

MEDICAID OPERATIONS MANUAL
TRANSMITTAL LETTER

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MEMORANDUM

TO: CUSTODIANS OF MEDICAID PROGRAM MANUALS

FROM: JOHN A. LIVERATTI, CHIEF, COMPLIANCE

SUBJECT: MEDICAID OPERATIONS MANUAL CHANGES

MATERIAL TRANSMITTED

MATERIAL SUPERSEDED

MTL 20/04
MANUAL 400 – HEALTH INSURANCE
FOR WORK ADVANCEMENT

*N/A
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* Please note this is a new chapter and that it does not supersede any previous Manuals, Policy News, Provider Bulletins or Procedure Memorandums.

DIVISION OF HEALTH CARE FINANCING AND POLICY

MEDICAID OPERATIONS MANUAL
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400 INTRODUCTION

The Health Insurance for Work Advancement (HIWA) program is Nevada’s version of the federal “Ticket to Work and Work Incentives Improvement Act” Medicaid Buy-in program. It serves individuals aged 16 through 64. The program is designed so individuals with disabilities who are employed can retain or establish Medicaid eligibility if they meet certain criteria.

Purpose of the Medicaid Buy-in:

- a. Provide health care to employed individuals with disabilities in order to reduce individual dependence on cash benefits such as SSI and SSDI.
- b. Encourage States to adopt the option of allowing individuals with disabilities to purchase Medicaid coverage that is necessary to enable them to maintain employment.
- c. Provide individuals with disabilities the option of maintaining Medicaid coverage while employed.

In December 1999 President Clinton signed the Ticket to Work and Work Incentives Improvement Act, P.L. 106-170. This legislation was developed as a means to remove barriers to employment for Americans with disabilities. Eliminating barriers to health care other needed services and supports and creating financial incentives to work can greatly improve short and long-term financial independence and financial well-being of individuals with disabilities. So concluded Congress when it included a Medicaid Buy-in option in Section 4733 of the Balanced Budget Act (BBA) and when it enacted TWWIIA. (U.S. Department of Health and Human Services, 2002), the Ticket to Work and Work Incentives Improvement Act of 1999. It is a nationwide initiative designed to bring major positive change to the lives of individuals with disabilities.

During the 1997 legislative session, the disabled community in Nevada approached the Legislature suggesting the members look at the Medicaid Buy-in option allowed under the Balanced Budget Act which had been signed earlier in that year. In July 2001, Governor Kenny Guinn signed into law Senate Bill 207 mandating the Department of Human Resources present a ‘cost neutral’ program design for Medicaid insurance coverage for working people with disabilities to the Legislative Interim Finance Committee in March 2002. The Division of Health Care Financing and Policy, with the assistance of a 13 member Medicaid Infrastructure Grant Advisory Group established in July 2001, completed research regarding the design of the Medicaid Buy-in program titled “Health Insurance for Work Advancement”. The acronym for the program is HIWA (pronounced “highway”). In April 2002, the Division of Health Care Financing and Policy informed the Legislative Interim Finance Committee that a cost neutral program was not feasible. The Division of Health Care Financing and Policy included the HIWA program in its budget presented in the 72nd Legislative Session. In July 2003 the Nevada State Legislature approved funding for the HIWA program.

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401 STATUTORY AUTHORITY

The Ticket to Work/Work Incentives Improvement Act (TWWIIA) of 1999 authorized states to include a Medicaid Buy-in option for individuals with disabilities who are employed and are at least 16, but less than 65 years of age. Nevada has extended the State's Medicaid Program to include a Medicaid Buy-in option for employed individuals with disabilities in order to provide the maximum potential to reduce dependency on cash benefit programs and to eliminate lack of medical coverage as a barrier to employment for individuals with disabilities. Nevada's Medicaid Buy-in for working individuals with disabilities is an optional service program approved by the Centers for Medicare and Medicaid Services (CMS).

Section 1902(r)(2)(A) of the Social Security Act permits states the use of more liberal income and/or resource methodologies than used by the Supplemental Security Income (SSI) program in determining eligibility for individuals qualifying for the Medicaid Buy-in optional group.

Section 4733 of the Social Security Act provides that states can require individuals to pay a premium or other cost sharing charges and may set a sliding scale based on income as the state may determine.

