apply the following verification requirements for changes in medical expenses voluntarily reported by the household during the certification:

- Verify reported changes that would increase a household's allotment prior to acting on the changes.

- When a change is reported that would decrease the allotment, or make the household ineligible, act on the change without verification. Obtain required verification prior to the household's recertification.

Supplements and Claims:

Do not issue supplements to or establish claims against households that choose not to report and/or verify changes in medical expenses when they occur during the certification period.

Client Notification:

A check stuffer will be sent with the next mass mailing to notify recipients of the change in reporting requirements for medical expenses. Until this time, inform recipients eligible for a medical expense deduction of the change in medical expense reporting requirements at the next recertification or interim change. Tell applicants at the time of application.

ACTION REQUIRED

AIMS

Enter the total medical expense on the AIMS 3, after dropping the cents. The system will subtract the \$35 benchmark.

CARES

Enter each expense on the FSME screen, keeping the cents. CARES will calculate the allowable medical deduction.

ACTION DUE

The changes resulting from the Final Rule must be implemented no later than September 5, 1995, but the effective date was May 8, 1995. Any household adversely affected by a delay in the implementation of the changes should be issued restored benefits.

Any variances resulting from the implementation of the Final Rule will be excluded from the quality control errors until March 6, 1996 (120 days from the required implementation date).

Please place the attached manual pages in the Food Stamp Manual for easy reference.

INQUIRIES

Please direct any questions to Kay Finegan at (410) 767-7939.

cc: IMA Management Staff

FOOD STAMP NOTICE

Changes In Reporting Medical Expenses

Are medical expenses used to determine your food stamps? If so:

- You must still report and show proof of all medical costs when you apply and when recertified.
- You can, but do not have to report changes in your medical costs during your certification period.
- If you report a change that would make your food stamps go up, you must show proof of the cost before your worker can make the change.
- If you report a change that makes your food stamps go down, or makes you ineligible, the worker can act on your report without proof. Your worker will ask you for proof at your next recertification.

REF: 7 CFR Section Title

VERIFICATION

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- Dependent Care Costs -- For those households claiming dependent care cost, the local department may verify that the household actually incurs the costs and the actual amount of the costs, if allowing the expense could potentially result in a deduction. This option is permitted on a one-time basis unless the provider has changed, the amount has changed and the change would potentially affect the level of the deduction, or unless questionable.
- Household Size -- Local departments are encouraged to verify household size. Factors involving household composition such as boarder status or whether or not a particular group of individuals customarily purchases and prepares meals together should not be verified unless questionable. Verification shall be accomplished through a collateral contact or readily available documentary evidence. Examples of acceptable documentary evidence which the applicant may provide include, but are not limited to, school records, draft cards, census records, and marriage records. Any documents which reasonably establishes household size must be accepted and no requirement for a specific type of document, such as a birth certificate, may be imposed.

408.7 • Verification of Changes

The same verification requirements that apply at initial certification apply to changes reported during the certification period with the following exceptions:

- Changes in income should not be verified if the source has not changed and if the amount has changed by \$25 or less, unless the information is incomplete, inaccurate, inconsistent, or outdated.
- Actual utility expenses which are unchanged or have changed by \$25 or less should not be verified unless the information is incomplete, inaccurate, inconsistent or outdated.
- Reported changes in medical expenses which result in an increased allotment must be verified either prior to acting on the change or prior to the second normal monthly allotment after the change is reported.
- If a change results in a decrease in the allotment, verification need not be provided until the next recertification.



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408.8 • Verification at Recertification

- Changes in income, actual utility expenses and medical expenses, must be verified if the source has changed or the amount has changed by more than \$25.
- Changes in income of \$25 or less must be verified if the information provided is questionable as defined above.
- Newly obtained SSN's must be verified and changes in SSN's that were previously verified must be reverified.
- Any other changes reported at the time of recertification are subject to the same verification requirements that apply at initial certification.
- Unchanged information will not be verified unless the information is questionable as defined above.

408.9 • Responsibility for Obtaining Verification

Documentary Evidence - The household has primary responsibility for providing documentary evidence to support its statements. Households may supply documentary evidence in person, through the mail, or through an authorized representative. The worker must accept any reasonable documentary evidence provided by the household as long as the evidence provides adequate verification of the statements on the application. If it would be difficult or impossible for the household to obtain the documentary evidence, the worker must attempt to assist the household.

Documentary evidence consists of a written confirmation of a household's circumstances. Some examples of documentary evidence are wage stubs, copies of checks, award letter (if recent), Immigration and Naturalization Service cards, utility bills, letters from employers confirming wages, etc.

Collateral Contact - Whenever documentary evidence cannot be obtained, the worker must substitute a collateral contact or home visit. (Whenever a home visit is used, it must be scheduled in advance with the household.) The household has the responsibility to provide the name of any collateral contact. It may request the worker's assistance in designating the collateral contact.

The worker is not required to use the collateral contact named by the household if the collateral contact cannot be expected to provide an accurate third party verification. When this occurs, the worker must ask the household to name another collateral contact. The worker is responsible for obtaining verification from acceptable collateral contacts.



