

Service Chapter: ACA 510-03-85-25 and Non-ACA 510-05-85-23**Effective Date:** April 1, 2023**Overview**

In preparation for unwinding of the continuous Medicaid eligibility related to the Covid 19 public health emergency, the following sections of the ACA and Non-ACA manual have been updated.

Description of Changes**1. Income Compatibility 510-03-85-25- Clarification**

This section of the manual has been changed to add the hierarchy of electronic income data sources along with additional clarifying information. Income compatibility no longer considers changes in employment location it is strictly related to the total income the individual/household has. Examples are also updated.

2. Income Compatibility 510-05-85-23-adding New section to Non-ACA manual for income compatibility

Income Compatibility is a new section that has been added to the Non-ACA manual. This section is added to go along with the new passive review policy for Non-ACA cases which will go into effect April 1, 2023.

Income Compatibility 510-03-85-25 (ACA manual) & 510-05-85-23 (Non-ACA manual)**Background**

Provisions in the Patient Protection and Affordable Care Act of 2010 (PPACA or ACA) require states to rely as much as possible on electronic data sources when verifying information provided by applicants or recipients. Federal regulations restrict states from requesting verification from applicants or recipients unless the verification cannot be obtained through an electronic

data source, or information from the data source is not “reasonably compatible” with what the applicant or recipient has reported.

Available Electronic Verification Sources

The Centers for Medicare and Medicaid (CMS) have identified electronic verifications received from the following data sources to be valid when determining reasonable income compatibility for health care coverage (HCC) programs. Below is the list of electronic data sources in hierarchy order:

- Federal Data Services Hub (FDSH) TALX or The Work Number)
 - Can only be used to determine HCC program eligibility
 - FDSH (TALX or the Work Number)
 - Employers are not required to provide payroll information to
- Equifax
 - Can only be used for combination cases (HCC and other programs such as SNAP, TANF etc.)
- SDX and BENDEX
- ND Job Service Unemployment Insurance Benefits
- ND State Directory of New Hires
- ND Job Service Wage Information, Quarterly Wage Verification
 - ACA - When applying “reasonable compatibility” use income verification from the most recent calendar quarter to arrive at a monthly amount. Divide the quarterly amount from each source by 13 and multiply by 4.3.
 - **Exception:** Income received on a monthly or semi-monthly basis will not be converted.
 - Non-ACA – To arrive at the monthly amount, divide by 13 and multiple by 4.
- ND Child Support (FACSES)
- PARIS Interface

Reasonable Compatibility

Income Compatibility is a comparison of the income in SPACES with electronic data sources against the income limit for the applicable HCC program.

Reasonable Compatibility exists when income information reported by an individual and available electronic data sources are compatible. When reasonable compatibility is determined no further verification is requested from the individual.

The combined income of all types must be used to determine reasonable compatibility.

- Earned income
- Unearned income

Note: When determining 'reasonable compatibility' of income, the most recent verification of income from electronic sources must be used unless the household has provided more current information.'

Verification of income CANNOT be requested from an applicant or recipient unless the information cannot be obtained through an electronic data source, or information from the data source is not "reasonably compatible" with what the applicant or recipient has reported.

Exception: 'Reasonable compatibility' does not apply to THMP months.

At the time of initial application or review for Medicaid and the individual also applies for or submits a review for another program, check all data sources and compare the data received against the information received for the other programs to determine reasonable compatibility.

Scenarios for Reasonable Compatibility

If reported income and information obtained electronically through a data source are both above, at or below the applicable HCC program income standard, they are considered reasonably compatible.

1. When determining 'reasonable compatibility' for income other than self-employment:

- If both the electronic data sources and the member-reported information results in the individual's total countable income being below the individual's budget unit income level, the two data sources are "reasonably compatible" and further verification may not be requested or required. Utilize the most current information available. The calculation used to determine 'reasonable compatibility' MUST be narrated in the casefile.

Example #1: Joe is age 25 and single with an income limit of \$1,353.00 per month. At review, Joe reports that his earnings are \$500/month. ND Job Service Wage Match reports that his quarterly earnings are \$2,659.72.

To determine his monthly amount for ACA coverage from the Job Service wage electronic data verification source, divide \$2659.73 by 13 and multiply by 4.3. This results in verification of his monthly income of \$879.75.

