

WISCONSIN DEPARTMENT OF HEALTH SERVICES
Division of Health Care Access and Accountability
1 W. Wilson St.
Madison WI 53703

To: BadgerCare Plus Eligibility Handbook Users

From: Rebecca McAtee, Bureau Director
Bureau of Enrollment Policy and Systems

Re: **BadgerCare Plus Handbook Release 16-02**

Release Date: 08/08/2016

Effective Date: 08/08/2016

EFFECTIVE DATE The following policy additions or changes are **effective 08/08/2016** unless otherwise noted. **Grey highlighted text denotes new text. Text with a strike through it in the old policy section denotes deleted text.**

POLICY UPDATES

2.3.2.1 Forming the Test Group Using MAGI Tax Filing Rules

All MAGI groups are based on a “target” individual. Each person who can become eligible for BadgerCare Plus on the application will be a target during the eligibility determination for a case.

2.3.2.1.1 Tax Filers

If the individual is a tax filer and is **not** being claimed as a dependent by anyone else, then the individual’s MAGI group consists of the tax filer, the tax filer’s spouse, and any dependents the tax filer is claiming.

In general, a person cannot be claimed as a tax dependent unless that person is a U.S. citizen, U.S. resident alien, U.S. national, or a resident of Canada or Mexico.

Note: IM agencies are not required to know tax rules and can accept self-attestation from applicants and members about their tax dependents, unless it is questionable.

2.8.2 MAGI Income Counting Rules

The following amounts are effective January 1, 2015:

- \$1,050 per year in taxable unearned income, or
- \$6,300 per year in taxable earned income.

Note: The filing thresholds for tax dependents did not change for 2016.

For expected unearned income, do not count Child Support, Social Security, SSI, Workers’ Compensation, Veteran’s Benefits, money from another person, or educational aid.

This change is effective January 1, 2016.

5.3.9 Good Cause Not Found

When good cause is not granted, the IM agency must notify the parent or caretaker. It must be stated in the notice that the parent or caretaker has 10 days from the notification date to do one of the following:

- Cooperate.
- Exclude allowable individuals.

- Request a hearing.
- Withdraw the application. or
- Request that the case be closed.

If the 10 days have expired, and no option has been taken, and the member is in non-cooperation status, the IM agency must deny BadgerCare Plus to the applicant or terminate the member's BadgerCare Plus eligibility. The sanctions remain in effect until there is cooperation or until it is no longer an issue. The IM agency will continue to refer the case to the CSA.

5.6.1 Reporting Accident or Injury Claims

Members must report any cash award or settlement due to an accident or injury if BadgerCare Plus paid for part or all of the care received as a result of the accident or injury. Members must also report if they have hired an attorney or is working with an insurance agency to settle an accident or injury claim. If members are in an accident or are injured and receive a cash award or settlement due to the accident or injury and Medicaid (including SSI enrollees) pays for part or all of the care, it must be reported. When Medicaid pays for a claim that is related to an accident, a letter is sent to the member informing him or her of the requirement to report the information.

If a member has hired an attorney or is working with an insurance agency to settle the claim, that must also be reported. If a member reports a claim, he or she must report the accident or injury case to the Casualty Recovery Unit using one of the following methods:

1. If a member reports a claim and is receiving SSI or, on the date of the accident or injury was receiving Wisconsin Medicaid or BadgerCare Plus, he or she must report the accident or injury case to the Casualty Recovery Unit at:

- **Mail:**

WI Casualty Recovery—HMS
5615 Highpoint Dr., Suite 100
Irving, TX 75038-9984

- **Telephone:** 877-391-7471
- **Fax:** 469-359-4319
- **Email:** wicasualty@hms.com

More information can be found at Website: www.wicasualty.com/wi/index.htm.

16.3.3 Tax Deductions

Under MAGI rules, monthly expenses related to the following tax deductions from page one of the IRS Form 1040 will be allowed as income deductions for the current year, even if the individual does not plan on filing taxes. If the expense is not incurred on a monthly basis, it will be prorated and counted as a monthly expense.

