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This change is being made to add additional clarifications and changes to the policy for CHIP I and CHIP II, these changes are effective 9/01/99.

CHIP I Only

1. A re-interpretation has been received from HCFA about CHIP I children covered under a state group plan. The requirement is no longer based on eligibility for the coverage; it is based on receipt. The change was made in Section 16.7,G, last bullet.
2. Section 16.7,G was also changed to show that children are CHIP I eligible from birth to age 6.

This will not make a difference now because Poverty-Level Children under Age 1 are also eligible at 150% FPL. However, the CHIP Board has plans to raise the income levels for CHIP so that some children not eligible as Poverty-Level Children under Age 1, may be CHIP eligible. We do not know when the planned increase will occur.

CHIP II Only

1. Clarification previously released by GroupWise message of 4/24/99 was added to Section 7.2,B. The change involves clarification of procedures for agency delays.

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DEFINITIONS

Excepted Insurance Benefits: Benefits which do not affect CHIP II eligibility, as follows:

- Coverage only for accident, or disability income insurance, or any combination of the two
- Coverage issued as a supplement to liability insurance
- Liability insurance, including general liability insurance and automobile liability insurance
- Workers' compensation or similar insurance
- Automobile medical payment insurance
- Credit-only insurance
- Coverage for on-site medical clinics
- Limited scope dental or vision benefits when offered separately from other insurance
- Benefits for long-term care, nursing home care, home health care, community-based care, or any combination of these
- Coverage only for a specified disease or illness if offered as independent, noncoordinated benefits.
- Other benefits, similar to those above, under which benefits for medical care are secondary or incidental to other insurance benefits
- CHAMPUS
- CHAMPVA

Group Health Insurance Coverage: Health insurance coverage offered in connection with a group health plan.

Group Health Plan: An employee welfare benefit plan that provides medical care and services to employees or their dependents, as defined under the plan, directly or through insurance, reimbursement, or otherwise.

Health Insurance Coverage: Benefits consisting of medical care, provided directly, through insurance or reimbursement, or otherwise, and including items and services paid for as medical care under any hospital or medical service policy or certificate, hospital or medical service plan contract, or HMO contract, offered by a health insurance issuer.

Individual Health Insurance Coverage: Health insurance coverage offered to individuals. It does not include short-term, limited-duration insurance.

7.2 APPLICATION/REDETERMINATION PROCESS

Prior to approval for CHIP II, the client must be determined ineligible for all Medicaid coverage groups except: AFDC- and SSI-Related Medicaid with an unmet spenddown, QMB, SLIMB, QI-1 and QI-2. Therefore, the application/redetermination procedures that apply to Medicaid must be applied when determining eligibility for CHIP II. These are found in Chapter 1 of this Manual.

In addition to these Medicaid requirements, the following applies to CHIP II.

The policies listed below are the same for CHIP II as for Qualified, Poverty-Level and CHIP I children. The Manual citations are also found below:

- Application forms See Section 1.9,A
- In addition, when information is received on an OFS-MCAT-1 that indicates the presence in the home of a potentially eligible CHIP II child, the Worker must forward a CHIP-1 form to the family to offer the opportunity to receive medical coverage for the child.
- Determining a complete application See Section 1.9,B
- Determining the date of application See Section 1.9,C
- If interview is required;
Who must be interviewed See Sections 1.9,D and E
- Who must sign the application See Section 1.9,F
- Due date of additional information See Section 1.9,H
- Who is the payee See Section 1.9,K
- Redetermination schedule See Section 1.9,N
- Data system action See Section 1.9,Q

The following policies and procedures differ from those for Qualified, Poverty-Level and CHIP I children.

- An explanation that the client's medical services providers must contact PEIA for assistance or questions, not the Department.
- The availability of child support services, but that participation is voluntary and failure to cooperate or accept services does not affect CHIP II eligibility in any way. The client must also be advised that child support cooperation may become mandatory if the children are later determined eligible for Medicaid.
- The availability of an extended processing time for those applicants who elect to drop existing health insurance because it costs 10% or more of the family's gross, annual income. See Section 7.4,A. This extra processing time, up to 45 days after the date of application, is allowed so that the family may cancel the child's health insurance coverage and provide proof that the child is no longer covered to establish CHIP eligibility. The Worker must advise the client that the child's health insurance coverage is the sole reason for CHIP ineligibility.

NOTE: No family is to be encouraged to drop a child's existing health insurance coverage without assurance from the Worker that CHIP coverage will be approved once the child's other health insurance is terminated.

B. AGENCY DELAYS

NOTE: Reimbursement for out-of-pocket expenses due to agency delays does not apply to CHIP II cases.

NOTE: Under no circumstances is an application denied solely because the processing time limit has passed and the Worker has failed to act.

