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**MEDICAID MANUAL (OFI Policy Manual, VOLUME II) Transmittal NO. 24**

**TO:** County Departments of Family and Children Services  
 State DFCS Staff

**FROM:** Martha Okafor, Ph.D., Deputy Division Director  
 Division of Family and Children Services

**RE:** Medicaid Policy Updates/Changes

**PURPOSE:** This manual transmittal updates Appendix A-1 with the new ABD COLA limits. Section 2215 has been changed to allow certain hospital records to be used to verify citizenship and identity. Section 2499 has been updated to include Grandparents Raising Grandchildren and Work Support Payments to the income chart. ABD Medicaid has significant changes to the burial assets exclusion policy in Section 2311, 2312 and 2323. These changes close up loopholes in this policy. Also changes have been made to Section 2308 in the treatment of automobiles/vehicles for the non-FBR COAs. The policy is now similar to the FBR policy on vehicles. In Family Medicaid, there are minor clarifications in several sections and a new SUCCESS workaround in Appendix J. For Children in Placement, CMO procedures and steps for processing abandoned child applications have been added. Several new forms have been added including the form 139 Contribution Statement, Spanish versions of the new 297, 297A and 297M application, a new Declaration of Citizenship, new forms for Burial Exclusion and Record of Life Insurance policies, and a Spanish version of the Providing Information for Citizenship Sheet.

**DISCUSSION:**

Specific changes to the Sections are discussed briefly under the Comments Section below.

**UPDATES:**

**MANUAL TRANSMITTAL 24**

Section	Instructions for Manual Maintenance	Page	Comments
2004	Remove and Replace	2	Chart 2004.1, changed “cut” to “copy”
2051	Remove and Replace	2	Added NOTE under 1 <sup>st</sup> bullet, for Family Medicaid, client statement is acceptable verification for excluded income. If verification is received by another program, the verif. Should be used for Medicaid as well.
2054	Remove and Replace	2	Under SOP, removed bullet giving 10 day SOP for PgW if pregnancy has not yet terminated.
2065	Remove and Replace	6,8,9	Page 6, under mandatory forms, added 297M if 297 is used for application, added NOTE that DMA285 may be mailed to a/r, but a/r

			is not required to sign and return, however record should be documented that form was sent. Page 8, 2 <sup>nd</sup> bullet, deleted “only if application is filed after delivery”. Page 9, added form 297M to list of conditional forms.
2101	Remove and Replace	1	Under Basic Considerations, Non FBR, changed “Deeming Waiver/Katie Beckett” to “TEFRA/Katie Beckett”. Deleted “AMN NH/AMN Institutionalized Hospice”.
2132	Remove and Replace	2	Step 2, changed “SSI only income” to “income includes SSI”.
2150	Remove and Replace	9-11	Page 9, under “Allowable Medical Expenses”, 1 <sup>st</sup> bullet, deleted references to the Medicare Approved Drug Discount Card and \$600 Transitional Assist. Under “Transportation costs...”, added “the lesser of actual cost or maximum allowable amount”, 4 <sup>th</sup> bullet, “Health and/or dental insurance premium”, deleted references to the Medicare Approved Drug Discount card and \$600 Transitional Assist. Reworded remaining sentence. 5 <sup>th</sup> bullet, deleted references to prescriptions purchased via the Medicare Approved Drug Discount card and \$600 Transitional Assist. Page 10, under “verification of Medical Expenses”, deleted last bullet which referred to the Medicare Approved Drug Discount Card and \$600 Transitional Assist. Page 11, In chart 2150.1 under column “Not Allowable”, added bullet to not allow as an acceptable medical expense bills incurred in an LA-D institution when the A/R is not eligible for the LA-D COA due to a transfer penalty.
2166	Remove and Replace	4	Step 5, deleted reference to form 328
2174	Remove and Replace	2	Removed statement that mother must be contacted to verify child’s living arrangements, added that if hospital confirms this, there is no reason to contact the mother.
2215	Remove and Replace	4,5	Page 4, added NOTE that certain hospital records can be used to verify citizenship and identity for children under 16, last bullet, clarified that affiant must provide proof of identity, and that if affiant is not a parent, they must be a U.S. citizen and must provide proof of their citizenship. Page 5, under NOTE, added statement that citizenship/identity does not have to be verified again unless previous documentation is questionable.
2230	Remove and Replace	5	Under Health Insurance Premium Payment Program, added info on how referrals are processed and when payments begin for those approved for HIPP.
2250	Remove and Replace	2	5 <sup>th</sup> bullet, added LIM case in which both parents are natural parents to all children in the home as an exception to making an OCSS referral.
2300	Remove and Replace	2	Added that a conversion of a resource from excluded to counted is considered as a countable resource in the month following the month of conversion.
2304	Remove and Replace	1	Deleted 1 <sup>st</sup> bullet on “automobiles”. In NOTE, added phrase “or treated differently”. Changed “Transfer of Resources” to “Transfer of Assets”.
2308	Remove and Replace	1-3	Changed heading to AUTOMOBILES/VEHICLES”. Under Policy Statement and Basic Considerations changed wording of sentence by stating that the value is determined, not by the COA, but by whether the case is ABD or Family Medicaid. 1 <sup>st</sup> paragraph under Basic Considerations gave definition of “automobile”. Changed “vehicle” to “automobile” in every instance. Under Vehicles Considered Personal Property, 2 <sup>nd</sup> bullet, added “boat, RV, dirt bike, etc.” Changed Fair Market Value to Current Market Value. Last sentence on the page, added “such as a used car/truck dealer, automobile insurance company or classic car appraiser”. Page 2, no longer distinguish between FBR

