Par. 1. Material Transmitted and Purpose – Transmitted with this Manual Letter are changes to Service Chapter 510-05 Medicaid Eligibility Factors. New language is in red and underlined and removed language has been struck through. This manual letter includes and supersedes IM 5112, "Tax Refunds"; Amended IM 5144, "Income from Spirit Lake Nation and Sisseton-Wahpeton Oyate Lake Traverse Reservation"; IM 5154 "Average Cost of Nursing Care 2013"; IM 5156, "Calculation of Remedial Expenses in Excess of Medically Needy Level"; IM 5160, Tax Refunds; IM 5162 and Revised IM 5162. "NUMIDENT - Invalid Matches with Social Security"; IM 5163, "Medicaid Poverty Levels; Amended IM 5168, "Public Assistance Reporting Information System (PARIS)" and IM 5172 "Spousal Impoverishment – Increase in Income Level for Additional Household Members."

Improper Payments and Suspected Fraud 510-05-10-25

New subsection 8 is added to this section to incorporate Amended IM 5168 – Public Assistance Reporting Information System (PARIS). This **supersedes IM 5168.**

8. The Public Assistance Reporting Information System (PARIS) is a computer data matching and information exchange system administered by the Department of Health and Human Services (DHHS) and Administration for Children and Families (ACF). This system provides States with a tool to improve program integrity in administering Public Assistance and Medicaid programs. PARIS is designed to match State enrollment data from TANF, SNAP and Medicaid Programs with data from other participating States and from a selected group of Federal databases. See also "Public Assistance Reporting Information System (PARIS) at 448-01-50-40.

   Effective May 1, 2013, processing of PARIS hits has been incorporated into the TECS eligibility system. The first hits that will appear will be for the benefit month of August, 2012. Thereafter, you will receive PARIS hits on a quarterly basis in:

   - June for the benefit month of May,
   - September for the benefit month of August,
   - December for the benefit month of November,
   - March for the benefit month of February.

Social Security Numbers 510-05-35-80

Language is added to subsection 5 to include direction for those situations when an individual's Social Security Number does not match NUMIDENT. This **supersedes** IM 5162 and Revised IM 5162.

5. Social Security numbers are electronically verified through the NUMIDENT system for all recipients. When a number is reported as not valid, the recipient must provide their valid SSN in order to continue eligible for Medicaid.

   NUMIDENT - This interface is used to verify an individual's social security number, age and sex. Administrative Manual Section 448-01-50-15-60, "NUMIDENT" provides additional information regarding the NUMIDENT interface, and defines the alerts that are created when the NUMIDENT match is determined 'Invalid'.

   When the return NUMIDENT file is processed, the following indicators display in the NUMIDENT field on Client Profile in both the TECS and Vision systems with the results of the match:

   - Blank – means the information has not been sent to Social Security Administration
   - I – Invalid match for social security number
   - S – Sent to Social Security Administration for verification
   - V – Valid match for social security number

   If the indicator is 'I' (invalid) the SSN, name, date of birth or sex of the individual was an invalid match with the SSA information.

   When the worker receives one of the following alerts, a valid or active SSN has not been provided:

   - SSN Invalid
   - SSA has different SSN for client, a valid SSN has not been provided
   - More than 1 SSN at SSA

   When the worker receives one of the following alerts, information entered into the system may be incorrect or the individual's NUMIDENT record at SSA has incorrect information.

- SSN Invalid – sex does not match
- SSN Invalid – DOB does not match
- Sex & DOB do not match SSA
- Name does not match SSN

The eligibility system may be incorrect or the individual's NUMIDENT record at SSA has incorrect information. The worker should check the information entered into the system for accuracy. If the worker is unable to determine if the information in the system is accurate, the worker must contact the household (via phone or notice) to determine the correct date of birth or sex and then correct the information in the system. If the worker contacts the household by phone, the contact must be thoroughly documented in the narrative. The worker must document the request and give the household 10 days to provide the number.

- If the household refuses to provide the SSN, or fails to respond to the request, that individual's coverage must be ended or denied.
- If the household requests additional time, another 10 days may be allowed.
- Household members who are not requesting coverage are not required to provide a SSN.

