

Verification of Financial Eligibility for Medicaid and the Children's Health Insurance Program November 2024



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Objectives



This deck is a summary of the CMCS Information Bulletin (CIB), *Financial Eligibility Verification Requirements and Flexibilities*, and part of a series of guidance and resources for states as they work to ensure compliance with federal renewal requirements.

This slide deck is intended to:

1. Remind states about current requirements and state flexibilities in verifying financial eligibility for Medicaid and the Children's Health Insurance Program (CHIP); and
2. Serve as a resource to states seeking to maximize verification efficiencies while continuing to ensure program integrity.

Source: CMS CIB, [Financial Eligibility Verification Requirements and Flexibilities](#).

Notes: The CIB reminds states of the requirements and flexibilities in verifying financial eligibility in accordance with sections 1137, 1940, and 1902(a)(46)(A) of the Social Security Act (the Act) and implementing regulations at 42 C.F.R. §§ 435.940 through 435.952 and 457.380. The CIB describes income verification policies that apply to eligibility determinations made on the basis of Modified Gross Income (MAGI), as well as income and asset verification policies that apply to determinations made for individuals excepted from MAGI-based financial methodologies.

Objectives, continued




The CIB focuses on verification of financial eligibility in circumstances where there is an attestation (e.g., at application) and does not address verification during the *ex parte* renewal¹ process.

The CIB does not address verification of non-financial factors of eligibility, such as citizenship or state residency.

Notes:

1. An *ex parte* renewal is when a state renews eligibility for Medicaid and CHIP beneficiaries based on reliable information available to the state without contacting the beneficiary. Additional guidance on conducting *ex parte* renewals is forthcoming.

Content Overview

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Context Setting

Fundamental Financial Eligibility Verification Principles

- States **must** use available electronic data sources, to the extent to which they are useful in verifying financial eligibility, before requesting additional documentation or other information. This includes:
 - Data sources identified in sections 1137 and 1940 of the Social Security Act (the Act) and 42 C.F.R. §§ 435.948 and 457.380(d), and
 - Other reliable data sources identified by the state.
- States are permitted to rely on self-attestation in verifying eligibility except to the extent that statute or regulations specifically require that the state attempt to verify an eligibility criterion using one or more available data sources.
 - Information provided on an application or renewal form, as well as leaving information unchanged on a pre-populated renewal form, constitutes an attestation.
- States **must** establish and use an Asset Verification System (AVS) to verify assets held in a financial institution for individuals whose eligibility is based on being age 65 or over, being blind, or having a disability, and who are subject to an asset test.

Fundamental Financial Eligibility Verification Principles, continued

- States **may not** request documentation or other information from an applicant or beneficiary unless there is no available electronic data source that the state can access to verify attested information, or data obtained are not reasonably compatible with the attested information.
- States **must** generally conclude that information is reasonably compatible, and the individual satisfies the income or asset test for coverage if an individual's attested income or assets are at or below the applicable standard and data from available electronic sources are at or below the standard.¹
- States **must** document their verification policies and procedures in their verification plans. CMS approval is not required, but states must submit their plans upon request.

Sections 1137, 1940, and 1902(a)(46)(A) of the Act; 42 C.F.R. §§ 435.945(j), 435.952(c), 457.380(f), and 457.380(j)

Notes:

1. There may be some circumstances when states have options in whether data returned are considered reasonably compatible, and therefore satisfies the income test. For example, while the identity of an employer is not a factor of eligibility, if the data return employer information that is not an exact match with an individual's attestation, states may consider the information not reasonably compatible even if the amount of attested income and the amount in the data source are reasonably compatible (see slides 37–41).

Income Verification Data Sources

Required Income Data Sources

For purposes of verifying an individual's financial eligibility, states are required to obtain certain earned and unearned income data to the extent the state determines them useful in determining eligibility for coverage.