			and Non-FBR for determining value of auto. Effective date is 7/1/05, to be implemented 1/1/07. Only 1 auto per household is excluded. If multiple autos are owned, exclude the value of the most expensive, if used for regular transportation. Page 3, Under Procedures, there is no distinction between FBR and Non-FBRE COAs. 1 <sup>st</sup> paragraph is new. New policy is in effect with any application taken and upon review of existing cases. Deleted that all autos are exempt for Non-FBR policy. 2 <sup>nd</sup> paragraph, added new sentence for antique or collectible autos.
2311	Remove and Replace	1-5	(Major changes have been made to this section, please read carefully) Page 1, under contracts, 2 <sup>nd</sup> paragraph, added sentence stating that an irrevocable contract is treated the same as a revocable one. NOTE has been changed to reflect change in policy. Page 2, under burial space items, added new sentence that only the value of burial space items may be exempt from resources. Under Immediate Family, added new sentence that if the relationship to A/R is through marriage the marriage must still be in effect for designated burial exclusion to apply. Under procedures, the “Burial Contracts non-FBR COAs” has been reduced to one paragraph giving the effective date of the policy, the burial exclusion limit and references to other related sections. Page 3, new heading called “Burial Contracts & Burial Space items ABD Medicaid COAs” This heading has incorporated segments from page 2, “Burial Contracts NonFBR COAs”, page 3 “Burial Contracts FBR Medicaid COAs, page 3/4 “Documenting Burial/Cemetery Contracts” and page 5, “Burial Space items non-FBR and FBR COAs” Page 4, Under “Determining the Current Resource Value of the Non-Burial space items included in a burial contract”, made only a few changes to the 1 <sup>st</sup> sentence and to step 1 added, “by contacting the provider”. Moved from page 3 to page 4, “Burial Contracts Designated as Burial Funds”. In 1 <sup>st</sup> paragraph, added “up to the allowable burial limit (\$10,000/\$1500).” 2 <sup>nd</sup> paragraph changed “unless” to “if”. Moved from page 3 to page 4 “Significant Hardship” and changed “supervisor” to “Field Program Specialist”. Page 5, the paragraphs on “Burial Space Items Non-FBR and FBR Medicaid COAs” was incorporated into the segment “Burial/Cemetery Contracts and Burial Space Items ABD Medicaid COAs” on page 3. Under “Resource Treatment of Interest Earned on Burial Contracts” added new paragraph stating that interest earned on excluded burial assets is exempt only if left to accrue. Deleted 1 <sup>st</sup> paragraph under “Documentation and Verification of Burial Space Items”. Combined burial plots for FBR and non-FBR into one segment called “Burial Plots ABD Medicaid COAs” by deleting the 1 <sup>st</sup> paragraph and changing the 2 <sup>nd</sup> paragraph to be for all ABD. Added new segment on “Computing Burial Assets” referencing new form for Burial exclusion in Appx F.
2312	Remove and Replace	1,2,4	Under Basic Considerations, 1 <sup>st</sup> paragraph, added “at application or within 30 days of review” Added NOTE the CSV of countable life insurance policies cannot be designated for burial. 2 <sup>nd</sup> paragraph after EXCEPTION, added “if left to accrue”. Page 2, under FBR COAs, EXCEPTION added “and CSV of life insurance with a FV in excess of \$10,000”. Next paragraph is new, giving effective date of policy as of 7/1/05 to be implemented 1/1/07. Moved FBR COAs from page 3 to page 2. under FBR COAs, top of page, new text beginning with “up to the limit” and next sentence referencing other sections. Page 4, deleted FBR and non-FBR heading and changed to all ABD Medicaid COAs. Deleted text for non-FBR COAs. Altered text of FBR COAs by adding \$10,000. In 2 <sup>nd</sup> bullet, added “(whole or term)” and “(\$10,000)” 3 <sup>rd</sup> bullet, changed “space” to “excluded” and added “any pre-need