If the individual can only show a request date and not a number, they have until the next review to provide a SSN, or eligibility will end for that individual. Newborns may be eligible until the month of their first birthday with a request date, after that, a SSN must be provided.

Asset Considerations 510-05-70-10

Subsection 1(j) is added to clarify that, once eligibility has been established and an individual's client share has been determined, payments of that client share to a provider are not considered available assets if the client share has not as yet been applied to the client's services.

1. All assets which are actually available must be considered in establishing eligibility for Medicaid. Assets are actually available when at the disposal of an applicant, recipient, or responsible relative; when the applicant, recipient, or responsible relative has a legal interest in a liquidated sum and has the

legal ability to make the sum available for support, maintenance, or medical care; or when the applicant, recipient, or responsible relative has the lawful power to make the asset available, or to cause the asset to be made available. Asset availability is also as follows:

j. Payments made to a provider for an individual's client share when the client share has not as yet been applied to the individual's bill are not considered available assets once the individual is eligible and the client share has been determined.

Example 1: Ida Maypole applied for Medicaid and was approved with a $500 client share starting in January. She is in a Basic Care facility and knows her monthly bill will exceed her client share. She pays her client share every month on the first. In July, the eligibility worker gets an alert that Ida has not incurred her client share. To date, the facility has not billed Medicaid. Because Ida was informed of her client share, what she paid at this time is not a countable asset for Ida because she was informed of her client share and paid it for services received.

NOTE: If it is later determined that Ida did not actually incur her client share due to a 3rd-party payor such as Medicare paying all or part of the bill, at the time this is discovered, the unapplied client share IS counted as an available asset.

Example 2: Donald Duck applied for Medicaid and was approved with a client share of $785 per month. Donald is in receipt of HCBS services at home, however, the wrong living arrangement was entered, and his HCBS claims are not being applied to his client share. Donald knows his client share and has been paying it to his HCBS provider monthly. His credit balance with his provider is not an available asset because once the living arrangement is corrected, claims will be adjusted and his client share will be incurred.

Excluded Assets 510-05-70-30

Language is added to Subsections 8(a) and 8(c) to incorporate the **changes** in policy per House Bill 1232 passed by the 2013 legislature that take effect August 1, 2013. Subsection 16 is updated to reflect the change in the exclusion of federal income taxes as an asset for twelve months. This **supersedes** IM 5112 and 5160.

8. Any pre-need funeral service contracts, prepayments or deposits, regardless of ownership, which total $6000 or less, which are designated by an applicant or recipient for the applicant's or recipient's burial. An applicant or recipient designates a prepayment or deposit for his or her burial by providing funds that are used for that purpose. Only those prepayments paid by members of the Medicaid unit are considered as burial prepayments.

   Earnings accrued on the total amount of the designated burial fund are excluded.

   A burial plot for each family member (eligible or ineligible) will also be excluded. A burial plot is defined to include a grave site, crypt, or mausoleum. (Effective July 1, 1996.)

   Markers, monuments, and vaults that have been pre-purchased separately from a pre-need funeral service contract are not considered part of a burial plot and are not considered as prepayments or deposits for burial. These items are countable assets for Medicaid, based on their current market value. A marker or monument that has already been engraved with some of the individual's information will likely have a reduced value. It may still have a market value, however, the value will be reduced by the cost to resurface the marker or monument. When a double marker has been purchased and one spouse has already passed away, it can be determined that there is no resale value for the marker.

   a. A purchaser of a pre-need funeral service may make a certain amount of the pre-need funds irrevocable. The irrevocable amount may not exceed the amount of the burial asset exclusion at the time the contract is entered, plus the portion of the $3,000 asset limitation the purchaser designates for funeral expenses. The value of an irrevocable burial arrangement must be considered towards the burial exclusion. Amounts that may be designated as irrevocable vary from

state to state. When an individual moves to North Dakota from another state, North Dakota Medicaid will honor the other state's limits on these burials.

Example: In 2013, the burial asset exclusion is $6,000 and, while it is not wise to do so, the individual may put the remaining $3,000 of their asset limit into burial funds. If the individual puts $9,000 into an irrevocable burial fund, the whole amount is excluded as an asset because irrevocable burial funds are not countable. The individual may still keep $3,000 in other countable assets. Any further burial funds would be countable towards the $3,000 asset limit.