States must assess each of the required data sources following certain parameters to determine if useful in verifying Medicaid and CHIP eligibility. These data sources include:

- State Wage Information Collection Agency (SWICA), also known as Quarterly Wage Data;
- Social Security Administration (SSA);
- Internal Revenue Service (IRS);
- Agencies administering state unemployment compensation laws;
- the Supplemental Nutrition Assistance Program (SNAP);
- State-administered supplementary payment programs;
- Any state program approved under title I, V, X, XIV, or XVI of the Act; and
- the Temporary Assistance for Needy Families (TANF).

States must access information through the Federal Data Services Hub (“Hub”) to the extent it is available unless CMS has approved the use of an alternative mechanism.

Sections 1137 and 1902(a)(46) of the Act; 42 C.F.R. §§ 435.945(k), 435.948, 435.949, and 457.380(d), (g), and (i)

Notes: The table on pages 7–8 of the CIB describes the required Section 1137 data sources and the information provided by each source. The Hub provides access to information on taxpayers' MAGI from the IRS, receipt of benefits through SSA, and income from commercial sources of income (CSI). States may also access additional information to support verification of citizenship and immigration status through the Hub.

Determining Usefulness of Income Data



CMS delegated the authority to states to determine usefulness of data sources. In determining the usefulness of a specific data source, CMS expects states to consider:

- accuracy of the financial information;
- timeliness of the information returned;
- complexity of accessing the data or data source;
- age of the financial records;
- comprehensiveness of the data;
- any limitations imposed by the owner of the data on its use; and
- other relevant factors.



States *may not* determine that a mandatory data source identified in section 1137 of the Act is not useful based solely on the age of the data.¹

42 C.F.R. §§ 435.948(a) and 457.380(d)

Notes:

1. The time lag in the availability of quarterly wage data would not justify a state concluding that such data is not useful to verifying income eligibility and routinely relying instead on documentation provided by the individual. This principle also applies in determining usefulness of all the data sources that Congress identified in the statute. See the preamble of the final rule, [Medicaid Program; Eligibility Changes Under the Affordable Care Act of 2010](#).

Optional Income Data Sources

States have the option to use other reliable optional data sources.¹

States have the option to use other reliable data sources *in addition* to mandatory sources. Some examples include:

- State income tax returns;
- Commercial or other current income data sources; and
- MAGI Federal Tax Information (FTI) provided through the HUB.

Subject to CMS approval, states may use alternative sources of data in lieu of section 1137 data sources provided that the alternative source reduces administrative costs and burdens on individuals and states while maximizing accuracy and minimizing delay.

42 C.F.R. §§ 435.945(k), 435.948(a), 457.380(d), 457.380(i). and 457.380(i)

Notes:

1. As with section 1137 data sources, states determine whether optional sources are useful by considering the factors described on slide 10.

Verifying Financial Information Using Multiple Data Sources

States must attempt to verify financial information using all available data sources prior to requiring information or documentation from an individual.¹

A state that uses more than one data source to verify the same type of financial information may not require information or documentation from an individual if no information is returned unless it has first attempted verification using all available data sources.

- For example, in a state that verifies earned income using quarterly wage data, FTI, and SNAP, if no data are returned from quarterly wage or FTI, the state must also attempt to verify information using SNAP prior to requiring additional information or documentation.

However, once a state obtains information that is not reasonably compatible from one data source it can, but is not required to, ping the other data sources.

If no data are available or returned for a given income type from any source, the state can either accept self-attestation or request additional information or documentation from the individual.

42 C.F.R. §§ 435.945(a), 435.952(c), 457.380(a), and 457.380(f)

Notes:

1. When using multiple data sources for the same type of verification, states may establish a data hierarchy. For additional information on establishing a data hierarchy to prioritize the use of multiple data sources, see slides 19-27.

Asset Verification Data Sources

Asset Verification Data Sources and Requirements

States are required, under Section 1940 of the Act, to use an AVS to verify assets of individuals who may be subject to an asset test.