To determine his monthly amount for Non-ACA coverage from the Job Service wage electronic data verification source, divide \$2659.73 by 13 and multiply by 4. This results in verification of his monthly income of \$818.37.

Since both his reported income and the ND Job Service Wage Match electronic data source verified income are below his budget unit income level, his income is "reasonably compatible" and Joe is re-determined eligible for HCC. The Job Service wage electronic data verification source will be used since it is the most current and additional verification cannot be requested

Example #2: A new application is received for Barb, who is age 31 and single with an income limit of \$1,353.00 per month. Barb reports she is employed and earns \$1,250 per month. Since Barb is a new applicant, a search of the electronic data sources did not return a response. Therefore, 'reasonable compatibility' cannot be determined and verification of wages must be requested from Barb.

- b. If both the electronic data source and the member-reported information results in the individual's total countable income being above the individual's budget unit income level, the two data sources are "reasonably compatible" and further verification may not be requested or required.

Example #1: Melanie is age 27 and single with an income limit of \$1,353.00 per month. At review, she reports that her earnings are \$1,500 per month. The ND Job Service Wage Match reports that her quarterly earnings for the most recent quarter are \$4,500.

To determine her monthly amount for ACA coverage, divide \$4,500 by 13 and multiple by 4.3. This results in a verification of her monthly income of \$1488.46. Melanie is determined not eligible for Medicaid and her case would be closed without requesting any further verification.

Example #2: A new application is received for Brady, who is age 40 and single. Brady reports he is employed and earns \$1,925 per month. Since Brady is a new applicant, a search of the Federal Data Services Hub (FDSH) does not provide any response. Therefore, 'reasonable compatibility' cannot be determined, and verification of wages must be requested from Brady.

- c. If verification from the electronic data source puts the individual's total countable income above the individual's budget unit income level, but the member-reported information puts the individual's total countable income below that level (or vice versa), the two sources are not "reasonably compatible" and further verification is required to determine eligibility.
- The calculation used to determine 'reasonable compatibility' MUST be narrated in the casefile.

Example 1: Lynn is age 34 and single with an income limit of \$1,353.00 per month. At review, the member reported information indicates his earnings are \$1,100/month. The Federal Data Services Hub (FDSH) reports that his earnings are \$2,066.95. Since there is a difference in the eligibility outcome, between the member reported earnings and the FDSH data source, Lynn's reported information is not considered to be "reasonably compatible", and the agency must request additional verification from Lynn to determine eligibility.

Example 2: Michelle applies for herself and her two children. She reports that she started a job last month and is earning \$1,400/month. Since this is a new application, the quarterly Job Service wage verification is not available, and the reasonable compatibility test cannot be performed. Michelle will be required to verify her earnings.

- If the electronic source of Equifax received through the Federal Data Services Hub (FDSH) provided verification of Michelle's wages from Walmart, 'reasonable compatibility' must be used to determine Michelle's eligibility.

2. When determining 'reasonable compatibility' for unearned income:

- If the source of the income reported matches the source verified through the available electronic sources and the amounts are considered "reasonably compatible", further verification cannot be requested from the applicant or recipient. If verification cannot be obtained through the electronic source, the individual must provide documentation of the unearned income.

The calculation used to determine 'reasonable compatibility' MUST be narrated in the casefile.

3. When determining 'reasonable compatibility' for self-employment income, the income must be verified based on current policy. See policy at 510-05-85-20 or 510-03-85-13 (ACA).

Income Compatibility 510-03-85-25

Background

~~Provisions in the Patient Protection and Affordable Care Act of 2010 (PPACA or ACA) require states to rely as much as possible on electronic data sources when verifying information provided by applicants or recipients. Federal regulations restrict states from requesting verification from applicants or recipients unless the verification cannot be obtained through an electronic data source, or information from the data source is not "reasonably compatible" with what the applicant or recipient has reported.~~

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Available Electronic Verification Sources

The Centers for Medicare and Medicaid (CMS) have defined electronic verifications received from the following sources to be valid when determining reasonable compatibility for health care:

- ND Child Support (FACSES)
- ND State Directory of New Hires
- ND Job Service Unemployment Insurance Benefits
- ND Job Service Wage information, including the Quarterly Wage Verification
- Other Benefit Information (SSA and SSI Income)
- PARIS Interface

In addition, to the above electronic verification sources, North Dakota connects to the Federal Data Services Hub (FDSH) (TALX) which is free of charge to states and also directly with Equifax:

- FDSH/TALX will be used for Medicaid Only cases.
- Equifax will be used for combination cases. A combination case is HCC and at least one other program (SNAP, CCAP, TANF, LIHEAP).

