



# Iowa Department of Human Services

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## GENERAL LETTER NO. 8-C-93

ISSUED BY: Bureau of Financial, Health and Work Supports  
Division of Adult, Children and Family Services

SUBJECT: Employees' Manual, Title 8, Chapter C, **NONFINANCIAL ELIGIBILITY**,  
pages 7, 17, 24, 87 through 90, 92, 93, 105, and 149, revised.

### Summary

Chapter 8-C is revised to:

- ◆ Change the income level that represents substantial gainful activity from \$1,070 to \$1,090 per month, effective January 1, 2015.
- ◆ Remove references to the IowaCare program. The IowaCare program ended on December 31, 2013.
- ◆ Remove references to the Health Insurance Plan Iowa (HIPIowa) which ended on December 31, 2013.
- ◆ Include a signed *Application for Health Coverage and Help Paying Costs* as evidence of paternity.

### Effective Date

Changes to the substantial gainful activity amounts are effective January 1, 2015.

All other changes are effective January 1, 2014.

### Material Superseded

This material replaces the following pages from Employees' Manual, Title 8, Chapter C:

<u>Page</u>	<u>Date</u>
7	January 13, 2012
17	December 4, 2009
24	August 17, 2012
87-90, 92, 93	January 25, 2013
105, 149	December 4, 2009

### Additional Information

Refer questions about this general letter to your area income maintenance administrator.

NOTE: Children born to Medicaid–eligible or CHIP–eligible mothers in another state do not qualify for deemed newborn status in Iowa because the mother was not receiving Iowa Medicaid at the time of the child’s birth.

- ◆ Children in out-of-home placement (e.g., foster care or relative placement) under the placement and care responsibility of the Department through a court order or voluntary placement agreement, regardless of the placement’s licensing or payment status.
- ◆ Children currently in IV-E-funded subsidized adoption or subsidized guardianship.
- ◆ Applicants for presumptive Medicaid eligibility (but they are no longer exempt when they apply for ongoing Medicaid).

**Comment:**

NOTE: A person claiming to be an alien rather than a U.S. citizen **must** verify alien status as described in 8-L, [ALIENS](#). These exceptions **do not** apply to aliens. Verification of citizenship and identity is also required for the *hawk-i* program. See 5-E, [hawk-i](#), for more information.

All other Medicaid applicants or members claiming to be United States citizens **are** required to verify their citizenship and identity as a condition of eligibility, including those in the Iowa Family Planning Network (IFPN). See [Loss of Exemption](#) for procedures when a member becomes subject to verification after approval.

**Procedure:**

Maintain any documentation needed to support the exempt status in the permanent section of the person’s case file. Examples of documents showing an exempt status include:

- ◆ State Data Exchange (SDXD) printout showing current receipt of SSI.
- ◆ Benefit award letter from Social Security Administration.
- ◆ Income and Eligibility Verification System (IEVS) printout or copy of Medicare card showing current receipt of Medicare.
- ◆ Mother’s SSNI screen print showing Medicaid eligibility in the month of the birth or other proof that the person had deemed “newborn” status.
- ◆ Other documents showing the person meets one of the exempt statuses.

NOTE: With the exception of written affidavits, all Level 4 documents must show a U.S. place of birth and must have been created at least five years before the application for Medicaid (or near the time of birth, for children under 16).

Level 4: Other Documents	Verifies citizenship only
<p>For persons born between 1900 and 1950, federal or state census record showing U.S. citizenship or a U.S. place of birth</p>	<p>The record must show the person's age.</p> <p>To obtain a census record, the person must complete form BC-600, <i>Application for Search of Census Records for Proof of Age</i>. The person will need to add in the remarks section of the form, "U.S. citizenship data requested for the purpose of Medicaid eligibility."</p> <p>There is a minimum fee of \$65 for this information. Download the form at: <a href="http://www.census.gov/topics/population/genealogy/agesearch.html">www.census.gov/topics/population/genealogy/agesearch.html</a></p>
<p>Other documents listed that show a U.S. place of birth and were created at least five years before the Medicaid application date</p>	<p>Examples include:</p> <ul style="list-style-type: none"> <li>◆ Seneca Indian tribal census record</li> <li>◆ Bureau of Indian Affairs tribal census records of the Navaho Indians</li> <li>◆ Roll of Alaska Natives maintained by the Bureau of Indian Affairs for persons born before December 18, 1971. (Contact SPIRS for assistance requesting information from the Roll.)</li> <li>◆ Any U.S. state's vital statistics official notification of birth registration</li> <li>◆ A delayed U.S. public birth record that is recorded more than five years after the person's birth</li> </ul> <p>NOTE: A birth certificate recorded five years or less after the person's birth qualifies as a Level 2 document.</p> <ul style="list-style-type: none"> <li>◆ Statement signed by the physician or midwife who was in attendance at the time of birth</li> </ul>