- States *must* use an AVS to verify assets held in a financial institution of individuals subject to an asset test whose eligibility is being determined on the basis of being age 65 or older or having blindness or a disability.¹
- States may establish a reasonable timeframe to wait for information to be returned by an AVS, balancing the need to make a timely determination with the goal of reducing state and beneficiary burden and ensuring program integrity.
- If a financial institution that participates in the state's AVS takes longer to return information than the reasonable period established by the state, the state can rely on attested asset information or request documentation to verify the attested assets.
 - If the state relies on attested asset information in this situation, it must process any information that is returned by its AVS after determining eligibility as a change in circumstances in accordance with 42 C.F.R. § 435.919.

Notes:

- Section 1940 of the Act does not require the use of an AVS to verify assets for individuals seeking coverage under a Medicare Savings Program (MSP). As such, states may accept self-attestation of assets or verify through their AVS when determining MSP eligibility. However, states cannot require individuals applying for or renewing MSP coverage to provide proof of assets without first attempting to verify assets through the state's AVS. States cannot deny MSP coverage if a spouse or parent does not provide consent.

Asset Verification Data Sources and Requirements, continued

Individuals seeking coverage and any other person whose resources are counted in determining the applicant's eligibility must provide authorization for an AVS match.

- If an individual or their spouse or parent does not provide authorization, states may determine that the individual is ineligible for medical assistance on that basis per section 1940(f) of the Act, or states may require documentation from the spouse or parent before determining the individual is ineligible.

Other electronic data sources may be available and useful to verifying assets and states must consider whether it would be effective to establish a connection to these sources. For example, verifying the value of a home or other property with a real estate database.

- In determining the availability and usefulness of other data sources, states should consider such factors as the accuracy, timeliness, comprehensiveness, and complexity of accessing the data.¹

Section 1940(b)(1)(A), 1940(c), and 1940(e) of the Act; 42 C.F.R. § 435.952(c)

Notes:

1. States determine whether data sources are useful by considering the factors described on slide 10.

Verifying Income and Assets with No Data Source

Verifying Income and Assets When There is No Data Source and Options to Rely on Attestation

Verifying Income and Assets in the Absence of a Data Source

States may accept the attested amounts of income or assets or may request additional information or documentation to verify the attested amounts when the state does not have an available useful data source. For example, CMS is not aware of any data sources to verify the cash surrender value of whole life insurance policies.

Establishing Distinct Policies for Accepting Attestations

When no data source is available, states may establish rules under which attested information is accepted in some situations but not others. For example, a state could accept self-attestation of life insurance with a cash surrender value less than \$1,500 and require documentation if the attested value is greater than or equal to \$1,500.

Option to Rely on Attested Income with an Available Data Source

States have flexibility to define reasonable circumstances for which the state has determined that verification of income with an available data source is highly unlikely to return information indicating potential ineligibility for Medicaid or CHIP, and is therefore not needed, and rely on attested information. For example, a state could choose not to check wage data when verifying income for children under a certain age.

Strategic Data Hierarchy

Prioritizing Data Sources with a Strategic Data Hierarchy

Most states use multiple data sources when verifying financial information and can elect to use a strategic data hierarchy.

A strategic data hierarchy is a set of business logic rules that lay out the order in which electronic data sources will be accessed or when data returned will be used for verifying income.

- The rules can consider one data source more useful than others in all or a subset of circumstances.
- States must have a reasonable basis to conclude that information from one data source indicating potential ineligibility can be set aside because information from another source is more useful.
- The criteria states use to define data hierarchies could include the scope or type of information, the age of information, the ease of access, the cost, or other reasonable factors.

States can take several approaches in designing their strategic hierarchies. Examples include:

- Consecutive, or
- Concurrent review of data sources.

States that do not elect to use a strategic data hierarchy and use more than one data source for a specific income or asset type must check all available data sources and resolve all inconsistencies by requesting additional information.

Consecutive Data Hierarchy

In a consecutive strategic hierarchy, states utilize a dynamic verification process that prioritizes the data sources that they deem most useful, and reviews data sources lower in the hierarchy only when needed.



