



Iowa Department of Human Services

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GENERAL LETTER NO. 8-I-73

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

SUBJECT: Employees' Manual, Title 8, Chapter I, **MEDICAL INSTITUTIONS**,
pages 49, 50, 52, 53, 55, 59, and 60, revised.

Summary

Chapter 8-I is revised to:

- ◆ Update the amounts that represent 125 percent of the statewide average charges. Use these amounts to determine if a person with a medical assistance income trust (MAIT) qualifies for facility payment.
- ◆ Revise examples.
- ◆ Clarify some language.

Effective Date

July 1, 2015

Material Superseded

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

<u>Page</u>	<u>Date</u>
49	January 2, 2015
50, 52, 53	July 25, 2014
55, 59, 60	January 2, 2015

Additional Information

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

See [8-D, Trusts](#), for more information about requirements for medical assistance income trusts. Iowa law requires certain deductions be allowed from the trust beneficiary's gross income when determining client participation.

The following sections explain:

- ◆ [125 Percent of the statewide average charges for care](#)
- ◆ [Trust payments](#)
- ◆ [Determination of client participation](#)

125 Percent of the Statewide Average Charge for Care

Legal reference: 441 IAC 75.24(3)"b"

Charge for care figures for July 1, 2014, through June 30, 2015, are:

Type of Care	Charge for Care
Nursing facility	\$6,190
PMIC	\$8,195
Mental health institute	\$30,104
ICF/ID	\$34,235

Substitute a higher amount for 125 percent of the average statewide charge for nursing facility care in the following situations:

If the trust beneficiary meets the level of care requirements for...	Then use this amount in the income comparison:
Nursing facility care and receives some type of specialized care (e.g., care in a Medicare-certified hospital-based nursing facility or a nursing facility providing care to special populations such as an Alzheimer's unit, pediatric skilled care, or skilled care for brain injury)	The cost of the type of specialized care being received. In general, use the rate charged by the facility.
Skilled nursing care and is eligible for HCBS waiver or programs for all-inclusive care for the elderly (PACE) services except for income	The costs in a facility providing the type of care being received

If the trust beneficiary meets the level of care requirements for...	Then use this amount in the income comparison:
Services in a PMIC and resides in a PMIC	The 125 percent of the statewide average charge to private-pay patients for PMIC care
Services in an MHI and resides in a state MHI	The 125 percent of the statewide average charge for state MHI care
Services in an MHI and is eligible for HCBS waiver or PACE services except for income	The 125 percent of the statewide average charge for state MHI care
Services in an ICF/ID and resides in an ICF/ID	The 125 percent of the maximum monthly Medicaid payment rate for services in an ICF/ID

Trust Payments

Legal reference: Iowa Code Section 633C.3

If the total income received by the beneficiary of a medical assistance income trust, including income received or generated by the trust, is **less** than 125 percent of the applicable statewide average charge for care, Iowa law allows the following deductions (trust payments) from gross income to determine client participation:

1. A reasonable amount may be paid or set aside for trust administration fee not to exceed \$10 per month without court approval. This payment is not considered income to the client.
2. An amount for the needs of the beneficiary:
 - ◆ A personal needs allowance of \$50 for a medical facility resident plus additional amounts for personal needs in the month of entry or discharge, as appropriate. NOTE: Exclude \$90 of VA pension income per [Income Exempt From Client Participation](#).
 - ◆ A maintenance allowance of 300% of the current SSI income limit for a waiver member or a PACE enrollee.

1. Mrs. S is in a nursing facility at nursing facility level of care. She has social security benefits of \$974 and a pension of \$780, for total gross monthly income of \$1,754. Mrs. S did not really need a medical assistance income trust but is paying all of her income to the trust.

Mrs. S's total income is less than 125 percent of the average charge for nursing facility level of care. The trust will pay her all of the available income. Count the payment from the trust to Mrs. S as income. She is income-eligible for Medicaid payment of nursing facility care using the medical assistance income trust.

2. Mr. T is in a nursing facility at the nursing facility level of care. He has social security benefits of \$900 and a monthly pension of \$1,138 per month. Only his social security check is deposited into his medical assistance income trust.