Nevada's Medicaid Buy-in program has incorporated income and resource methodologies which are more liberal than those used by the SSI program. Nevada has developed a sliding scale premium structure based upon participants combined net income as a percentage of the Federal Poverty Level (FPL).

Statutes and Regulations

- a. Ticket to Work/Work Incentives Improvement Act (TWWIIA) of 1999
- b. Section 1902(r)(2)(A) of the Social Security Act
- c. Section 4733 of the Social Security Act
- d. Public Law 92-603
- e. Public Law 96-265
- f. Public Law 105-33
- g. Public Law 106-170
- h. Social Security Act: Section 1902(a)(10)((A)(ii)(XIII)
- i. Social Security Act: Section 1902(a)(10)(A)(ii)(XV)

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- j. Social Security Act: Section 1902(a)(10)(A)(ii)(XVI)
- k. Social Security Act: Section 1902(r)(2)
- l. Social Security Act: Section 4733
- m. Health Insurance Portability and Accountability Act of 1996 (HIPAA)

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402 DEFINITIONS

402.1 APPROVED ACCOUNTS

The total of all non-excluded resources owned or available to the participant must have a value less than or equal to the maximum amount established by Nevada State Welfare Division (NSWD) for HIWA program participation. Non-excluded resources include, but are not limited to the following: Checking and savings accounts, stocks and/or brokerage accounts, mutual funds, traveler's checks, cash, precious stones and metals, etc.

402.2 BASIC COVERAGE GROUP (BCG)

Working individuals who are at least 16 years of age but less than 65 years of age, who, except for income and resources levels, meet the Social Security Administration's disability or blindness criteria.

402.3 CONDITIONAL APPROVAL

The participant has been determined eligible for Medicaid under the HIWA program, but the first premium payment has not been received.

402.4 FAMILY

The individual applying for, or, eligible for Medicaid under the HIWA program.

402.5 DISABILITY – HIWA PROGRAM

The participant must meet the Social Security Administration's disability or blindness criteria without regard to "substantial gainful activity" as defined in the Social Security Handbook Section 507.

402.6 DISABILITY – SOCIAL SECURITY ADMINISTRATION/SSI

The inability to engage in any substantial gainful activity due to the physical or mental impairments(s) which has lasted or can be expected to last for at least 12 months or can be expected to result in death.

402.7 DISABILITY DETERMINATION

The medical review of a participant's medical records to determine if the participant meets the Social Security Administration's definition of disabled excluding the Substantial Gainful Activity (SGA) requirement.

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402.8 EARNED INCOME

All income from employment: gross wages; tips; commissions; severance pay; net earnings from self-employment; and payments received for sheltered workshop activities.

402.9 EARNED INCOME DISREGARDS

In calculating countable earned income, the Social Security Administration does not count the first \$65 of earnings in a month plus one-half of the remainder.

402.10 EMPLOYMENT

Participant must provide proof of employment (e.g., pay stubs or written verification from the employer on the employer's letterhead). Self employment must be verified by review of IRS income tax return, or in the case of a new business, the business records from the participant's business.

402.11 EMPLOYMENT RELATED WORK DISREGARDS

Certain expenses paid for by the participant in order for the participant to work.

402.12 FEDERAL POVERTY LEVEL (FPL)

The Federal Government's statistical definition of poverty. This amount is updated each year.

402.13 GENERAL EXCLUSION

The first \$20.00 of total unearned income is not counted. If the entire \$20.00 is not used as a general exclusion, the unused portion is applied as an earned income deduction.

402.14 MEDICAL REVIEW TEAM

A team of medical and/or psychological consultants who are qualified to interpret and evaluate medical reports and other evidence relating to an applicant's physical or mental disabilities as necessary to determine if the applicant meets the program disability criteria.

402.15 NOTICE OF DECISION (NOD)

The method by which the Nevada State Welfare Division (NSWD) advises the participant of his or her Medicaid eligibility status.

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402.16 PREMIUM

Payment from the participant to the HIWA program to become or remain eligible.

402.17 RESOURCE EXCLUSIONS

Resources excluded from the calculation of countable resources when determining resource eligibility for the HIWA program.