**Consecutive Review
of Data Sources**

Consecutive Review of Data Sources

- The state reviews the income data source the state has identified as most useful in the hierarchy and compares the data to the attestation.
- If no data are returned or (at state option) the data returned from the highest priority source are not reasonably compatible with the attestation, the state would check secondary data source(s) until it has determined the individual eligible, determined that additional information is needed, or exhausted the available data sources.
- The state must have a reasonable basis for accepting the information from the data source that it has placed lower in its hierarchy as verifying the attested information without requesting additional documentation or other information from the individual to resolve the discrepancy with the higher-priority source.
- If no data are returned, the state can either accept self-attestation or request additional information.

Consecutive Review of Data Sources: Process Overview



A state has established a consecutive strategic data hierarchy in which it first pings quarterly wage data and it then pings FTI data.

- An individual applying for Medicaid attests to wage income under the applicable income standard. The state first pings quarterly wage data. If quarterly wage data is returned and is reasonably compatible with attested income, the state would complete the verification of income without requesting FTI or requesting additional information from the individual.
- If no data are returned from quarterly wage, the state requests FTI. If FTI is returned and is reasonably compatible with attested income, the state would complete the verification of income without requesting documentation or other additional information from the individual.
- If no FTI is available or returned, the state can either accept the attested wage income information or request additional information or documentation from the individual.

Consecutive Data Hierarchy: Example



Household Composition and Income

- Harry is 45 and is applying under the MAGI eligibility group.
- Harry is a MAGI family of 1.
- At application, Harry attests to a monthly income of \$1,500.
- Harry's attested MAGI income is \$1,500.



State's Verification Business Rules

- State verifies consecutively:
 - Earned income using quarterly wage first, and IRS (FTI) data only if quarterly wage data is not returned.
 - Quarterly wage data is considered the most useful because it is more recent than tax data.



Reminder of State Income Eligibility Standard

- 133% of the FPL for a household of 1 is \$20,030 per year (\$1,669 per month).

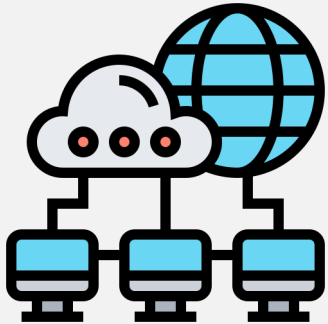
Consecutive Data Hierarchy: Example

Priority Data Sources Return Consistent Results

Attested Information

Individual attests to \$1,500 in monthly income, which is below the income standard.

Data Pull Results



System pulls priority data source which returns the following income data:

- Quarterly Wage: \$1,500 a month.

Verification Analysis



Consecutive Review. State's verification business rule is to first check quarterly wage data then FTI.

- Both quarterly wage data (\$1,500) and attested income (\$1,500) are below the Medicaid income standard for the household (\$1,669).
- Since the state uses a consecutive review with a strategic hierarchy and the first data source (quarterly wage) verifies eligibility, the state does not check FTI.

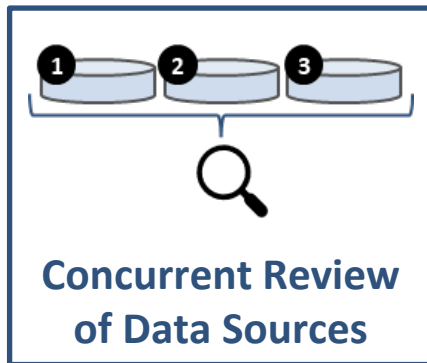
Outcome



Harry's MAGI household income has been verified.

Concurrent Data Hierarchy

In a concurrent data hierarchy, a state's eligibility and enrollment system accesses all data sources and reviews the information simultaneously.



Concurrent Review of Data Sources

- The system pings all useful data sources and evaluates the information in the order of the state's hierarchy.
- If attested income is verified by a data source, the state does not need to consider information received from other sources considered less reliable.
- If no data are returned, the state can either accept self-attestation or request additional information.
- If a higher-ranked source returns data that are not reasonably compatible, the state must have a reasonable basis for accepting a lower-priority data source without requesting additional information from the individual.