Example: If the individual in the above example put $15,000 in an irrevocable burial fund, amounts exceeding the $9,000 maximum would be a disqualifying transfer because the individual is taking available assets and making them unavailable.

Example: John Smith purchased a prepaid burial in the amount of $7500 with his local funeral home. The funeral home is the owner of the burial fund, and it is irrevocable. John has also designated $2500 in a CD for his burial. Because irrevocable burial funds are excluded as assets, $7,500 is not a countable asset but must be applied to the $6000 burial exclusion. The $2500 CD designated for burial is a countable asset allowing the individual $500 in other assets.

Example: Jim Smith has an irrevocable burial account in the amount of $4,000. He also wishes to designate his savings account of $5,500. Because the irrevocable burial MUST be applied towards the $6000 burial exclusion, only $2,000 of the savings account may be excluded. The remaining $3,500 in the savings, can still be designated for burial, but is a countable asset. If this individual is single or has other assets, he will fail the asset test.

This rule prevents sheltering of assets. In the example above, if we were able to apply the countable asset, the savings account toward the $6000 burial exclusion, the full irrevocable amount would be an excluded asset. This would allow too large an amount designated for burial.

b. Any funds, insurance or other property given to another person or entity in contemplation that its value will be used to meet the burial needs of the applicant or recipient must be considered towards the

burial exclusion. This includes any funds set aside in a separate account or used to purchase insurance or any other burial product. Any amount in excess of the $6000 burial exclusion is a countable asset if the fund, insurance, or other property has a cash value, fair market value, or surrender value.

Example: A Medicaid recipient with an insurance policy that is designated for burial previously transferred ownership of the policy to his daughter. The policy has a current cost basis of $6400 and cash surrender value (CSV) of $7500. The insurance policy is considered to be transferred in trust to meet the burial needs of the recipient. $6000 is excluded under the burial exclusion and the additional $400 in cost basis is a countable asset to the recipient ($6400 - $6000 = $400). The extra $1100 in cash surrender value is earnings and is excluded ($7500 CSV - $6400 cost basis = $1100 earnings).

c. Normally a life insurance policy is a countable asset valued at its cash surrender value, however, when a whole life insurance policy or an annuity is designated for burial, the amount considered designated for burial is the lesser of the cost basis or the face value of the insurance policy. The prepayments on the life insurance policy or annuity are the total premiums that have been paid less amounts paid for any riders and less any withdrawals of premiums paid. They are identified as the "remaining cost basis." Only those prepayments (remaining cost basis) paid by members of the Medicaid unit are considered as burial prepayments. Premium payments made by insurance dividends or disability insurance plans do not increase the remaining cost basis. Loans on life insurance affect the net cash surrender value only and do not affect remaining cost basis.

If the life insurance policy or annuity has a cash surrender value that exceeds the remaining cost basis, the excess cash surrender value is considered accrued earnings and are excluded. The following are two examples showing how remaining cost basis and cash surrender value are applied to the burial provision:

Example 1: An applicant has a life insurance policy with a face value of $5000. The policy remaining cost basis is $2400 and the cash surrender value is $2900. The $2400 remaining cost basis is considered to be the designated burial. The excess cash

surrender value of $500 is considered accrued earnings and is excluded.

Example 2: An applicant has an annuity with a face value of $7000. The annuity remaining cost basis is $6200 and the surrender value is $6500. Only $6000 of the remaining cost basis is excluded for burial. The remaining $200 is counted toward the asset limit. The excess surrender value of $300 is considered accrued earnings and is excluded.

Example 3: An applicant has a life insurance policy with a face value of $6,000. The cost basis of the policy is $7,000 and the cash surrender value is $7,500. Because the $6,000 face value is less than the cost basis, if designated for burial, the prepaid burial would be $6,000. The difference between the cash surrender value and the face value is considered accrued earnings and is excluded.

In these ~~two~~ three examples, if the cash surrender value had been less than the remaining cost basis or face value, there would be no earnings exclusion.