16.3.3 Tax Deductions

15. **Health Savings Account Deduction.** Applies to contributions made to a health savings account for someone enrolled in a high-deductible health plan, as specified on Form 8889. Contributions made by employers, through roll-overs, or through distributions from Individual Retirement Accounts are not deductible.

16. **Self-Employed Health Insurance Deduction.** Applies to self-employed individuals who are paying premiums for a medical, dental or long-term care plan established under their business that covers them, their spouse, and/or their dependents.

17. **Allowable Write-in Expenses.** These deductions include:

- Contributions to Archer MSAs
- Deductions attributable to rents and royalties
- Certain deductions of life tenants and income beneficiaries of property
- Jury duty pay given to the employer because the juror was paid a salary during duty
- Reforestation expenses

- Costs involving discrimination suits
- Attorney fees relating to awards to whistleblowers
- Contributions to section 501(c)(18)(D) pension plans.
- Contributions by certain chaplains to section 403(b) plans

16.4.3 Self-Employment Income

Large portions of text have been edited. The section numbering was also changed.

16.5 Other Income

7. **Land Contract:** Count any portion of monthly payments received that are considered interest from a land contract as unearned income. Do not count the principal as income, because it is the conversion of one asset form to another. Deduct from the gross amount any expenses the person is required to pay by the terms of the contract.

If the income is received less often than monthly, prorate the income to a monthly amount. Do not begin budgeting this monthly amount until the person first receives a payment after becoming eligible.

Example 44

12. **Trusts:** A trust is any arrangement in which a person (the "grantor") transfers property to another person with the intention that that person (the "trustee") hold, manage, or administer the property for the benefit of the grantor or of someone designated by the grantor (the "beneficiary").

The term "trust" includes any legal instrument or device or arrangement which, even though not called a trust under state law, has the same attributes as a trust. That is, the grantor transfers property to the trustee and the grantor's intention is that the trustee holds, manages, or administers the property for the benefit of the grantor or of the beneficiary.

The grantor can be:

- The BadgerCare Plus member.
- The spouse of the BadgerCare Plus member.
- A person, including a court or administrative body, with legal authority to act in place of or on behalf of the member or the member's spouse. This includes a power of attorney or guardian.
- A person, including a court or an administrative body, acting at the direction or upon the request of the member or the member's spouse. This includes relatives, friends, volunteers or authorized representatives.

All regular payments, ~~excluding~~ **including** dividends and interest, made under the terms of the trust, from the trust to the beneficiary are unearned income to the beneficiary. **Dividends and interest income are counted even if they are tax exempt.**

16. **Student Financial Aids:** ~~Under non-MAGI Rules, student financial aids are not counted as income regardless of source. This includes student loans, grants, scholarships and work study, and any financial assistance provided by a public or private organization for the purpose of obtaining an education. Disregard the full amount of student financial aids, including any amounts earmarked for living expenses. Count income from an internship or assistantship that is not part of work study or another student aid as earned income. Count income from an internship or assistantship that is not part of work study or another student aid, counts the income from the internship or assistantship as earned income.~~

Example 4 was deleted.

Under MAGI Rules, work study income and any income from an internship or assistantship should be counted as earned income. Grants, scholarships, fellowships and any additional financial assistance provided by public or private organizations that exceed the cost of tuition, books and mandatory fees are counted as unearned income and should be pro-rated over the period of time they are intended to cover. Student loans are not counted as income irrespective of what the loan is used to pay for.

Types of grants, scholarships and fellowships counted as income include:

- Pell Grants,
- Robert Byrd Honors scholarships,
- Any grants, scholarships or fellowships received from the college or university as part of a financial aid package,
- Any grants, scholarships or fellowships provided by public or private organizations.

The following educational aid types are not counted as income and will not be considered when determining if grants, scholarships and fellowships exceed the cost of tuition, books, and mandatory fees:

- Loans, including Stafford Loans and Perkins Loans,
- AmeriCorps or HealthCorps grant,
- Bureau of Indian Affairs grant,
- GI Bill / Veterans benefits,
- ROTC benefits.

Note: These income types will not be considered when determining if grants, scholarships and fellowships exceed the cost of tuition, books and mandatory fees.