Concurrent Review of Data Sources: Process Overview



A state has established a concurrent strategic data hierarchy in which it pings both quarterly wage data and state tax information concurrently.



The state prioritizes the reliability of quarterly wage data over state tax information because quarterly wage data are more recent than state tax information.



Thus, if state tax information received by the state is not reasonably compatible with attested wages but quarterly wage data received by the state is reasonably compatible with attested income, the state will consider the attested income verified by the quarterly wage data without requesting documentation or other additional information.

Concurrent Data Hierarchy: Example



Household Composition and Income

- Harry is 45 and is applying under the MAGI eligibility group.
- Harry is a MAGI family of 1.
- At application, Harry attests to a monthly income of \$1,500.
- Harry's attested MAGI household income is \$1,500.



State's Verification Business Rules

- State verifies concurrently:
 - Earned income using quarterly wage data and state tax information, which are both considered useful.
 - Priority is given to quarterly wage data because it is more recent than state tax information.



Reminder of State Income Eligibility Standard

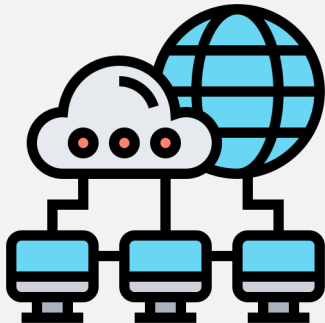
- 133% of the FPL for a household of 1 is \$20,030 per year (\$1,669 per month).

Data Sources Return Conflicting Results

Attested Information

Individual attests to \$1,500 in monthly income, which is below the income standard.

Data Pull Results



State pings all data sources concurrently. Data sources return the following income data:

- Quarterly Wage \$1,500 a month.
- State Tax Information: \$1,700 a month.

Verification Analysis



Concurrent Review. State pulls all the data at the same time and then applies the hierarchy. It considers both state tax information and quarterly wage data useful, though quarterly wage data is prioritized as being more recent.

- Quarterly wage data (\$1,500) and attested income (\$1,500) are below the Medicaid income standard for the household (\$1,669).
- State tax information (\$1,700) is above the income standard (\$1,669).
- The attested income is verified by quarterly wage data.

Outcome



Harry's MAGI household income has been verified.

Reasonable Compatibility

Notes: The reasonable compatibility policies described in this CIB apply when the state compares an attestation of income at application or renewal to information in a data source. These policies do not apply to an *ex parte* renewal when the state does not have an attestation and attempts to renew eligibility by comparing information returned from a data match against the income eligibility standard. Additional guidance on *ex parte* renewals is forthcoming.

Reasonable Compatibility

Attested financial information provided by or on behalf of an individual must generally be considered reasonably compatible with financial information obtained by the state through a data source when both are above or both are at or below the applicable standard.

Attestation At/Below and Data Above Applicable Standard

If the attested income or assets are at or below the applicable standard and the information received from the data sources indicates income or assets above the applicable standard, they are not reasonably compatible.¹ The state must either request additional documentation and/or a reasonable explanation from the individual.

Attestation Above and Data At/Below Applicable Standard

If the attested income or assets are above the applicable standard, states are not required to check data sources and can proceed to determine the individual ineligible. But if the state chooses to, and the information received from the data source is at or below the applicable standard, states may either accept the attestation of household income and determine the individual ineligible or request additional documentation and/or a reasonable explanation from the individual.

42 C.F.R. §§ 435.952(b) and (c) and 457.380(d) and (f)

Notes:

1. An exception to this general rule may occur when a state has established a reasonable compatibility threshold (see slide 33), a state has established a data hierarchy (see slides 19–27) in which information from a data source that the state prioritizes over another source is reasonably compatible even if information from the other data source is not, or in circumstances when an individual attests to a different employer than the employer returned by the data sources (see slides 37–41).

Reasonable Explanations

States must limit requests for additional information or documentation to the specific income and/or assets that are inconsistent with information from data sources.

States may accept reasonable explanations to resolve any inconsistencies between discrepant information rather than requiring documentation.