### **Referral to the HIPP Program Not Needed**

**Legal reference:** 441 IAC 75.21(5) and (9)

A referral to the HIPP program is not needed when the only Medicaid-eligible member:

- ◆ Has Medicare.
- ◆ Is eligible for Medicaid only under one or more of the following coverage groups:
  - Iowa Family Planning Network
  - Medicaid for Kids with Special Needs (MKSN)
  - Medically needy with a spenddown
- ◆ Has health insurance maintained by another entity (e.g., an absent parent maintains insurance on the Medicaid member's children or the policyholder is not in the Medicaid household).
- ◆ Has an insurance plan designed to provide temporary coverage.
- ◆ Has an indemnity insurance policy that supplements the policyholder's income or pays a predetermined amount for medical services (e.g., \$50 per day for hospital services instead of 80% of the charge).
- ◆ Has an insurance plan offered on the basis of school attendance or enrollment.
- ◆ Is the policyholder and an absent parent. CSRU is responsible for obtaining cash and medical support for children in households where a parent is absent.
- ◆ Uses the health insurance premium as a deduction in computing the client participation.
- ◆ Is the policyholder or potential policyholder and is an undocumented alien.

**Comment:**

Mr. J, age 50, applies for Medicaid on the basis that he is disabled. Mr. J's countable resources are over \$2,000, he is single, he has no dependent children, and he is not employed. The worker determines that Mr. J may be eligible only for the Medically Needy coverage group based upon disability.

Mr. J provides proof that he has applied for SSDI and that disability was denied by the SSA four months earlier. The worker initiates a disability determination because the Department cannot rely on an SSA denial of disability for Medically Needy applicants.

The following sections give further instructions on:

- ◆ [Determining substantial gainful activity for an employee](#)
- ◆ [Determining substantial gainful activity for a self-employed person](#)
- ◆ [Submitting medical evidence to DDS](#)

**Substantial Gainful Activity for an Employee**

**Legal reference:** 20 CFR 416.974 and 441 IAC 75.1(39)“a”(1)

The first test of disability determination is evaluation of “substantial gainful activity” (SGA). SGA means the performance of “significant” physical or mental activities in work for substantial pay or profit.

- ◆ “Significant physical or mental activities” are useful in a job or business and have economic value. Self-care, household tasks, unpaid training, therapy, school attendance, clubs, and social programs **are not** considered SGA.
- ◆ Work may pay either in cash or in kind.
- ◆ The current earnings threshold for determining “substantial” activity is \$1,090.

A person who is engaged in SGA despite physical or mental limitations is not disabled (unless the person would qualify under MEPD).

**Comment:**

There is no SGA if the person's former job made many job accommodations or the person became more incapacitated and cannot find another similar job. Loss of work detrimental to health does not result in SGA.

There may be SGA if the person worked for longer than six months despite the impairment, lost the job, and applied for Medicaid in the same month. If there is reasonable doubt, do not consider the person engaged in SGA.

**Procedure:**

To determine SGA for an employed person, calculate the person’s countable income by averaging gross income over the time the income was earned after the disability occurred. EXCEPTION: Do not consider the earned income limits under SGA for eligibility under the Medicaid for Employed People with Disabilities (MEPD) coverage group.

Use the following procedure to determine if an employed client’s countable monthly income demonstrates SGA:

Step	Action
Determine average monthly earnings.	Count earnings from employment and self-employment. Determine seasonal income by averaging income over the season to arrive at a monthly countable income. See <a href="#">8-E, INCOME POLICIES FOR SSI-RELATED COVERAGE GROUPS</a> .
Determine excluded earnings.	Do not count: <ul style="list-style-type: none"> <li>• Earnings of volunteers under the Small Business and Domestic Volunteer Acts.</li> <li>• Employer subsidies to an impaired person that are not earned through the person’s productivity.</li> </ul> Ask the employer to determine the subsidy. If the employer cannot calculate the subsidy, compare the work to similar work of an unimpaired person, and the value of that work by the prevailing wage scale.
Determine deductions.	Deduct work expenses related to the person’s disability. See <a href="#">8-E, Deduction for Impairment-Related Work Expenses</a> .
Compare remainder to \$1,090 per month.	When the countable earnings exceed \$1,090 per month, the applicant does not meet the first requirement of being disabled under SSA standards. Deny Medicaid as not disabled. See <a href="#">When the Department Denies Disability</a> .  When the countable earnings are less than \$300 per month, complete a disability determination, as the client is not engaged in SGA.  When countable earnings are \$300 to \$1,090 per month, proceed to the next tests.