Withdrawals from life insurance policies that reduce the face value of the life insurance also reduce the remaining cost basis and cash surrender value of the policy. Some applicants may make withdrawals to reduce the value of the insurance policy in order to qualify for Medicaid. Such withdrawals do not affect the designation of the insurance for burial.

Example: An applicant has a life insurance policy with a remaining cost basis of $7500 and a cash surrender value of $9000. The applicant intended the policy for his burial expenses. When the applicant applied for Medicaid, he withdrew (not borrowed) $3000 from the policy, and spent it down, so he could be asset eligible. By withdrawing $3000, the policy's face value was reduced, the remaining cost basis was reduced to $4500, and the cash surrender value was reduced to $6000. The applicant's current designated burial is $4500 with $1500 in earnings.

16. For ~~nine~~ twelve months beginning after the month of receipt, any federal income tax refund, any earned income tax credit refund or any

advance payments of earned income tax credit. State income tax refunds are excluded for nine months beginning the month after the month of receipt. This asset must be identifiable and not commingled with other assets.

Disqualifying Transfers 510-05-80

Definitions 510-05-80-05

Subsection 9 is updated with the 2013 average cost of nursing care effective January 1, 2013. This **supersedes** IM 5154.

6. The average cost of nursing facility care is:

Year	Daily Rate	Monthly Rate
2013	223.30	6792
2012	213.82	6504
2011	205.07	6238
2010	195.55	5948
2009	179.27	5453
2008	165.59	5037
2007	159.96	4865
2006	152.33	4633
2005	144.48	4395
2004	137.59	4185
2003	129.71	3945
2002	127.05	3864
July-Dec 2001	120.08	3652
Jan-June 2001	109.98	3345
2000	104.94	3192
1999	97.68	2971
1998	94.31	2869
1997	89.00	2713
1996	85.00	2562
1995	80.00	2419
1994	74.00	2339

Presumption of Reason for Transfer 510-05-80-40

Subsection 1(a) is **updated** to reflect the change in the disqualifying transfer look-back period from 36 to 60 months effective 02-08-06.

1. There is a presumption that a transfer for less than market value was made for purposes which include the purpose of qualifying for Medicaid:

    a. In any case in which the individual's assets (and the assets of the individual's spouse) remaining after the transfer produce income which, when added to other income available to the individual (and to the individual's spouse) totals an amount insufficient to meet all living expenses and medical costs reasonably anticipated to be incurred by the individual (and by the individual's spouse) in the month of transfer and in the ~~thirty-five months (~~fifty-nine months ~~in the case of a transfer from a revocable trust that is treated as assets or income disposed of by an individual (or the individual's spouse) or in the case of portions of an irrevocable trust that are treated as assets or income disposed of by an individual (or the individual's spouse))~~ following the month of transfer;

Unearned Income 510-05-85-15

Language is added to subsection 5(n) to **clarify** that Three Affiliated Tribes Elderly Payments is countable gaming income.

5. Types of unearned income include but are not limited to:

    n. Payment of proceeds or profits to enrolled tribal members from tribal gaming/gambling establishments including Three Affiliated Tribes Elderly Payments (the payments are to be annualized and prorated over 12 months); ~~and~~

    o. Clothing allowance payments received by a volunteer in the AmeriCorps program~~. ;~~

p. Sisseton-Wahpeton Oyate Lake Traverse Reservation Food Distribution Program casino cash payments to the elderly is a recurring lump sum payment to be prorated over the period it is intended to cover.; and

q. Spirit Lake Nation payments for grades are considered non-recurring lump sums.

Earned Income 510-05-85-20

Language was moved to **clarify** treatment of bonuses and other types of earned income.

Earned income is income which is currently received as wages, salaries, commissions, or profits from activities in which an individual or family is engaged through either employment or self-employment. There must be an appreciable amount of personal involvement and effort, on the part of the individual or family, for income to be considered "earned." Earned income will be applied in the month in which it is normally received.

1. If earnings from more than one month are received in a lump sum payment, the payment must be divided by the number of months in which the income was earned, and the resulting monthly amounts are attributed to each of the months with respect to which the earnings were received.

   Similarly, earnings paid under a contract must be prorated over the period the contract covers.