- Obtaining and accepting reasonable explanations has contributed significantly to a higher percentage of applications and renewals being processed without need for additional requests for information.
 - Many states accept reasonable explanations, such as job loss, decrease in hours, or overtime pay, by way of a check-off box in their application or renewal form.
- If a state receives a reasonable explanation from the applicant or beneficiary that is accepted by the state, then no additional documentation or information is needed for verification.
- States may accept a reasonable explanation in some situations and require documentation in others, provided that the state has a rational basis for its policies, which must be documented in the state's MAGI and non-MAGI verification plans.

Reasonable Compatibility of Attested Assets Example



Household Composition and Assets

- Anthony is age 66 and applying on the basis of being aged.
- Anthony is a non-MAGI family of 1.
- Anthony reports on his application that he has \$500 in a savings account.



State's Verification Business Rules

- State verifies:
 - Resources using AVS.



Reminder of State Resource Eligibility Standard

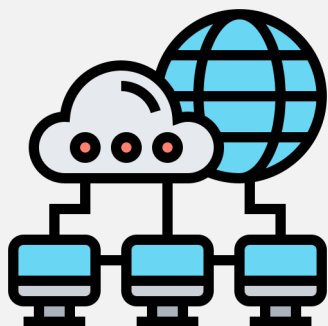
- For non-MAGI enrollees, the resource test is \$2,000 for an individual.

Reasonable Compatibility of Attested Assets: Example Analysis and Outcome

Attested Information

Individual attests to \$500 in assets in a savings account, which is below the resource standard.

Data Pull Results



Data sources return the following data:

- AVS Bank Account: \$600

Verification Analysis



Attested assets (\$500) are reasonably compatible with assets based on the AVS data (\$600) since both are at or below the resource standard for an individual (\$2,000).

Outcome



Anthony's non-MAGI countable assets have been verified.

Establishing a Reasonable Compatibility Threshold

States can establish a reasonable compatibility threshold for income and assets.

Reasonable Compatibility Threshold

- States may apply a reasonable compatibility threshold in which attested income or assets at or below the applicable standard is considered reasonably compatible with the data if the information received from the data source is above the applicable standard but the difference between the attested and data source amounts is within the reasonable compatibility threshold.
- A reasonable compatibility threshold could be based on a dollar amount or percentage of the applicable income or resource standard, the individual's attested income or assets, or the value reported in the data source.
- States may apply different reasonable compatibility thresholds to different eligibility groups, populations, or situations provided that the state has a reasonable basis to do so. For example, the state could adopt a different threshold for purposes of income versus asset verification or MAGI versus non-MAGI determinations.

Reasonable Compatibility Threshold Example



Household Composition and Income

- Noah is under age 65 and lives alone.
- Noah is a MAGI family of 1.
- At application, Noah attests to monthly wages of \$1,660.
- Noah's attested MAGI household income is \$1,660.