Mr. T's total income is less than 125 percent of the average charge for nursing facility care. The trust may set aside \$10 per month for administration. The trust will pay Mr. T the \$50 personal needs allowance each month Mr. T is income-eligible for Medicaid payment of nursing facility care using the medical assistance income trust.

3. Mr. W is in the Alzheimer's unit of a nursing facility. He meets the nursing facility level of care. He has social security benefits of \$2,825, an annuity payment of \$1,450, and a monthly private pension of \$2,400.

Mr. W's total income is \$6,675. His total income is higher than \$6,190, 125 percent of the average charge for nursing facility care. However, since Mr. W is receiving specialized care, the cost of his Alzheimer's care can be substituted for the average nursing facility charge.

Mr. W provides a statement from the nursing facility that he pays \$225 per day for his care. The average monthly cost would be \$6,840 ($\$225 \times 30.4 = \$6,840$). The cost of \$6,840 can be substituted in place of 125 percent of the statewide average charge for nursing facility care. Mr. W is income-eligible for Medicaid payment of nursing care using the medical assistance income trust.

If the total income received by the beneficiary (including income received by or generated by the trust) **equals** or is **greater** than 125 percent of the applicable statewide average charge for care, Iowa law directs the trust to make the following payments, in the following order:

1. A reasonable amount may be paid or set aside for trust administration fee, not to exceed \$10 per month without court approval. This payment is not considered income to the client.

2. All remaining amounts paid into the trust or retained from prior months must then be paid out to the beneficiary. This payment is considered as income to the beneficiary for Medicaid eligibility purposes. (Use this income to calculate eligibility.)

Mr. Y is a resident of a nursing facility at nursing facility level of care. His gross monthly income consists of social security benefits of \$1,277, a civil service pension of \$3,500, and income from his farm (homestead) of \$1,980. His total gross monthly income of \$6,757 is deposited into a medical assistance income trust.

Mr. Y's total income is greater than 125 percent of the average charge for nursing facility care. The trust will take \$10 in administration fees and pay the remaining as income to Mr. Y. Mr. Y is not income-eligible for Medicaid payment of nursing facility care because his income still exceeds program limits.

NOTE: Use form 470-4678, *MAIT Facility Worksheet*, to calculate client participation for members who reside in a medical institution and have a Miller Trust. Use form 470-4679, *MAIT Waiver Worksheet*, to calculate client participation for members who are eligible for a home- and community-based services (HCBS) waiver and also have a Miller Trust.

Determination of Client Participation

When determining client participation for a person with a medical assistance income trust, count only the income to be paid from the trust or otherwise made available to the member as income to the member. Do **not** count as income to the member:

- ◆ The gross monthly income paid into the trust.
- ◆ Direct client participation payments the trust makes to the facility or waiver service provider or programs for all-inclusive care for the elderly (PACE) provider.

When the member's gross monthly income is **less than** 125 percent of the statewide charge for the care the member receives (see [125 Percent of the Statewide Average Charge for Care](#)):

- ◆ Enter 300% of the SSI limit on the ABC system's BCW2 screen with an income indicator of "S" for eligibility.
- ◆ Enter social security on the ABC system's BCW2 screen with an income indicator of "B" and the total of all other income with an income indicator of "X" for benefits.

- ◆ When the member's gross monthly income is **equal to or greater than** 125 percent of the statewide charge for the care the member receives (see [125 Percent of the Statewide Average Charge for Care](#)):
 - Enter gross income with an income indicator of "S" for eligibility and benefits on the BCW2 screen. The income exceeds the 300% amount, so the case will be denied or canceled from facility care and Medicaid.
 - Enter any income retained by the member or withheld but continues to be counted as income on the BCW2 screen with the applicable income indicator for both eligibility and benefit.
 - Process the case for other coverage groups, including Medically Needy, for other medical costs, unless the household has requested otherwise.

1. Mr. Z is a resident of a nursing facility. He has social security benefits of \$1,488, a civil service pension of \$3,209, and \$2,000 from a private person, for a total gross monthly income of \$6,697.

Mr. Z establishes a medical assistance income trust. His income is greater than 125 percent of the statewide average charge for care. The trust pays the \$10 administration fee and pays the remaining \$6,687 to Mr. Z. This payment is counted as income to Mr. Z when determining Medicaid eligibility and benefits.

