

Bulletin

February 21, 2011

Minnesota Department of Human Services -- P.O. Box 64941 -- St. Paul, MN 55164-0941

OF INTEREST TO

- County Directors
- MinnesotaCare Operations Managers, Supervisors and Staff
- Financial Assistance Supervisors and Staff
- Mille Lacs Tribal TANF
- Social Services Supervisors and Staff
- Case Managers

ACTION/DUE DATE

Please read and implement on March 1, 2012.

EXPIRATION DATE

February 21, 2014

Simplifying the MinnesotaCare Income Verification Process

TOPIC

MinnesotaCare Income Verification

PURPOSE

This bulletin provides policy and instructions to simplify the income verification process for MinnesotaCare.

CONTACT

MinnesotaCare Operations, counties and tribal agencies should submit policy questions to HealthQuest.

All others direct questions to:

Health Care Eligibility and Access (HCEA) Division
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SIGNED

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Health Care Administration

I. Background

MinnesotaCare requires verification of income at application and renewal. Currently, the client is generally responsible for providing paper verification of income. The required proof varies based on the type of income reported. As electronic sources of income verification become available, some clients will no longer be required to submit paper verification to verify their income.

II. Introduction

This bulletin provides policy guidance and instructions to simplify the MinnesotaCare income verification requirements by incorporating electronic data sources into the verification process. Effective with MinnesotaCare applications received on or after March 1, 2012, and all renewals with a redetermination date of April 30, 2012, or later, follow the process described in Section III.A to verify client income.

County agencies and MinnesotaCare Operations currently have limited access to different electronic income verification sources. DHS is developing VerifyMN, an online verification portal that will consolidate and align all sources of electronic verification for all processing entities. Statewide rollout of VerifyMN is planned for April 1, 2012. Until VerifyMN is in place, use any and all electronic verification sources available to verify income for MinnesotaCare.

This bulletin does not make changes to MinnesotaCare policies regarding when to require verification of income or what types of income to verify. Continue to verify earned and unearned income at application and renewal. Do not require verification of income for changes reported between renewals, for employment that has stopped, or for earnings of children under age 19 who are students.

III. Action Required

A. Simplified Income Verification Requirements Effective March 1, 2012

Effective for applications received on or after March 1, 2012, and renewals with a redetermination date of April 30, 2012 or later, follow the hierarchy below to verify income for MinnesotaCare.

1. Attempt to verify client income using any paper verifications submitted with the application or renewal. The income reported on the paper verification must be reasonably compatible with the income reported by the client. The paper verification does not need to report income for the past 30 days, or another required period of time to be used. If the paper verification is reasonably compatible with the income reported by the client, calculate household income using the submitted paper verification.

2. If no paper verification was submitted, or the submitted verification was not reasonably compatible with the income reported by the client on the application or renewal, attempt to verify income using available electronic sources. If the income reported by the electronic verification source is reasonably compatible with the income reported by the client on their application or renewal, use the income reported by the electronic verification source to calculate household income. The electronic verification source does not need to report income from the past 30 days to be used. The income reported by the electronic verification source must simply be reasonably compatible with the income reported by the client to be used to calculate household income.
3. If the income reported by the electronic verification source is not reasonably compatible with the income reported by the client on the application or renewal, or if no electronic verification source is available, request verification from the client. Request, but do not require verification of income for the past 30 days or other required period of time. Use the verification returned by the client to verify and calculate household income.

To use a particular source of income verification, it must be reasonably compatible with the income reported by the client. Reasonably compatible does not mean the verification must identically match the reported income. Reasonably compatible means that the information provided by the verification source is generally consistent with the income reported by the client. What is reasonably compatible may vary depending on the particular circumstances. Review the information reported by the client and the information on the verification to determine if the verification is reasonably compatible with what the client reported. Compare the reported employer(s), whether the client was employed for the full reporting period, the income amounts, and any other relevant factors.

Do not consider a verification source to be reasonably compatible with the income reported by the client if the client disputes the accuracy of the income verification used, or indicates the income verification does not reflect current income. Verify income according to the next source in the hierarchy.

B. Wage Income Verification

1. Attempt to verify wages using the verification submitted by the client with the application or renewal. The submitted verification must cover a full pay period and be reasonably compatible with the income reported by the client. Do not attempt to prorate or otherwise extrapolate the income information if the client was not employed for the full pay period. For example, if the client just started a full-time job and submits a paystub for the first three days of work, request alternative verification, such as an Employer Statement ([DHS-4279](#)).