The following expense types will be used to offset income from grants, scholarships, fellowships and other financial aid:

- Tuition,
- Required books, supplies or equipment,
- Mandatory fees

The following expense types will not be allowed to offset income from grants, scholarships or other financial aid:

- Room,
- Board (meals or meal plans),
- Personal expenses,
- Transportation and parking,
- Loan fees,
- Health insurance costs.

Note: When an applicant or member is enrolled in job-related classes or training, and the tuition is reimbursed by the applicant's or member's employer, this may be considered reimbursement for job- or training-related expenses (as defined in Section 16.2 Income Types Not Counted). As long as the reimbursement is not more than the cost of the class or training, it does not need to be budgeted as educational aid.

17.4.1 When Expenses Can Be Counted Toward a Deductible

To be counted toward the deductible, a medical or remedial expense must meet all of the following conditions:

1. Be incurred by a member of the child's or pregnant woman's BadgerCare Plus group the member, his or her spouse (if applicable), or, if the member is younger than 19 years old, his or her parents.

Expenses may also be counted if incurred for someone the ~~pregnant woman member~~ is legally responsible for if that person's bills could be counted toward the ~~member's deductible~~ could be counted in the member's BadgerCare Plus group. The medical bill may be used even if the ~~family member person~~ is no longer living or no longer in the current BadgerCare Plus group.

Example 1 was updated.

These changes are effective February 1, 2014.

17.4.2 Countable Expenses

1. Medical expenses. Medical expenses are costs for services or goods that have been prescribed or provided by a professional medical practitioner (licensed in Wisconsin or another state) regardless of whether the services or goods are covered by BadgerCare Plus. Medical expenses for services or prescriptions acquired outside of the U.S. may be counted toward a deductible if a licensed medical practitioner or pharmacy provided the service or drug.

Some examples of medical expenses are deductibles, copayments and premiums for BadgerCare Plus, Medicare, private health insurance; and bills for medical services which are not covered by the Wisconsin BadgerCare Plus program. ~~When determining the countable medical expenses under MAGI rules, health insurance premiums that are counted as pre-tax deductions from income cannot also be counted toward a deductible as a medical expense.~~

Note: MMIS data may be used to calculate BadgerCare Plus co-payments from the previous deductible period.

18.1.1 Introduction

A BadgerCare Plus Extension is a period of eligibility given to a person when the assistance group's income increases above 100 percent FPL either due to an increase in earned income, child support income, and/or spousal support; and otherwise meets the BadgerCare Plus eligibility criteria for persons with incomes below 100 percent FPL.

- Non-MAGI BadgerCare Plus individuals (parents/caretakers, pregnant women, and children) can enter an extension when the assistance group's earned income, child support, or both increases above 100 percent FPL.
- A parent/caretaker relative or pregnant woman whose eligibility is determined using MAGI rules can enter an Extension due to an increase above 100 percent FPL in the assistance group's earned income, spousal support, or both. The children, stepchildren, and NLR children of the parent/caretaker will also enter the Extension at this time, provided they are under age 19, living with the parent/caretakers, and meet the income requirements outlined in section 18.1.3.

BadgerCare Plus members eligible as childless adults are not eligible for an Extension.

If a family is ~~also~~ moving out of the State of Wisconsin at the time of the income increase, ~~or if a case closes for lack of review or verification and then later reapplies,~~ they would not be eligible for the Extension.

A family can enter into an Extension as long as verification and the premium payment, if applicable, are provided by the due date given.

In late renewal situations, the renewal must have been submitted in the month the renewal is due in order for this policy to apply.

Example 1 was added.

While on the Extension, the member is covered under the Standard Plan and is not

subject to the insurance access and coverage requirements. For example, having access to employer health insurance when the family income increases from 80 percent to 175 percent FPL will not make them ineligible for the Extension.

Non-exempt adults are subject to premiums while in an Extension (see 19.1) with the exception of adults whose income is at or below 133 percent FPL during the first 6 calendar months of their Extension. Starting April 1, 2014, the restrictive re-enrollment period for adults who fail to pay a premium will be 3 months (See 19.11). For RRP that being began prior to April 1, 2014, if the adult member has served at least 3 months in an RRP, the RRP may be ended.