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212.10 o Dependent Care
(Verification)

Dependent care expenses do not have to be verified unless questionable. Acceptable verification includes a bill or written statement from the provider or a collateral contact with the provider.

212.11 o Medical Expenses
(Verification)

Medical expenses including the amount of reimbursement must be verified at initial application; and at recertification if the source or the amount changes by more than \$25.

If a household voluntarily reports a change in medical expenses during a certification period, it must be verified if the change would increase the household's allotment.

Acceptable verification includes, but is not limited to:

- o Current bills or written statement from the provider, which show all amounts paid by insurance, medicare or medicaid;
- o Insurance, medicare or medicaid statements which show charges incurred and the amount paid by insurer;
- o BENDEX for medicare premiums;
- o Written statements from licensed health professionals;
- o Collateral contact with the provider. (May be most commonly used to determine cost over the counter medication and health-related supplies, and on-going medical transportation.)

Medical expenses must be documented on DHR/IMA FS-2, Application Worksheet. Attach supporting documents.

Verification of payment of the household's portion of these expenses is not necessary.

Shelter expenses do not have to be verified unless they are questionable.



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EXCEPTIONS: Utility expenses must be verified if the household claims actual expenses instead of the utility standard. Utility expenses for an unoccupied home must be verified. The utility standard cannot be used.

Acceptable verification includes, but is not limited to:

- o Mortgage or rental contracts or a statement from the mortgage company, bank or landlord.
- o Copy of tax, insurance, assessment bills or a collateral contact with the appropriate government or insurance office.
- o Current bills or a written statement from the provider for heat/utility expenses.
- o Collateral contact with the heat/utility provider.

NOTE: The worker is not required to assist households to obtain verification of shelter costs for an unoccupied home in another county or state.

212.12

- o **Action While Awaiting Verification**

Any questionable expense must not be allowed until verification is provided. If the expense cannot be verified within 30 days of the date of application, the worker must determine eligibility and the allotment level without providing a deduction for the unverified expense. This includes medical expenses which may be covered by a reimbursement if the amount of the reimbursement cannot be verified.

EXCEPTION: The utility standard must be allowed for household entitled to use it, if they wish to claim actual expenses but cannot provide verification within 30 days.



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420.1

HOUSEHOLD RESPONSIBILITY TO REPORT CHANGES

Certified households are required to report the following changes in circumstances:

- A. Changes in the source of income or in the amount of gross monthly income of more than \$25, except changes in the public assistance grant. Since the local department has prior knowledge of all changes in the PA grant, action shall be taken on the agency information.
- B. All changes in household composition, such as the addition or loss of a household member.
- C. Changes in residence and the resulting change in shelter costs; and
- D. The acquisition of a licensed vehicle not fully excludable under 201.3.
- E. When cash on hand, stocks, bonds, and money in a bank account or savings institution reach or exceed a total of \$2,000 or \$3,000 for an elderly household.

Households shall report changes within 10 days of the date the changes become known to the household.

Changes shall be considered to be reported by the household on the date the report is received by the local department or if mailed, the date the household's report is postmarked.

Local departments shall not impose any reporting requirements on households except as provided in 420.1.

420.2

REPORT FORM

The local department shall provide households with a form for reporting the changes required in 420.1 and shall pay the postage for the household to mail in the report. The reporting form shall at a minimum, include the following:

- A. A space for the household to report whether the change shall continue beyond the report month.



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- B. The civil and criminal penalties for violations of the Act in understandable terms and in prominent and bold-face lettering; and
- C. A reminder to the household of its right to claim actual utility costs if its costs exceed the standard.

420.2 The reporting form may also include the amount of gross income itemized by household member, used to certify the household, and the source and frequency of the income.

Changes reported over the telephone or in person by the household shall be acted on in the same manner as those reported on the change report form.

A change report form shall be provided to newly certified households at the time of certification, at recertification if household needs a new form, and a new form shall be sent to the household whenever a change is reported by a change report from from the client.

420.3 LOCAL DEPARTMENT ACTION ON CHANGES

The local department shall take prompt action on all changes to determine if the change affects the household's eligibility or allotment. Even if there is no change in the allotment, the local department shall document the reported change in the case-file, provide another change report form to the household, and notify the household of the receipt of the change report. If the reported change affects the household's eligibility or level of benefits, the adjustment shall also be reported to the household. The local department shall also advise the household of additional verification requirements, if any, and state that failure to provide verification shall result in increased benefits reverting to the original allotment. The local department shall document the date a change is reported, which shall be the date the local department receives a report form or is advised of the change over the telephone or by a personal visit. Restoration of lost benefits shall be provided to any household if the local department fails to take action on a change which increases benefits within the time limits specified in 420.4.

420.4 INCREASE IN BENEFITS

For changes which result in an increase in a household's benefits, other than changes described in the following section, the eligibility worker shall make the change effective not later than the first allotment issued 10 days after the date the change was reported to the local department.

For example, a \$30 decrease in income reported on the 15th day of May would increase the household's June allotment. If the same decrease was reported on May 28, and the household's normal issuance cycle was on June 1, the household's allotment would have to be increased by July.