Do not require that the submitted wage verification:

- Include a specific number of consecutive paystubs or reflect an exact time period;
- Is computer generated or printed. Accept handwritten paystubs;
- Include the employer name. Use the supplied verification unless the agency knows that the supplied verification does not match the reported employer;
- Is limited to verifying wages received in the past 30 days. If the client submits more than 30 days' paystubs, and they are reasonably compatible with the income reported, use all the stubs submitted to calculate income;
- Be in a specified form. For example, paystubs may be the most common form of wage verification, but a W-2 can be used if it is reasonably compatible with the wage income reported by the client. If a client submits multiple forms of wage verification, use the verification that reflects the most recent period of time. If that source of verification is not reasonably compatible with the wages reported by the client, use the next most recent source of verification.

Example 1

Tim, a single adult, applies for MinnesotaCare and reports on the application that he works at the Lakewood Hotel earning \$2,100 every two weeks. He states he has worked there for three years. Tim submitted one biweekly paystub with his application.

Action:

The paystub reports that Tim was paid \$1,036 by Northwest Hospitality for the biweekly period. Even though the employer names do not exactly match, Northwest Hospitality is likely the parent company of Lakewood Hotel. Both the name and the amount reported on the paystub are consistent with what Tim reported on the application. Consider the paystub reasonably compatible with the wages Tim reported on the application and annualize the wage income reported on the paystub. Do not request additional verification or use electronic verification sources to verify Tim's income. Tim's annual household income is \$26,936 (\$1,036 X 26). Approve MinnesotaCare pending awaiting payment for Tim as long as he meets all other eligibility criteria.

2. Attempt to verify wages using available electronic sources if the wage income indicated by the submitted paper verification is not reasonably compatible with the wage income reported by the client, or if no verification was submitted. The wage income reported by the electronic verification source must be reasonably compatible with the wages reported by the client. If the client reports that he or

she is currently employed, but failed to list an employer on the application or renewal, contact the client to identify his or her current employer.

Do not attempt to prorate or otherwise manipulate the electronic wage information if the client was not employed for the full reporting period. For example, if verifying wage income using the Department of Employment and Economic Development's (DEED) quarterly wage match, the client must have been employed for the entirety of the most recent quarter reported.

After determining that the information provided by the electronic verification source is reasonably compatible with the income reported on the application or renewal, calculate household income using the wage income reported by the electronic verification source.

Example 2

Jon applies for MinnesotaCare for himself, his wife, and his three children. Jon reports that he and his wife, Kim, are both employed. The application indicates that Jon has worked for Temp Services Inc. for one year and is paid \$3,000 monthly but that his pay varies. Kim's job at Foodstore Inc. ended in the last 30 days, but she remains employed at Tina's Salon where she has worked for two years earning \$2,000 monthly. Jon included with the application two non-consecutive weekly paystubs for his job and one paystub from Foodstore Inc. for Kim.

Action:

Jon's paystubs indicate he was paid \$825 one week and \$775 the second week by Temp Services Inc. The paystubs match the employer reported on the application and it appears that Jon worked for the entirety of both pay periods. Because the paystubs are reasonably compatible with the income reported on the application, annualize the income reported on the paystubs. Jon's annual income is \$41,600 $((\$825 + \$775 / 2) \times 52)$.

The paystub submitted to verify Kim's wage income is from her former employer. As such, it is not reasonably compatible with the income reported on the application and cannot be used. Attempt to verify Kim's income using available electronic sources.

The agency where Jon and Kim applied has access to the DEED quarterly wage reporting system. For the most recent quarter, DEED reports that Kim earned \$6,300 working at Tina's Salon and \$2,000 working at Foodstore Inc.

Disregard the income reported for Foodstore Inc. because Kim no longer works there.

The DEED wage information reported for Kim's employment with Tina's Salon verifies that the employer name matches the employer reported by Kim. Because Kim reported she has worked at Tina's Salon for the past two years, she would have been fully employed during the most recent quarter. Annualize the DEED quarterly income. Kim's annual household income is \$25,200 ($\$6,300 \times 4$ quarters).