   Example: A teacher receives paychecks in August through May, however the contract covers 12 months and the contracted salary is $30,000. The annual salary is prorated over 12 months for $2500 per month. The paystubs show that from the August through May monthly checks, $350 per month is withheld. To annualize the withholdings, take the 10 months of withholdings, (10 X $350 = $3500) and divide by 12 ($3500/12) = $291.67 to establish the monthly allowable withholdings.

   Occasionally, migrants may receive an advance lump sum payment to reimburse or cover travel expenses. Such reimbursement is

normally received prior to their arrival and is not considered earned income. An advance for wages, however, is counted as earned income and is prorated over the months it is intended to cover.

Example: Don is a migrant worker who received a reimbursement from his grower for traveling to North Dakota to work. This reimbursement is disregarded from income as a reimbursement. Don's grower also gave him a wage advance of $900 in May for the months of June, July and August. The wage advance would be prorated over the months of June, July, and August as earned income.

~~Bonuses, profit sharing, and other similar payments are not considered lump sum earnings or wages received other than monthly, but an extra payment of earned income based on a productive period, and are considered income in the month received.~~

2. Income only becomes an asset in the month following the month it is counted as income.

For Example: A recipient has countable self employment income of $12,000 for the year. The income is prorated at $1000 per month. In January, none of the $12,000 is considered an asset. In February, if any portion of the $1000 of January income is retained, it becomes an asset, but the remaining $11,000 does not. In March, only $10,000 is not an asset, and so on.

3. Types of earned income include:

a. Wages, salaries, commissions, bonuses, severance pay, or profit received as a result of holding a job or being self-employed. ; Bonuses, profit sharing, and other similar payments are not considered lump sum earnings or wages received other than monthly, but an extra payment of earned income based on a productive period, and are considered income in the month received;

Post Eligibility Treatment of Income 510-05-85-25

Subsection 1(j.) is added to clarify that income tax refunds are disregarded income under the Post Eligibility Treatment of Income. This **supersedes** IM 5112 and IM 5160.

1. The following types of income may be disregarded :

   j. Income tax refunds are excluded in the month received (they may be a countable asset, see 510-05-70-30(16) for treatment as an asset).

Income Levels 510-05-85-40

This section is updated to reflect the **change** in the Federal Poverty Levels **effective 04-01-13** and the **change** in the income level for 'additional family members' in a spousal impoverishment case effective 07-01-13**. This supersedes IM 5163 and IM 5172.**

2. Medically needy income levels.

Number of Persons	Monthly Income Level
1	$ ~~773~~ 795
2	~~1047~~ 1072
3	~~1321~~ 1350
4	~~1595~~ 1628
5	~~1869~~ 1907
6	~~2143~~ 2185
7	~~2416~~ 2463
8	~~2690~~ 2741
9	~~2964~~ 3019
10	~~3238~~ 3271
Effective April 1, 2013 ~~2012~~	

For each person in the medically needy unit above ten, add ~~$274~~ $279 to the monthly amount.

e. Family member income level. The income level for each ineligible family member in a spousal impoverishment case is $~~630~~ 646 effective ~~April~~ July 2013 ($~~613~~ 630 effective ~~April~~ July ~~2011~~ 2012).

3. Poverty income levels.

a. Qualified Medicare Beneficiaries and Children age six to nineteen. The income level is equal to one hundred percent of the poverty level applicable to a family of the size involved.

Number of Persons	Monthly Income Level
1	$ ~~931~~ 958
2	~~1261~~ 1293
3	~~1591~~ 1628
4	~~1921~~ 1963
5	~~2251~~ 2298
6	~~2581~~ 2633
7	~~2911~~ 2968
8	~~3241~~ 3303
9	~~3571~~ 3638
10	~~3901~~ 3973
Effective April 1, ~~2012~~ 2013	

For each person in the Medicaid unit above ten, add $~~330~~ 335 to the monthly amount.

b. Specified Low-Income Medicare Beneficiaries. The income level is equal to one hundred twenty percent of the poverty level applicable to a family of the size involved. This is the maximum income level for SLMBs. Applicants or recipients who have income at or below one hundred percent of the poverty level are not eligible as a SLMB, but must be a QMB. These income levels apply regardless of living arrangements (i.e., in home or in a nursing facility. . .).

