

**EFFECTIVE** January 1, 2004

**FREEDOM TO  
WORK ACT  
IMPLEMENTATION MA**

**PEM 174**

Public Act 33 of 2003 amended the Social Welfare Act to establish a program within the Department of Community Health (DCH) to continue MA coverage to a disabled customer 16 through 64 under certain conditions. The eligibility criteria for continued coverage are as follows:

- The customer must be MA eligible before eligibility for Freedom to Work (FTW) can be considered.
- The customer is not eligible for any other MA category and does not access MA through a spend-down.
- The customer is disabled according to the disability standards of the Social Security Administration.
- The customer must be employed but may be allowed temporary breaks up to 24 months under certain circumstances.
- The customer is a fiscal and asset group of 1.
- The customer's countable assets cannot exceed \$75,000; however the value of funds in retirement accounts and individual retirement accounts are excluded.
- The customer's **unearned** income does not exceed 100% of the Federal Poverty Level (FPL).

A customer with net countable earned income exceeding 250% of the FPL is required to pay a monthly premium based on income to keep MA coverage. Premiums will be billed and collected by DCH through FTW.

New PEM Item 174 fully explains FTW. Please read the item carefully.

**Application of  
Policy - Interim  
Procedures**

Policy must be implemented effective January 1, 2004.

Because this policy had to be released with very little notice, no automated budgeting support is currently available. The following steps must be followed if you have a customer with excess earnings or excess assets to qualify for other MA categories and the person meets the FTW non-financial factors:

1. A customer qualifying for FTW is always a fiscal and asset group of 1. If the original LOA2 budget was calculated using a fiscal

group of 1, go to Step 2. If not, you must recalculate the LOA2 budget using only the FTW customer's income and assets.

**Note:** In some instances the second LOA2 budget could show MA eligibility. Remember the original LOA2 budget was the correct determination for all other MA categories. The second budget is only to obtain net earned and unearned income amounts.

**Note:** LOA2 is currently programmed to automatically determine a spend-down amount when a customer has excess income. Do **not** open a spend-down case or issue a spend-down notice. Customers eligible for FTW cannot access MA using a spend-down.

2. Compare the customer's asset amount (disregarding any retirement accounts and individual retirement accounts) to \$75,000. If the customer's assets do not exceed \$75,000, go to Step 3. If the asset limit is exceeded the customer does not qualify for FTW. Issue the original MA determination notices.
3. Compare the customer's net **unearned** income to 100% of the FPL, currently \$771. If the customer's net unearned income does not exceed 100% of the FPL, go to Step 4. If the unearned income limit is exceeded, the customer does not qualify for FTW. Issue the original MA determination notices.
4. Compare the customer's net **earned** income to 250% of the FPL, currently \$1928. If the customer's net earned income does not exceed 250% the customer is eligible for FTW with no premium payment. Continue current coverage on CIMS and issue FIA-176, Benefit Notice, stating MA benefits will continue. Send a copy of the CIMS screen indicating "FTW" to:

MA Policy Unit  
Grand Tower Building, Suite 1301  
235 S Grand  
Lansing, MI 48909

If the customer's net earned income is above 250% of the FPL, refer the customer to FTW. Do not end the customer's medical assistance coverage on CIMS. See "**FTW Referrals**" below.

Document the above steps on the budget sheet in the case record.

### FTW Referrals

If you have determined that a customer's net earned income exceeds 250% of the FPL, use an FIA-45, FIA to DCH/MICChild/FTW Transmittal, and send legible photocopies of the FTW budget to FTW at the following address:

Freedom To Work  
PO Box 30412

Lansing, MI 48909

FTW will use the budget information to determine the amount of the premium payment.

Use an FIA-14, MICHild/Freedom To Work Referral, to inform the customer of the referral to FTW.

Do **not** end the customer's medical assistance on CIMS. FTW will notify the customer of the premium payment and collection process. If the premium is not paid, DCH's exception unit will close the case and notify FIA staff.

**Forms**

The following forms have been revised to include FTW:

- FIA-14, MICHild/Freedom To Work Referral
- FIA-45, FIA to DCH/MICHild/FTW Transmittal

**Automated  
Budgeting and  
CIMS Coding**

LOA2 will be updated as soon as possible.

Scope/Coverage codes are being developed to identify FTW persons.

**Online Manual  
Pages**

Online manual pages will be updated in the April, 2004 policy release.

*Reason:* This recent legislation allows more disabled persons to continue MA coverage as an incentive to become employed.

*Old Policy:* This is a new MA category.