The total household income is \$66,800 ($\$41,600 + \$25,200$). Deny MinnesotaCare for Jon and Kim because they are over income. Approve MinnesotaCare pending awaiting payment for the three children as long as they meet all other eligibility criteria.

Example 3

Scott, a single adult, applies for MinnesotaCare for himself. Scott reports that he has worked at Jim's Lighting for the past four years and is paid \$3,000 per month. Scott submitted his previous year's W-2.

Action:

The submitted W-2 reports that Scott earned \$33,952 last year working at Jim's Lighting. The W-2 is for the same employer reported by Scott and covers a full year of employment. Use the annual income reported on the W-2 to determine Scott's income. Based on the income reported on the W-2, deny MinnesotaCare for Scott because he is over income.

3. Request verification of current wage income using the Verification Request Form ([DHS-3271](#)) if the client either failed to submit paper verification or the submitted verification is not reasonably compatible with the wages reported on the application or renewal, and electronic sources cannot be used to verify wage income. Request, but do not require verification of wages from the past 30 days. Request an Employer Statement ([DHS-4279](#)) if paystubs from the past 30 days are not available or the client has not worked long enough to establish a 30-day period.

Use the verification returned by the client to calculate wage income as long as the verification is reasonably compatible with the wages reported on the application or renewal. If the wage verification returned by the client is not reasonably compatible with the wage income reported on the application, contact the client to clarify his or her current income. Determine if additional verification is needed based on the client contact.

Example 4

Linda, a single adult, submits her renewal application. She reports she just started a new job last month at Peter's Fashions. She reports that she has \$1,700 monthly income. She is paid every week. She did not include any paystubs with her renewal.

Action:

Because Linda did not include any income verification with her renewal, attempt to verify her income using electronic sources. However, Linda reports she recently started a new job, so there are no electronic sources available to verify her income. Request verification of income from the past 30 days from Linda.

Linda submits a single weekly paystub before the end of the renewal period.

Action:

Linda's paystub indicates she works at Peter's Fashions and earns \$50 per week. Because the verified wage income is not consistent with the wages reported on the renewal it cannot be considered reasonably compatible. Contact Linda to clarify her current income.

During a phone call to Linda, she states that the paystub she sent was from her first week when she only worked one day. She also clarifies that she is making \$350 per week. Linda also states she lost the rest of her paystubs, but will get one tomorrow and will fax it to the worker.

Action:

Linda's faxed paystub indicates that she works at Peter's Fashions and earns \$360 per week. The paystub is reasonably compatible with the income information Linda reported. Calculate her income using the single weekly paystub. Linda's annual income is \$18,720 ($\360×52). Approve ongoing eligibility for Linda as long as she meets all other eligibility requirements.

C. Seasonal Income

Continue to follow current policy as it pertains to verification of income from repeated seasonal employment. Require client tax forms to verify repeated seasonal employment if the client was seasonally employed the previous year and expects to be seasonally employed to the same extent in the current year.

If the client reports new seasonal employment, follow the new wage verification policy in Sections II.B. to verify current income.

Example 5

Karen, a pregnant woman, applies for MinnesotaCare for herself and her husband Lyoto. Karen is a student at the local university and reports her only income is financial aid from the Bureau of Indian Affairs. Lyoto just started a job as a seasonal golf instructor at a local country club. He reports that he is paid \$4,000 per month. Lyoto included one monthly paystub with the application.

Action:

Karen's income is excluded and therefore not counted. However, Lyoto has new seasonal employment that cannot be verified using tax forms. Attempt to verify Lyoto's income using the submitted paystub.

The submitted paystub shows monthly gross income of \$3,900. The paystub appears reasonably compatible with the income reported on the application. It matches the reported employer and reports income for a full pay period.

Annualize Lyoto's income based on the submitted paystub. Lyoto's annual income is \$46,800 ($\$3,900 \times 12$). Approve MinnesotaCare for the household as long as they meet all other eligibility requirements. Remind Lyoto to contact the agency when the seasonal income ends to update his income.

D. Self-Employment Income

Continue to follow the current paper verification process for self-employment income. There is no electronic source currently available to verify self-employment income. Continue to request tax forms or business records following current policy. However, do not require an individual to submit W-2 forms as part of the 1040 U.S. Individual Income Tax Return, if those W-2 forms will not be used to verify wage income.