~~Former Foster Care Youth under non-MAGI rules are eligible for a BadgerCare Plus Extension when they have a natural or adoptive child in the household and that child meets the criteria for an Extension. If the FFCY is tested under MAGI rules, the FFCY will no longer qualify for Extensions. Former Foster Care Youth, tested under MAGI rules, no longer qualify for Extensions when they have a natural or adoptive child in the household and that child meets the criteria for an Extension.~~

~~The BadgerCare Plus Extension lasts 4 months when the income goes above 100 percent FPL solely due to an increase in child support or spousal support. Child support Extensions can occur for anyone under non-MAGI rules. Because child support is not a counted income type under MAGI rules, such Extensions for members tested under MAGI rules can only occur based on an increase in spousal support.~~

Note: Extensions will not be granted to anyone in the household if the household fails to verify the income that would trigger the extension unless all the parents/caretakers in the Extension are exempt from paying premiums because they are disabled, a tribal member or pregnant.

Example 2 was added.

18.1.3 Children

~~Under non-MAGI rules, Extensions apply to all the parents and children in the home who are eligible as part of the same BadgerCare Plus Test Group (2.3.1). When the Test Group's income exceeds 100 percent FPL due to increased earnings or child support, all members of the affected BadgerCare Plus group go into the Extension, as long as at least one member of the group was eligible with income below 100 percent FPL for 3 of the previous 6 months. Likewise, u~~Under most circumstances, the end of an Extension will apply to all of the members of the BadgerCare Plus Test group. For example, when the household income decreases to 100 percent FPL or less, the Extension will end for both parents and children. Only when an Extension ends for a parent for failure to pay a required premium will we continue the Extension for the child. All dependent children, stepchildren and NLRR children who are eligible under MAGI rules and whose parent or caretaker becomes eligible for an Extension under MAGI rules will be eligible for the same Extension provided that they are eligible for BadgerCare Plus in the month prior to the start of the Extension and:

- Have AG income under 306 percent FPL and are under age 1
- Have AG income under 191 percent FPL and are age 1 through age 5
- Have AG income under 156 percent FPL and are age 6 through age 18

Conditions:

- 1.Children do not have to be eligible for BadgerCare Plus for 3 of the past 6 months.
- 2.The child's AG income does not have to be below 100 percent FPL at the time the Extension starts.
- 3.CENs are not eligible for Extensions.
- 4.A child who is currently in an Extension is not eligible for a new extension.
- 5.If a parent's income decreases below 100 percent FPL the child's extension

continues. If the parent fails to verify income changes during the Extension period (but verifies it after the Extension has been established), the child's Extension will continue.

6. Once a child is in an Extension, the child does not lose the extension for any reason except for death, moving out of Wisconsin, or turning 19 while in an earned income Extension.

Note: If a child is in an unexpired Extension and a parent qualifies for a new Extension, the child's Extension will continue to stay in the original Extension eligibility category until it expires. The child is not eligible for the new Extension.

25.1 Application

Anyone has the right to apply for BadgerCare Plus; however, people younger than 18 years old must have a parent, caretaker relative, or a legal guardian apply for BadgerCare Plus on his or her behalf unless he or she is living independently. In situations where a legal guardian, parent, or caretaker is absent, an adult acting responsibly may apply on behalf of a person who is younger than 18 years old.

25.7.2 Changes

Changes that occur between the filing date and the confirmation date should be used in the initial eligibility determination.

For changes that occur after the confirmation date, follow the adequate and timely notice requirements outlined in the Income Maintenance Manual Chapter 1.2.2 Section 3.2 Adverse Action and Appeal Rights.

27.6 Change Reporting Methods

This section is new.

28.4.2 Overpayment Amount

Use the actual income that was reported or required to be reported in determining if an overpayment has occurred. The amount of recovery may not exceed the amount of the BadgerCare Plus benefits incorrectly provided.

48.1.3 Premiums for Adult Caretaker Families with Self-Employment Income

~~48.1.3 Premiums for Adult Caretaker Families with Self-Employment Income~~ **Five Percent Premium Caps for Children**

This section was rewritten. (The table values did not change.)