2. Mr. G enters a nursing facility on July 1, 2015, leaving Mrs. G at home. His income consists of \$1,600 in social security and \$833 in civil service pension. Mrs. G's income consists of \$210 social security. Mr. G applies for Medicaid payment for nursing facility care. The worker explains the income limit and Mr. G sets up a medical assistance income trust to receive all of his income.

Spousal diversion calculation:

\$2,980.50	Minimum monthly maintenance needs allowance
- <u>210.00</u>	Mrs. G's income
\$2,770.50	Deficit to be met by diversion from Mr. G's income to Mrs. G

Client participation calculation:

\$2,433.00	Total income deposited to the trust
- 10.00	Trust administrative fee
- <u>50.00</u>	Personal needs allowance
\$2,373.00	Total income available for diversion
- <u>2,770.50</u>	Diversion to Mrs. G
\$.00	Client participation

Amount paid from the trust:

\$2,037.00	Total amount deposited into the trust
- 10.00	Trust administration fee
- <u>50.00</u>	Personal needs allowance
\$1,977.00	Client participation

3. Mrs. D enters a nursing facility, leaving Mr. D at home. Mrs. D's income consists of \$1,233.90 in social security and \$1,940 in IPERS benefits. She has Medicare and a supplemental insurance policy. The monthly premium for the supplemental policy is \$64. Mr. D's income consists of \$1,300 social security.

Mrs. D applies for Medicaid payment for nursing facility care. The worker explains the income limit. The couple contacts an attorney and sets up a medical assistance income trust to receive Mrs. D's income.

Spousal diversion calculation:

\$2,980.50	Minimum monthly maintenance needs allowance
- <u>1,300.00</u>	Mr. D's income
\$1,680.50	Deficit to be diverted from Mrs. D's income to Mr. D

Income to the trust:

\$1,129.00	Net social security (Gross is \$1,233.90 less \$104.90 Medicare equals net amount of \$1,129)
+ <u>1,940.00</u>	Gross IPERS
\$3,069.00	Total income that is deposited into the trust

Client participation calculation:

\$3,173.90	Mrs. D's gross income
- 10.00	Trust administration fee
- <u>50.00</u>	Personal needs allowance
\$3,113.90	
- <u>1,680.50</u>	Diversion to Mr. D
1,433.40	
- <u>168.90</u>	Unmet medical expense (\$104.90 Medicare premium and \$64 health insurance)
\$1,264.50	Client participation

Amount paid from the trust:

\$3,069.00	Total amount deposited into trust
- 10.00	Trust administration fee
- 50.00	Personal needs allowance
- 1,680.50	Diversion to Mr. D
- <u>64.00</u>	Health insurance premium
\$1,264.50	Client participation

When buy-in occurs for Mrs. D, the worker recalculates her client participation, effective for the month of buy-in.

Income to the trust:

\$1,233.00	Gross social security
314.70	Gross social security Medicare reimbursement check
<u>+1,940.00</u>	IPERS
\$3,487.70	Total amount that is deposited into the trust account

Client participation and amount paid from the trust:

\$3,487.70	Total amount deposited into trust
- 10.00	Trust administrative fees
- 50.00	Personal needs allowance
- 1,680.50	Diversion to Mr. D
<u>- 64.00</u>	Health insurance premium
\$1,683.20	Client participation in the month buy-in reimbursement is received

Ongoing client participation and amount paid from the trust:

\$1,233.00	Gross social security
<u>+1,940.00</u>	IPERS
3,173.00	Income going into the trust
- 10.00	Trust administration fee
- 50.00	Personal needs allowance
- 1,680.50	Diversion to Mr. D
<u>- 64.00</u>	Unmet medical needs
\$1,368.50	Client participation

No recalculation is needed for members whose spousal deduction equals the income after the personal needs allowance deduction, since no Medicare deduction was given.

Other Third-Party Payments

Veterans Affairs (VA) aid and attendance payments are a third-party liability. They do not count as income when determining eligibility, but do count in the client participation calculation. Enter any third-party liability that is not considered income to the member as another income source in the benefit calculation (separately from the income) on the ABC system's BCW2 screen.