			burial after deleting “irrevocable burial trusts” 4 <sup>th</sup> bullet is new. Added new sentence of using the burial assets in the advantageous way for the A/R and deemor. Under determining resource value, deleted paragraph “At the time of original designation...” and referenced Appx. F for “Burial Exclusion” form.
2323	Remove and Replace	1-4	Page 1, under cash surrender value, 2 <sup>nd</sup> par., added sentence to consider term policies in the burial exclusion. 3 <sup>rd</sup> par. Added that burial policies are subject to the burial exclusion or may be considered a transfer of assets. 4 <sup>th</sup> par., added phrase “and not a burial policy”. Page 2, moved exclusions to be under Procedures and deleted current par. Under non-FBR COAs, added word “accessible” before “CSV”. Deleted “that has a FV of \$5000”..” through “FV of each policy is \$5000 or less.” Deleted NOTE. Added next 2 par. Page 3, added NOTE on eff. date of policy. Deleted NOTE under exclusion for FBR COAs. Under verf. & doc. For ABD Medicaid, added requirement that A/R should submit all life ins. policies owned by the A/R or deemor. Under bullet for non-FBR COAs, changed “\$5000” to \$10,000” and added phrase “if part of the burial exclusion. Verify the CSV of any policies not included in the burial exclusion.” Page 4, top of page, added reference to Appx. F for “Record of Life Insurance” form. Added new segment called “Computing Burial Assets”.
2398	Remove and Replace	3	Step 2, added to not only give out DMA form 315 to LA-D applicants but to also include the DCH ER informational brochure, if requested. Step 5, added sentence to retain case record for 3 yrs on cases in which Estate Recovery is a potential.
2399	Remove and Replace	2,3,5,9	Page 2, under Burial contracts, combined FBR/non-FBR into one segment. Deleted par. On burial fund must be liquid. Deleted par. on non-FBR. Added “for FBR and \$10,000 for non-FBR. Added “term and whole” after “life”. Page 3, under burial plots, combined FBR /non-FBR into one segment. Deleted exclusion verbiage and added to exclude only plots designated for immediate family members. Page 5, under Dividends Left to Accrue on Life Insurance- on non-FBR changed “all” to “excluded”. New sentence, “Count on non-excluded policies”. Page 9, under life insurance, ref. section 2323. Under non-FBR, added “only if combined FVs of all policies is \$10,000 or less”. Next par. changed “all” to “exempt” and “as long as dividends are left to accrue. Count as dividends paid out”.
2499	Remove and Replace	11,12,28	Page 11-12, added Grandparents Raising Grandchildren Crisis Intervention Services, and Subsidy Payment to income chart. Page 28, added Work Support Payments to income chart.
2555	Remove and Replace	1-2	Page 1, deleted 3 <sup>rd</sup> bullet on “Medicare Approved Drug Discount Card”, 5 <sup>th</sup> bullet, changed the word “until” to “through”. Next to last paragraph on page, added that medical expenses paid by a federal or state entity will not be allowed as an IME. Page 2, added sentence that medical bills incurred because of a transfer penalty are not allowed as an IME. Under procedures, deleted the paragraph on Medicare Approved Drug Discount Cards.
2620	Remove and Replace	8	Chart 2620.1, 3 <sup>rd</sup> block, added “determine which is most advantageous, can be one AU or separate AUs.
2655	Remove and Replace	7	Under dependent care deductions, added “or a related AU/BG in the home”.
2760	Remove and Replace	1,2,4	Page 1, 5 <sup>th</sup> bullet, deleted “if a/r has medical insurance”, page 2, under application, added 297M to list that should be filed in case action section, page 4, under retention of inactive cases, added bullet that all LA-D cases should be retained for a period of 3 yrs after the month of death of the beneficiary or any time the Medicaid case closes.