402.18 RESOURCES

Assets owned or available to the participant for support and maintenance.

402.19 SUBSTANTIAL GAINFUL ACTIVITY (SGA)

Describes a level of work activity and earnings, as determined by the Social Security Administration.

402.20 UNCONDITIONAL APPROVAL

The applicant has been determined eligible for Medicaid under the HIWA program and has no premium payment requirements.

402.21 UNEARNED INCOME

“Unearned Income” is any income that is not earned. Some common types of unearned income, as defined by the Social Security Administration, are:

- a. In-kind support and maintenance (food, clothing, or shelter) given to an individual or received by an individual because someone else paid for it;
- b. Private pensions and annuities;
- c. Periodic public payments such as Social Security benefits, Railroad Retirement benefits, Department of Veterans Affairs pension and compensation payments, civil service annuities, workers’ compensation, unemployment compensation, and payments based on need involving Federal funds;
- d. Life insurance proceeds and other death benefits, to the extent that the total amount is more than the expenses of the deceased person’s last illness and burial paid by the deceased person’s estate;
- e. Gifts and inheritances;

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- f. Support and alimony payments in case or in-kind;
- g. Prizes and awards;
- h. Dividends and interest;
- i. Rents and royalties; and
- j. Certain payments not considered wages for Social Security purposes, such as:
 - 1. In-kind payments to agricultural and certain domestic workers;
 - 2. Tips under \$20 per month;
 - 3. Jury fees;
 - 4. Money paid to individuals who are residents, but not employees, of institutions; and
 - 5. Military pay and allowances, except basic pay.

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403 POLICY

403.1 GENERAL ELIGIBILITY CRITERIA

A. Citizenship

1. The participant must be a U.S. Citizen as defined in the Social Security Handbook Section 1725.2; or
2. The participant must be in Lawful Alien Status (a non-citizen is an eligible category) as defined in the Social Security Handbook Section 1725.3.

B. Residence

1. The participant must be living in Nevada with the intention of making Nevada his or her home permanently; or for an indefinite period of time (no expected end date); or must be living in Nevada with a job commitment; or must be seeking employment. Individuals do not have to have a fixed place of residence to meet this requirement.
2. Nevada residency continues when a participant is temporarily absent from the state if the participant intends to return to Nevada when the purpose of the absence has been accomplished.

C. Age

The participant must be at least 16 years of age and less than 65 years of age as established by the Ticket to Work and Work Incentives Improvement Act of 1999.

D. Disability

The participant must meet the Social Security Administration's disability or blindness criteria without regard to "substantial gainful activity" as defined in the Social Security Handbook Section 507.

E. Employment

Participant must provide proof of employment (e.g., pay stubs or written verification from the employer on the employer's letterhead). Self employment must be verified by review of IRS income tax return, or in the case of a new business, the business records from the participant's business.

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F. Non-concurrent Receipt of Assistance

Individuals receiving full Medicaid benefits under other Medicaid programs cannot concurrently receive full Medicaid benefits under the HIWA program.

403.2 COVERAGE AND LIMITATIONS

A. Services Covered

1. Participants eligible for Medicaid under the HIWA program are entitled to all services provided to recipients of Medicaid as listed in Chapter 100 of the Nevada Medicaid Services Manual.
2. Participants covered by Medicaid under the HIWA program are eligible to apply for up to three months retroactive Medicaid coverage from the month in which the original Medicaid application was filed. Retroactive Medicaid coverage under the HIWA program cannot be effective prior to July 1, 2004. Premiums due must be paid by the due date in order to receive Medicaid services.

B. Coverage Group

Basic Coverage Group covers employed individuals with one or more disabilities who are at least 16 years of age but less than 65 years of age and whose income and resources do not exceed the standards established by the State of Nevada.

C. Provider Responsibilities

1. Providers are responsible for confirming the participant's Medicaid eligibility each month.
2. Providers will refer to the Medicaid Services Manual Chapter 100 for provider enrollment procedures.

D. Participant Responsibility

Nevada State Welfare Division (NSWD) advises participants of his/her responsibilities.

E. Reporting Requirements

NSWD advises participants of reporting requirements.

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403.3 APPLICATION PROCESS

A. Overview

Applications for Medicaid under the HIWA program can be submitted in person or mailed to any NSW District Office.