When the Department fails to request necessary verification, the Worker must immediately send a written request for the information. He must inform the client that the application is being held pending and the starting date of his CHIP II coverage may be delayed if he does not respond immediately. Upon receipt of the information, the beginning date of eligibility transmitted to PEIA is determined as follows: Add 10 days to the date of application and the coverage begins on the 1st of the month following that date.

EXAMPLE: A client applies for CHIP II coverage on April 23rd, provides all necessary information/verification and is eligible. The Worker fails to approve the benefit until May 13th, so coverage would normally start June 1st. However, since the agency failed to take timely action, the date transmitted to PEIA is May 1st. (Complete application on April 23rd = May 1st start date)

See Section 7.14,C for all situations which result in backdating CHIP II coverage.

C. BEGINNING DATE OF ELIGIBILITY

The beginning date of eligibility is the 1st day of the month after eligibility is established. This is also true when the case is held pending termination of other health insurance coverage. Eligibility may not be backdated up to 3 months as is allowed for Medicaid cases. The only instances of backdated coverage are identified in Section 7.14,D. In no case may the beginning date of CHIP II coverage be earlier than the month following the beginning implementation date of the program.

D. CLIENT NOTIFICATION

The Worker is responsible for all client notification requirements in Chapter 6 regarding ineligibility for Medicaid.

In addition, the Worker is responsible for client notification of ineligibility for CHIP II at application and when the client becomes ineligible. RAPIDS letters are available to accomplish this. The 13-day advance notice period described in Chapter 6 does not apply to CHIP II eligibility.

Once the case is forwarded to PEIA, PEIA is responsible for subsequent notification of CHIP II approval and all matters related to medical coverage and payment of benefits.

E. THE BENEFIT

The medical insurance card is produced and mailed to the client by PEIA. It shows the beginning month of CHIP II coverage. Only one card is produced for the 12-month eligibility period. The CHIP II card is different from the Medicaid card produced by RAPIDS and cannot be replaced through RAPIDS, by use of blank Medicaid cards or by a letter from the Department. When a replacement is necessary, the client must contact PEIA. If the client contacts the Department instead of PEIA, he is referred to 1-888-680-7342 for a replacement.

7.5 VERIFICATION

The policy and procedures described in Section 4.1 are applicable to CHIP II.

The only factor that must be verified prior to approval and at redetermination is income. Reported changes in income prior to redetermination require verification since the change may result in Medicaid eligibility for the child. The client's statement is accepted for all other necessary information unless the Worker has a substantive reason to question the client's statement. When there is reason to question, the procedures in Section 4.1 are followed.

7.13 WORK REQUIREMENTS

There is no work requirement for CHIP II for the CHIP II child, the parent(s) or other caretaker(s).

A Medically Needy child who does not have a spenddown, or who meets a spenddown, is not eligible for CHIP II because he is Medicaid eligible. The conflict between the 13-day processing time limit for CHIP II cases and the 30-day period which must be allowed for the client to meet a spenddown may cause the child to lose timely access to medical care because the child cannot be determined to be ineligible for Medicaid until the expiration of the 30-day spenddown period. Therefore, the Worker must determine, at the time of application and based on the applicant's best information, whether or not it is likely that the spenddown can be met within the next 30 days.

If the applicant states that there are not currently sufficient expenses to meet the spenddown and other expenses are not anticipated, the child must be determined to be ineligible for Medicaid and approved as a CHIP II child. If, however, the applicant states that the combination of current and anticipated expenses is likely to meet the spenddown, the client must be allowed 30 days to provide the information necessary to meet the spenddown; CHIP II coverage must not be approved to cover the 30-day period for meeting the spenddown.

If the child does not meet his spenddown during the 30-day period for doing so, but is CHIP II eligible and has lost CHIP II coverage as a result of the time period involved with meeting the spenddown, CHIP II coverage may be backdated. See item C,4 below.

- The child's family is not eligible for a state group health plan based on a family member's employment with a public agency. This requirement is based on eligibility for such coverage, not on the receipt of it. PEIA, including HMO coverage, is a state group health plan, so the children of WV State employees are not eligible for CHIP II.
- The child does not have individual or group health insurance coverage. See "Definitions" section at the beginning of this Chapter for information related to this provision. Most children with health coverage will not qualify for CHIP II.

B. MEDICAID REQUIREMENTS APPLICABLE TO CHIP II

The policy listed below is the same for CHIP II as for Qualified, Poverty-Level and CHIP I children.

Consideration for all Medicaid groups See Section 16.3,A

C. MEDICAID REQUIREMENTS THAT ARE DIFFERENT FOR CHIP II

The policies listed below do not apply to CHIP II or there is a difference in application of the policy.

1. Special Drug Approval

This does not apply to CHIP II.

2. Relationship with CSHCN

This does not apply to CHIP II.