2801	Remove and	2	OCSE changed to OCSS
	Replace		
2805	Remove and Replace	1	OCSE changed to OCSS
2810	Remove and Replace	All	Revised to reflect CMO procedures, OCSE changed to OCSS, included the CMO de-linking timeline between SUCCESS and MHN, added abandoned child application processing.
2812	Remove and Replace	All	Revised to reflect CMO procedures, deleted references to GBHC, changed OCSE to OCSS, included CMO de-linking timeline between SUCCESS and MHN.
2815	Remove and Replace	All	Fixed formatting issues
2817	Remove and Replace	4,5	Revised Office of Adoptions to State Adoption Unit Added procedures for children not in permanent custody of DHR, added procedures for children not in the permanent custody of DHR adopted by a specified relative.
2830	Remove and Replace	All	Fixed formatting issues.
2835	Remove and Replace	4,5	Included instructions for following steps on AFDC budget sheet for determining \$ 30 plus 1/3 deductions.
2851	Remove and Replace	All	Changed OCSE to OCSS
2853	Remove and Replace	All	Renamed section: Foster Care CMO Procedures. Deleted references to GBHC and included the CMO procedures for a child enrolled in a CMO entering foster care.
Appendix A1 ABD Income Chart	Remove and Replace	1-3	Updated with new COLA limits
Appendix D	Remove and Replace	6,29	Page 6, for ABD, added statement about Estate Recovery form 315, page 29, added “for each child for whom care is being paid”
Appendix F	Remove and Replace		Added for 139 Contribution Statement, added form 173 instructions, on form 219 instructions, removed statement that affiant must be over 18, and added that affiant is not the parent, they must provide proof of their citizenship, added form 219 and instructions in Spanish, revised form 225 and instructions, updated DMA285 instructions, added 297, 297A and 297M in Spanish, revised form 963 and 963 instructions to include closures, revised for 985, added new Declaration of Citizenship in English and Spanish, added Spanish version of Providing Information for Citizenship sheet, added “Record of Life Insurance Policies”, added “Burial Exclusion” form, added DCH Estate Recovery brochure (hard copy only, not in ODIS), added “Request for Reduction in ABD Case Accuracy Reviews”
Appendix J	Remove and Replace	9	Added procedures for closing Medicaid cases when there are less than 10 days left in the month.
TOC 2800		2853	Renamed section “Foster Care CMO Procedures”