State's Verification Business Rules

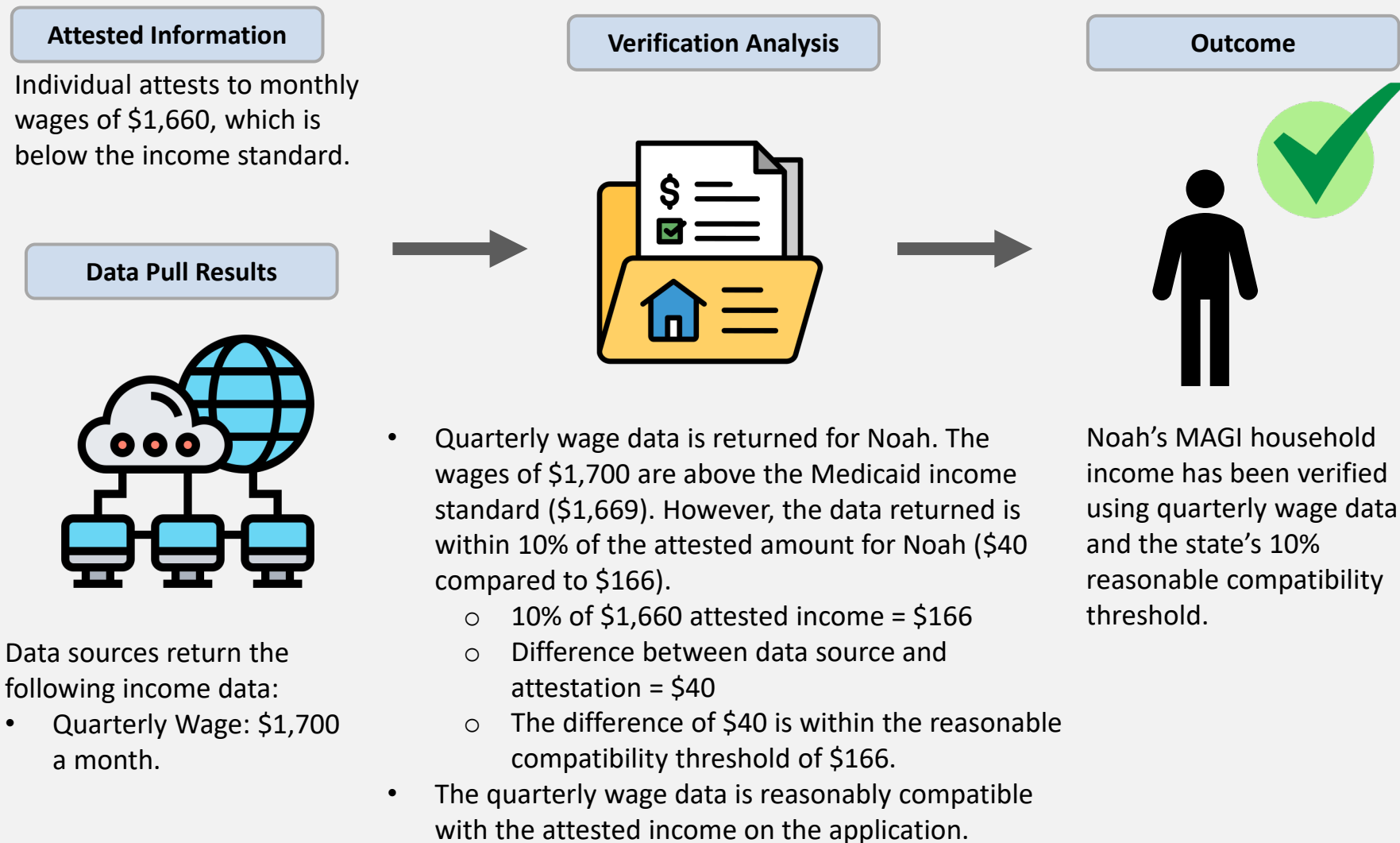
- State verifies:
 - Earned income using quarterly wage data.



Reminder of State Income Eligibility Standard

- 133% of the FPL for a household of 1 is \$20,030 per year (\$1,669 per month).
- State has a reasonable compatibility threshold for income that is 10% above the individual's attested income. In this example, the reasonable compatibility threshold for Noah is \$166 above his attestation (10% of \$1,660 = \$166).

Results Are Reasonably Compatible: Example Analysis and Outcome



Reasonable Compatibility at Renewal

The use of reasonable compatibility when verifying attested information is limited at renewal to information provided on the renewal form and cannot be used in the *ex parte* process.

Reasonable Compatibility When a Renewal Form is Returned

- An *ex parte* renewal is a redetermination of eligibility based on reliable information available to the agency without requiring information from the individual. Reasonable compatibility does not apply during the *ex parte* process because the state does not have a new attestation relating to eligibility criteria that are subject to change, including income and assets.
- If an *ex parte* renewal is unsuccessful, states must send the beneficiary a pre-populated renewal form and request any necessary documentation or other additional information.
 - If the individual returns the renewal form, the state will have new attested information, data accessed during *ex parte* renewal process, and additional documentation requested to resolve any inconsistencies between any of the data obtained with eligibility, rendering reasonable compatibility unnecessary.
 - States could apply a reasonable compatibility threshold if an individual returns the renewal form but does not provide documentation or other information requested. If total attested income or assets provided on the renewal form is at or below the applicable standard, the state could apply a reasonable compatibility threshold to determine if the newly attested data are reasonably compatible with the income or assets reported from the data sources.
- States that apply a reasonable compatibility threshold at application are not required to apply the same or any reasonable compatibility threshold when determining eligibility based on a returned renewal form.