B. Third Party Liability (TPL)

1. Medicaid is always the payor of last resort whenever any other resource may be available for payment.
2. When health insurance coverage is available at no cost to the client (e.g., through employment or Champus), the client must enroll for insurance coverage.

403.4 INCOME REQUIREMENTS

A. Unearned Income Standard

The unearned income standard amount can be obtained from NSW after June 1, 2004.

B. Income Disregards

Income disregards can be obtained from NSW after June 1, 2004.

C. Net Income Test

The Net Income Test is performed by NSW.

403.5 RESOURCE REQUIREMENTS

Resource requirements can be obtained from NSW after June 1, 2004.

403.6 TREATMENT OF OTHER INCOME

The way other income is treated can be obtained from NSW after June 1, 2004.

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403.7 DISABILITY DETERMINATION PROCESS

A. Disability Requirement

The participant must meet the Social Security Administration's definition of disabled or blind excluding the SGA requirement. Refer to Social Security Administration 20 CFR 404.1505 for complete definition.

B. Medicaid Medical Review Team Process

Refer to Nevada Medicaid Services Manual Chapter 3000.

C. Notice of Decision (NOD)

NSWD advises participants of eligibility determinations and changes in eligibility status through the use of Notices of Decision (NOD).

D. Disability Reviews

Disability Reviews are scheduled by the Medical Review Team. Refer to Nevada Medicaid Services Manual Chapter 3000.

403.8 PREMIUM REQUIREMENTS

A. Premium Schedule

The Premium Schedule can be obtained from NSWD after June 1, 2004

B. Premium Redetermination

Premium Redeterminations are calculated by NSWD any time a change in income is reported and at annual redetermination.

C. Premium Billing and Collection

1. Premium Payment Address

Premium payments, with invoice stub attached, are mailed to:

HIWA Program
1100 E. William Street, Suite 102
Carson City, NV 89701

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2. Posting of Premium Payments

DHCFP Accounting will post premium payments received within two working days of receipt of the premium payment and the attached invoice stub.

3. Effect of Nonpayment of Premiums

If premiums are not paid by the due date, eligibility for Medicaid under the HIWA program will be terminated.

403.9 TERMINATION

A. Ineligibility Period

Participants who are terminated for failure to pay premiums will not be eligible to Medicaid under the HIWA program for two years from the date of the past due premium(s) unless the past due premium(s) which caused Medicaid termination are paid in full.

B. Continuation of Eligibility

A participant who is no longer employed due to hospitalization, an inability to work that is directly related to the individual's disability, a worksite closure, or a loss of current transportation with no other alternative means of transportation available, will continue eligibility for an additional three months after the month in which eligibility ended, as long as the premiums due are paid by the due date.

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404 HEARINGS

Refer to Medicaid Services Manual Chapter 3100 for information regarding Hearing Procedures.

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405 REFERENCES AND CROSS REFERENCES

405.1 PROVIDER SPECIFIC INFORMATION

See Medicaid Services Manual Chapter 100, Section 105, for: Policy Resources – Medicaid Chapters as follow:

- 100 Eligibility, Coverage and Limitations (Overview of Medicaid)
- 200 Hospital Services
- 300 Radiology Services
- 400 Mental Health and Substance Abuse
- 500 Nursing Facility Services
- 600 Physician Services
- 700 Medicaid Rates, Cost Reporting and Audits
- 800 Laboratory Services
- 900 Private Duty Nursing
- 1000 Dental Services
- 1100 Ocular Services
- 1200 Prescribed Drugs
- 1300 Durable Medical Equipment
- 1400 Home Health Care
- 1500 Healthy Kids Program
- 1700 Therapy
- 1900 Medical Transportation
- 2000 Primary Care Case Management
- 2400 Rehabilitation and Case Management Services for the Physically Disabled
- 2500 Targeted Case Management
- 2800 School Based Child Health Services
- 2900 Mental Health Rehabilitative Services
- 3000 Disability/Incapacity Determination and Standards
- 3100 Hearings
- 3200 Hospice Services
- 3300 Surveillance and Utilization Review
- 3400 Residential Treatment Center Services
- 3500 Personal Care Aide Services
- 3600 Managed Care Organizations