Step	Action
Do the Comparability Test.	Compare the client's work to that of unimpaired people in the area. Look at time, energy, skills, responsibility, pay, and hours. If the work is the same as that done by unimpaired people, the client has SGA and is not disabled.
Do the Worth Test.	<p>Determine if the client's work activity is worth more than \$1,090 per month. If so, the client is engaging in SGA, even if the client's work activity is not comparable to that of an unimpaired person.</p> <p>The value of work in the military must be compared to similar work in a nonmilitary setting. Military wages may continue and the client may be placed on limited duty.</p> <p>Ask your area income maintenance administrator or the DHS SPIRS Help Desk to contact the Bureau of Financial, Health, and Work Supports to determine the actual value of the work.</p>

**Comment:**

Mrs. P applies for Medicaid based on disability. She states that her disability is fibromyalgia. The worker evaluates Mrs. P's employment status for SGA.

Mrs. P continues to work at the same job with the same duties (meeting the Comparability Test), but her medical condition has caused her to reduce her work schedule from 40 hours per week to 20 hours per week, which has cut her earnings in half (the Worth Test). Her hourly wage is \$15.00 per hour. Her average monthly pay is \$1,290.00.

The worker determines that Mrs. P does not meet the SGA test for disability for most Medicaid coverage groups because she continues to do the same work and her earnings were over \$1,090.

However, because Mrs. P is still employed, she appears to be eligible for MEPD. The worker makes a referral to DDS for a disability determination; noting on the *Disability Transmittal* to skip the step of determining SGA.

**Substantial Gainful Activity for a Self-Employed Person**

**Legal reference:** 20 CFR 416.975, 441 IAC 75.1(39)“a”(1)

**Policy:**

There are three tests for “substantial gainful activity” (SGA) for a self-employed person. If the person does not meet the criteria in **all three** tests, the person is **not** engaged in SGA, and a DHS disability determination must be done.

Name of Test:	What this means:
1. Significant services <b>and</b> substantial income  a. Significant services	This test is met if significant services are <b>combined with</b> substantial income.  When a person (with the exception of a farm landlord who rents farmland to another farmer) gives significant services by participating in the following: <ul style="list-style-type: none"> <li>◆ Gets a social security earnings credit on the federal income tax return.</li> <li>◆ Advises or consults with the renter and inspects production periodically.</li> <li>◆ Furnishes a large portion of the machinery and financing.</li> </ul>
b. Substantial income	When a person has: <ul style="list-style-type: none"> <li>◆ Countable income over \$1,090 per month.</li> <li>◆ Countable income that meets the community standard of livelihood for a self-employed person with a similar business.</li> </ul>
2. Comparability of work	If work activities are comparable to that of an unimpaired person in the community engaged in the same or similar business, the person is engaged in SGA.
3. Work activity	If the value of the work is more than \$1,090 per month based on the amount an employer would pay any employee to do the same job, the person engages in SGA.

### Test 2: Comparability of Work

Evaluate work activity using:

- ◆ Hours worked
- ◆ Skills
- ◆ Energy output
- ◆ Efficiency
- ◆ Duties
- ◆ Job responsibilities

### Test 3: Work Activity

Evaluate by determining countable income:

- ◆ A person who earns more than \$1,090 per month meets the criteria for engaging in SGA, which results in not being considered disabled.
- ◆ See the procedures for [Substantial Gainful Activity for an Employee](#).

### Comment:

Mr. Q applies for Medically Needy on the basis of disability. His wife is employed and her earnings put their joint income higher than the MEPD income limit of 250% of the federal poverty level.

Mr. Q explains that he is not able to work full time because of his heart condition, but he has a self-employment business building bookcases, which averages \$600 per month net income after business expenses are deducted. He pays his adult son \$50 per month to deliver the lumber to his home workshop and to deliver the finished bookcases.