Note: Employers are not required to provide their payroll information to FDSH/Equifax and therefore, verification of wages may not always be available through these interfaces.

Reasonable Compatibility

For purposes of this section, verification of income from all data sources is "reasonably compatible" if it results in the same eligibility outcome as member-reported information from those same sources. "Reasonable Compatibility" must be applied to each category of income; earned and unearned, as well as each source of income.

Note: When determining 'reasonable compatibility' of income, the most recent verification of income from electronic sources must be used.

Verification of income CANNOT be requested from an applicant or recipient unless the information cannot be obtained through an electronic data source, or information from the data source is not "reasonably compatible" with what the applicant or recipient has reported.

Exception: 'Reasonable compatibility' does not apply to THMP months. Refer to policy at 510-03-90-60.

If at the time an individual applies for or submits a review for Medicaid the individual also applies for or submits a review for another program:

- ~~Any income verifications requested and received as a result of the application or review of the other program shall be used to determine eligibility for Medicaid and "reasonable compatibility" does not need to be determined.~~
- ~~If the income verifications requested as a result of the other program are not received, "reasonable compatibility" must be determined based on information the individual reported and the verifications received through the electronic sources.~~

~~If an individual has multiple income types and sources, "reasonable compatibility" must be determined for each type and source, and the highest amount from each type and source must be used to determine eligibility.~~

~~**At application**, the quarterly earned income verification will NOT have been received from the electronic data source of ND Job Service. Therefore, this source cannot be used to determine 'reasonable compatibility' at application.~~

~~**At review**, the quarterly earned income verification returned from the electronic data source of ND Job Service, MUST be used and is NOT permitted to be disregarded when applying the "reasonable compatibility" policy because of concerns about the accuracy of the data even though the information is not timely.~~

- ~~When applying "reasonable compatibility" for verification for the most recent calendar quarter for which ND Job Service has reported, to arrive at a monthly amount to use for the reasonable compatibility test, divide the quarterly amount from each source by 13 and multiply by 4.3.~~

~~**Exception:** Income received on a monthly basis will not be converted.~~

- ~~When determining 'reasonable compatibility' for earned income other than self-employment:~~

- ~~If both the electronic data sources and the member-reported information for the same source results in the individual's total countable income being below the individual's budget unit income level, the two data sources are considered to be "reasonably compatible" and further verification may not be requested or required. The higher of the two amounts will be utilized.~~

~~**Note #1:** Allowable expenses must be deducted from both the client statement of income and the electronic source of income before doing the reasonable compatibility test.~~

~~**Note #2:** The calculation used to determine 'reasonable compatibility' MUST be narrated in the casefile.~~

~~**Example #1:** Joe is age 25 and single with an income limit of \$1,353.00 per month. At review, he reports that he works at Menards. He states his earnings are \$500/month. Job Service quarterly wage verification reports that his quarterly earnings from Menards are \$2,659.72. To determine his monthly amount from the Job Service wage verification, divide \$2659.73 by 13 and multiply by 4.3. This results in verification of his monthly income of \$879.75. Since both his self-declared income and the Job Service ND verified income is below his budget unit income level, his reported income is considered to be "reasonably compatible" with the Job Service wage verification and must be used. The highest monthly income amount of \$879.75 would be used to determine his eligibility, without requesting additional verification.~~

~~**Example #2:** A new application is received for Barb, who is age 31 and single. Barb reports she is employed at Kohl's and earns \$1,250 per month. Since Barb is a new applicant, search of the electronic source Job Service will not provide any response. Therefore, 'reasonable compatibility' cannot be determined and verification of wages must be requested from Barb.~~

~~**Note:** If the electronic source of Equifax received through the Federal Data Services Hub (FDSH) provided verification of Barb's wages from Kohl's, 'reasonable compatibility' must be used to determine Barb's eligibility.~~

- ~~b. If both the electronic data source and the member-reported information results in the individual's total countable income being above the individual's budget unit income level, the two data sources are considered to be "reasonably compatible" and further verification may not be requested or required.~~

~~**Note #1:** Allowable expenses must be deducted from both the client statement of income and the electronic source of income before doing the reasonable compatibility test.~~