Number of Persons	Monthly Income Level
1	$ ~~1117~~ 1149
2	~~1513~~ 1551
3	~~1909~~ 1953
4	~~2305~~ 2355
5	~~2701~~ 2757
6	~~3097~~ 3159
7	~~3493~~ 3561
8	~~3889~~ 3963
9	~~4285~~ 4365
10	~~4681~~ 4767
Effective April 1, ~~2012~~ 2013	

For each person in the Medicaid unit above ten, add $ ~~396~~ 402 to the monthly amount.

c. Pregnant women and children under age six. The income level is equal to one hundred and thirty-three percent of the poverty level, applicable to a family of the size involved. The family size is increased for each unborn when determining the appropriate family size.

Number of Persons	Monthly Income Level
1	$ ~~1238~~ 1274
2	~~1677~~ 1720
3	~~2116~~ 2165
4	~~2555~~ 2611
5	~~2994~~ 3056
6	~~3433~~ 3502
7	~~3871~~ 3947
8	~~4311~~ 4393
9	~~4750~~ 4838
10	~~5189~~ 5284
Effective April 1, ~~2012~~ 2013	

For each person in the Medicaid unit above ten, add $ 446 ~~439~~to the monthly amount.

d. Qualifying Individuals. The income level is equal to 135% of the poverty level applicable to a family of the size involved. This is the maximum income level for QIs. Applicants or recipients who have income at or below 120% of the poverty level are not eligible as a QI, but may be eligible as a SLMB or QMB. These income levels apply regardless of living arrangements (i.e., in home or in a nursing facility...).

Number of Persons	Monthly Income Level
1	$ ~~1257~~ 1293
2	~~1703~~ 1745
3	~~2148~~ 2198
4	~~2594~~ 2650
5	~~3039~~ 3102
6	~~3485~~ 3554
7	~~3930~~ 4007
8	~~4376~~ 4459
9	~~4821~~ 4911
10	~~5267~~ 5363
Effective April 1, ~~2012~~ 2013	

For each person in the Medicaid unit above ten, add $ 453 ~~446~~ to the monthly amount.

e. Transitional Medicaid Benefits. The income level is equal to one hundred and eighty-five percent of the poverty level applicable to a family of the size involved.

Number of Persons	Monthly Income Level
1	$ ~~1723~~ 1772
2	~~2333~~ 2392
3	~~2944~~ 3011
4	~~3554~~ 3631
5	~~4165~~ 4251
6	~~4775~~ 4871
7	~~5386~~ 5490
8	~~5996~~ 6110
9	~~6607~~ 6730
10	~~7217~~ 7350
Effective April 1, ~~2012~~ 2013	

For each person in the Medicaid unit above ten, add $ 620 ~~611~~ to the monthly amount.

f. Workers with Disabilities. The income level is equal to two hundred and twenty-five percent of the poverty level applicable to a family of the size involved.

Number of Persons	Monthly Income Level
1	$ ~~2095~~ 2155
2	~~2837~~ 2909
3	~~3580~~ 3662
4	~~4322~~ 4416
5	~~5065~~ 5170
6	~~5807~~ 5924
7	~~6550~~ 6677
8	~~7292~~ 7431
9	~~8035~~ 8185
10	~~8777~~ 8939
Effective April 1, ~~2012~~ 2013	

For each person in the Medicaid unit above ten, add $ 754 ~~743~~ to the monthly amount.

g. Children with Disabilities. The income level is equal to two hundred percent of the poverty level applicable to a family of the size involved.

Number of Persons	Monthly Income Level
1	$ ~~1862~~ 1915
2	~~2522~~ 2585
3	~~3182~~ 3255
4	~~3842~~ 3925
5	~~4502~~ 4595
6	~~5162~~ 5265
7	~~5822~~ 5935
8	~~6482~~ 6605
9	~~7142~~ 7275
10	~~7802~~ 7945
Effective April 1, ~~2012~~ 2013	

For each person in the Medicaid unit above ten, add $ 670 ~~660~~ to the monthly amount.

Par. 2. **Effective Date** -- This manual letter is effective for the benefit month of **August 2013, except where indicated.**