Example 6

Jack applies for MinnesotaCare. He reports that he has a job at a local gas station and he is a self-employed farmer. Jack includes with his application two paystubs from his job and a copy of his prior year's 1040 tax form. Although there are wages listed on the 1040 form, he does not submit any W-2 forms.

Action:

Determine if the paystubs and 1040 form are reasonably compatible with the information Jack reported about his wage job and self-employment. If they are reasonably compatible, calculate Jack's household income based on the verification he provided. Do not pend eligibility for the missing W-2 forms, since his wage income was verified using the paystubs.

E. Unearned Income

1. Verify unearned income using the verification submitted by the client if the verification is reasonably compatible with the unearned income reported on the application or renewal. Do not require that verification of unearned income be for a specific period of time or reflect consecutive payments. Do not require that the submitted verification be limited to income received in the past 30 days. If the client submits more than 30 days verification, and it is reasonably compatible with the income reported, use all the verification submitted to calculate unearned income. The submitted verification must simply be reasonably compatible with the income reported by the client in order to be used for verification.

Example 7

Jennifer, a pregnant woman, applies for MinnesotaCare. On her application she reports her only income is \$698 per month in Supplemental Security Income (SSI). She submits a bank statement from three months ago showing a direct deposit of \$698.

Action:

Review the submitted verification to determine if it is reasonably compatible with the earned income reported on the application. Even though the source of the deposit is not listed, the amount and frequency of the deposit correspond with the information reported on the application. Use the submitted verification to determine Jennifer's annual income. Jennifer's annual income is \$8,376 ($\698×12). Approve MinnesotaCare eligibility for Jennifer as long as she meets all other eligibility criteria.

2. Attempt to verify unearned income using available electronic sources if the unearned income reported by the submitted verification is not reasonably compatible with the unearned income reported by the client, or if no unearned income verification was submitted. The unearned income reported by the electronic verification source must be reasonably compatible with the unearned income reported by the client on the application or renewal.

Calculate household income using the information provided by the electronic verification source if it is reasonably compatible with the unearned income reported on the application or renewal.

3. Request verification of unearned income using the Verification Request Form ([DHS-3271](#)) if the client either failed to submit paper verification with the application or renewal, or the submitted verification is not reasonably compatible with the unearned income reported on the application or renewal and electronic sources cannot be used to verify income. Request, but do not require, verification of unearned income from the past 30 days or other relevant time period. If the client reports receiving unearned income at least monthly, request verification of payments received in the past 30 days. If the client reports receiving unearned income at least once annually, but less frequently than monthly, request verification of payments received in the past twelve months.

Use the verification returned by the client to calculate unearned income as long as the verification is reasonably compatible with the unearned income reported on the application or renewal. If the income verification returned by the client is not reasonably compatible with the unearned income reported on the application, contact the client to clarify his or her current unearned income. Determine if additional verification is needed based on the client contact.

Example 8

Sheldon, a single adult, applies for MinnesotaCare. On his application he reports that his only income is a quarterly annuity payment of \$3,000. No verification was submitted.

Action:

Because Sheldon did not submit verification of his income and there are currently no available electronic verification sources for this type of unearned income, request verification of Sheldon's income. Because Sheldon receives his annuity payment less often than monthly, request verification of all payments received in the last twelve months.

Sheldon submits a bank statement from four months ago showing the deposit.

Action:

The bank statement indicates that \$3,036 was deposited into Sheldon's account. The bank statement is reasonably compatible with both the amount and frequency of unearned income reported by Sheldon on his application. Use the bank statement to calculate Sheldon's annual income without requiring additional verification. Sheldon's annual income is \$12,144 ($\$3,036 \times 4$). Approve MinnesotaCare for Sheldon as long as he meets all other eligibility criteria.

IV. Legal References

Minnesota Statutes, section 256L.01, subdivision 5.

Minnesota Statutes, section 256L.05, subdivision 2.

V. Americans with Disabilities Act (ADA) Advisory

This information is available in alternative formats to individuals with disabilities by calling (651) 431-2283 (voice) or toll free at (888) 938-3224. TTY users can call through Minnesota Relay at (800) 627-3529. For Speech-to-Speech, call (877) 627-3848. For additional assistance with legal rights and protections for equal access to human services programs, contact your agency's ADA coordinator.