The worker evaluates Mr. Q's self-employment for SGA by applying the three tests in order:

Test 1. Significant services **and** substantial income:

- ◆ Mr. Q is not able to do all the work for his business himself.
- ◆ Mr. Q earns less than \$1,090 per month.
- ◆ Mr. Q's income has dropped significantly from his previous full-time earnings.
- ◆ There is no one else in the local community who builds custom bookcases, so the worker cannot compare Mr. Q's income to the same type of work done by others.

Test 2. Comparability of work:

- ◆ Mr. Q formerly worked at least 40 hours per week and often more due to overtime assignments.
- ◆ Mr. Q currently has to take frequent rest breaks as he tires easily due to the heart condition. He works an average of ten hours per week.

Test 3. Work activity: Mr. Q earns less than \$1,090 per month.

The worker determines that Mr. Q does not engage in SGA, so he is referred for a Department disability determination.

**Submitting Medical Evidence to DDS**

**Legal reference:** 441 IAC 75.1(39)"a"(1), 75.20(2)"b"

**Policy:**

If the applicant does not meet the requirements for substantial gainful activity, then the Department must make a referral to the Bureau of Disability Determination Services (DDS) for a disability determination.

**Comment:**

DDS may request additional information from the applicant and may require the applicant to have a medical examination. DDS pays for medical information and transportation.

**Procedure:**

Use the *Disability Determination Checklist*, RC-0103 as a guide.

<b>Submit to DDS:</b>	<b>Explanation:</b>
Form 470-2465, <i>Disability Report for Adults</i> or Form 470-3912, <i>Disability Report for Children (under 18)</i>	The applicant or the applicant's representative completes the form, which includes a release of information. Check the report to make sure the correct person signed the form, as follows: <ul style="list-style-type: none"> <li>◆ If the release is for mental health information, only an applicant 18 years of age or older or a legal representative can sign the form.</li> <li>◆ If the release is for substance abuse information, only the applicant can sign the form, regardless of age.</li> </ul>

If the SSA reverses an SSI denial, approve Medicaid based on the SSI eligibility if all other Medicaid criteria are met. Determine Medicaid eligibility based on the date of the Medicaid application.

Compare the disability onset dates established by the SSA to the dates of the Medicaid application. Obtain the date of onset as follows:

- ◆ The IEVS Third-Party Query (TPQY) response lists a specific month, day, and year as the onset date for a SSDI (Title II) disability decision. See the last page of the TPQY.
- ◆ The IEVS BEN2 screen shows the date of the onset of disability in the "DISABILITY" field.
- ◆ For SSI, the onset date is usually shown as the first day of the month that disability is established as shown on the SDX screen.

<b>If SSA disability onset date is ...</b>	<b>Then...</b>
Before the date of the Medicaid application ...	Allow applicable retroactive months of eligibility.
On or before the date of the Medicaid denial ...	Allow applicable retroactive months of eligibility.
After the date of the date of the Medicaid denial notice ...	The person is not entitled to Medicaid based on the denied Medicaid application. The person must file a new Medicaid application.

- ◆ Uncle, aunt (of whole or half blood)
- ◆ Uncle-in-law, aunt-in-law (the spouse of the child's natural uncle or aunt)
- ◆ Great uncle, great-great-uncle
- ◆ Great aunt, great-great-aunt
- ◆ First cousins, nephews, nieces

A relative of the "putative" father can qualify as a specified relative only after paternity has been established by the court or the putative father has acknowledged paternity with written evidence.

Written evidence can include an affidavit, a court document, a signed *Health Services Application*, or a signed *Application for Health Coverage and Help Paying Costs*. Use the prudent-person concept regarding written evidence. A favorable determination made by another government agency (e.g., the Social Security Administration, the Veteran's Administration) also constitutes reliable evidence of paternity.

The following sections give more information on:

- ◆ [Determining who the natural father is.](#)
- ◆ [Determining if a common-law marriage exist.](#)
- ◆ [Determining if a child lives with a specified relative.](#)

### **Determining the Natural Father**

**Legal reference:** 441 IAC 75.55(1)"b"

The term "natural father" refers to the male who can be considered the child's father for the purpose of determining eligibility. Consider a man as the natural father if he:

- ◆ Was married to the mother at the time of the child's conception or birth (unless the court has declared this man **not** to be the father), or
- ◆ Has been declared by the court to be the father, even though not married to the mother at the time of the child's conception or birth, or
- ◆ Claims to be the father, **unless** the child already has another legal father as described above.