~~**Note #2:** The calculation used to determine 'reasonable compatibility' MUST be narrated in the casefile.~~

~~**Example #1:** Melanie is age 27 and single with an income limit of \$1,353.00 per month. At review, she reports that her earnings from her job at Walmart increased to \$1,500 per month. The Job Service quarterly wage verification reports that her quarterly earnings for the most recent quarter from Walmart are \$4,500 resulting in a monthly amount of \$1488.46 ($\$4,500/13 \times 4.3$). Since both amounts exceed her budget unit income level, the income she declares is considered 'reasonably compatible' with the Job Service quarterly wage verification and the agency must use the higher of the two amounts, \$1,500 per month, without requesting additional verification. Melanie is not eligible for Medicaid and her case would be closed without requesting any further verification.~~

~~**Example #2:** A new application is received for Brady, who is age 40 and single. Brady reports he is employed at Target and earns \$1,925 per month. Since Brady is a new applicant, search of the electronic source Job Service will not provide any response. Therefore, 'reasonable compatibility' cannot be determined and verification of wages must be requested from Brady.~~

~~**Note:** If the electronic source of Equifax received through the Federal Data Services Hub (FDSH) provided verification of Brady's wages from Target, 'reasonable compatibility' must be used to determine Brady's eligibility.~~

- ~~c. If verification from the electronic data source puts the individual's total countable income above the individual's budget unit income level, but the member-reported information puts the individual's total countable income below that level (or vice versa), the two data sources are not "reasonably compatible" and further verification is required in order to determine eligibility.~~

~~**Note #1:** Allowable expenses must be deducted from both the client statement of income and the electronic source of income before doing the reasonable compatibility test.~~

~~**Note #2:** The calculation used to determine 'reasonable compatibility' MUST be narrated in the casefile.~~

~~**Example 1:** Lynn is age 34 and single with an income limit of \$1,353.00 per month. At review, he reports that his earnings are \$1,100/month from Lowes. Job Service quarterly wage verification reports that his quarterly earnings from Lowes are \$4,925.85. To determine his monthly amount from the Job Service wage verification, divide \$4,925.85 by 13 and multiply by 4.3, which results in monthly income of \$2,066.95. Since there is a difference in the eligibility outcome when applying the Job Service wage reported income, Lynn's reported information is not considered to be "reasonably compatible", and the agency must request additional verification from Lynn in order to determine eligibility.~~

~~**Example 2:** Michelle applies for herself and her two children. She reports that she started a job last month at the Walmart and is earning \$1,400/month. Since this is a new application, the quarterly Job Service wage verification is not available and the reasonable compatibility test cannot be performed. Michelle will be required to verify her earnings.~~

~~**Note:** If the electronic source of Equifax received through the Federal Data Services Hub (FDSH) provided verification of Michelle's wages from Walmart, 'reasonable compatibility' must be used to determine Michelle's eligibility.~~

~~d. If the electronic data source does not provide verification of income from the same source as what the member reported, the two data sources are not "reasonably compatible" and further verification is required in order to determine eligibility.~~

~~**Note #1:** Allowable expenses must be deducted from both the client statement of income and the electronic~~

~~source of income before doing the reasonable compatibility test.~~

~~**Note #2:** The calculation used to determine 'reasonable compatibility' MUST be narrated in the casefile.~~

~~**Example:** Charlie is age 45 and reports at review he is employed by Scheel's and earns \$1,400/month. The Job Service quarterly wage verification shows Charlie had \$6000 for the most recent quarter from West River Feed. Since the source of the Job Service verification does not match the source of Charlie's reported earnings, 'reasonable compatibility' does not apply and Charlie will need to provide verification of his income in order to determine his eligibility.~~

~~**Note:** If the electronic source of Equifax received through the Federal Data Services Hub (FDSH) provided verification of Charlie's wages from Scheel's, 'reasonable compatibility' must be used to determine Charlie's eligibility.~~

~~2. When determining 'reasonable compatibility' for unearned income:~~

- ~~○ If the source of the income reported matches the source verified through the available electronic sources and the amounts are considered "reasonably compatible", further verification cannot be requested from the applicant or recipient. If verification cannot be obtained through the electronic source, the individual must provide documentation of the unearned income.~~

~~**Note:** The calculation used to determine 'reasonable compatibility' MUST be narrated in the casefile.~~

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~~3. When determining 'reasonable compatibility' for self-employment income, the income must be verified based on current policy.~~