3. Assignment of Medical Support Rights

There is no requirement for the family to assign medical support rights to the Department.

4. Certificate of Coverage When CHIP II Coverage Ends

The Worker is not required to issue an OFS-HIP-1 to the family. This is a PEIA responsibility.

5. Child Support Requirements

CHIP II children are not referred to BCSE and are not required to pursue or accept child/spousal support as a condition of eligibility. However, the Worker must explain the availability of child support services. The RAPIDS automatic referral to BCSE is blocked for CHIP II children.

6. Backdating Coverage

The policy which allows Medicaid coverage to be backdated up to 3 months prior to the date of application does not apply to CHIP II benefits.

There are 4 situations which require the Worker to backdate CHIP II coverage. These are as follows:

late in the month for the Worker to approve coverage beginning the 1st of the following month; or

- The only Medicaid coverage group for which the child may be eligible requires that a spenddown be met. If the child does not meet his spenddown during the 30-day period for doing so, but is CHIP II eligible, the beginning date of CHIP II eligibility must be based on the date that all information necessary to establish CHIP II eligibility was provided. See item A above for more detail.

EXAMPLE: On March 10th a child's family applies for Medicaid. Based on the information provided, the family is not eligible for any Medicaid coverage group except AFDC-Related Medicaid. All verification and information to determine eligibility is provided by the client on March 15th. There is a \$3,000 spenddown. By April 10th the family must provide paid or unpaid medical bills equal to or greater than \$3,000 to be Medicaid eligible. The parents provide \$2,345 in bills by April 10th and fail to establish Medicaid financial eligibility. However, the child meets the requirements for CHIP II. Eligibility for CHIP II begins April 1st, since all the verification and information needed to determine eligibility was provided on March 15th and the child met the CHIP eligibility requirements at that time.

7. Relationship Between CHIP II and Medicaid Coverage Groups

All Medicaid coverage groups are classified as either Categorically Needy or Medically Needy. See Section 16.4. CHIP II is not Categorically Needy or Medically Needy because the coverage is not provided under Medicaid.

8. Long-Term Care

If the child requires long-term care services, and qualifies for ICF/MR, HCB Waiver, or MR/DD Waiver coverage groups, the child is Medicaid eligible and is not, therefore, CHIP II eligible.

Since CHIP II is not a Medicaid coverage group, receipt of CHIP II does not qualify an individual for Medicaid payment of nursing facility services.

7.16 BENEFIT REPLACEMENT

PEIA is responsible for the replacement of CHIP II medical cards. CHIP II cards must not be replaced through RAPIDS. In addition, blank Medicaid cards and letters from the Department must not be used to replace CHIP II medical cards or to notify medical providers of the child's CHIP II eligibility.

- His physician must document the medical necessity of the services for which the client is requesting help.

* Medicaid coverage is limited to in-home health/homemaker services, durable medical equipment and supplies, home IV therapy and home-administered diagnostic lab tests.

NOTE: Those people eligible for the Special Pharmacy Program (item 1, above) are eligible for services provided to this coverage group as soon as the medical necessity is established.

Except for acceptance of the initial application, this coverage group is administered by BMS. For special communication between the Worker and BMS, refer to Chapter 1.

If the client becomes eligible under any other coverage group or meets his spenddown, the Worker must notify BMS immediately by memorandum and must specify the beginning date of Medicaid eligibility.

G. WV CHILDREN'S HEALTH INSURANCE PROGRAM, (PHASE I) (CHIP I)

Income: Between 133% and 150% FPL **Assets:** N/A

NOTE: If a CHIP I child is receiving inpatient services on the date eligibility ends due to attainment of the maximum age limit, eligibility must continue until the end of that inpatient stay.

A child is eligible for Medicaid coverage as a CHIP I child when all of the following conditions are met:

- The child is not eligible for AFDC Medicaid, SSI Medicaid or for any other Medicaid coverage group which offers full Medicaid coverage. However, eligibility as a WV CHIP child has priority over eligibility for any coverage group subject to a spenddown, i.e., a Medically Needy coverage group.
- The child is between birth and age 6.
- The income eligibility requirements described in Chapter 10 are met.
- The child does not have individual or group health insurance coverage. See "Definitions" section at the beginning of Chapter 7 for information related to

member's employment with a public agency. This requirement is based on receipt of, not eligibility for, such coverage. PEIA, including HMO coverage, is a state group health plan, so the children of WV State employees are not eligible for CHIP I if covered by PEIA.

While a child who receives coverage under a state group health plan is not CHIP I eligible, dropping such coverage, without good cause, results in ineligibility for 6 months. See the fifth bullet above in this Section for the related provision and for good cause criteria.

CHIP I children are not required to have an AFDC Medicaid deprivation factor or to live with a specified relative. There is no asset test for such children.