42 C.F.R. § 435.916(b)(2)(i)(A) and 42 CFR § 457.343

Notes: The CIB focuses on verification of financial eligibility in circumstances where there is an attestation (i.e., at application or renewal form) and does not address verification during the *ex parte* process. Additional guidance on *ex parte* renewals and the use of pre-populated renewal forms is forthcoming.

Applying Reasonable Compatibility When Employer In Attestation and Data Source Do Not Match

States have options in applying reasonable compatibility when the name of an attested employer differs from the employer name returned by the data source.

Data Returns Different Employer Information

- If an individual attests to having only one employer, and the name of the employer in the data source is a different employer from the attestation, the state may:
 - because the identity of an individual's employer is not a factor of eligibility, consider the data reasonably compatible with the attestation as long as the amount of attested income and the amount of income from the data source are reasonably compatible; or
 - assume that the applicant may work for both the attested employer and the employer returned by the data source and request documentation or additional information to verify wages, even if the attested income amount and the income from the data source are at or below the income standard.

Applying Reasonable Compatibility When Employer In Attestation and Data Source Do Not Match, continued 1

Two Data Sources Return Different Income Amounts For the Same Employer

- If two data sources return different income amounts from the same employer, the state may not aggregate the amounts. Rather the state would use the information from the source it has determined is more reliable and request additional information only if the information from the priority data source is not reasonably compatible with attested wages.
- If the state does not apply a data hierarchy and the information from either data source is not reasonably compatible with attested wages, the state may require documentation or other information from the individual to verify income.

Applying Reasonable Compatibility When Employer In Attestation and Data Source Do Not Match, continued 2

Multiple Employers Reported

- If an individual attests to earned income from only one employer and the data source(s) indicates that the individual works for the attested employer and one or more other employers, states similarly have the flexibility to make different reasonable assumptions. For example:
 - A state could aggregate the income amounts from each employer, and if attested wages and the aggregated amount from the data sources are reasonably compatible, determine eligibility without requiring documentation or additional information to verify wages. If attested wages are at or below the applicable income standard but the aggregated wages from the data sources is not reasonably compatible with the attestation, the state would require additional information or documentation to resolve the inconsistency.
 - A state could request documentation or additional information from the individual to verify their income based on the discrepancy in the number and identity of the employers, even if the aggregate wages from the data sources and the attested wages are both at or below the applicable standard.
- In a state with a strategic data hierarchy, if the individual attests to having only one employer, and two data sources return information indicating that the individual has two employers, rather than aggregating the income amounts from the data sources, it would be reasonable for the state to count only the information from the more recent data source if that data source returns wage information for the same employer reflected in the attested information.

Reasonable Compatibility Different Employers Example



Household Composition and Income

- Nicole is age 35 and lives alone.
- Nicole is a MAGI family of 1.
- At application, Nicole attests to a monthly income of \$800 from ABC employer.
- Nicole's attested MAGI household income is \$800.



State's Verification Business Rules

- State verifies:
 - Earned income using both quarterly wage data and a commercial data source.



Reminder of State Income Eligibility Standard

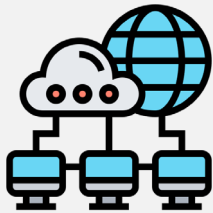
- 133% of the FPL for a household of 1 is \$20,030 per year (\$1,669 per month).

Reasonable Compatibility Different Employers: Example Analysis and Outcome

Attested information

Individual attests to monthly wages of \$800 from ABC employer, which is below the income standard.

Data Pull Results



Following data sources return wage data:

- Quarterly Wage: \$950 from XYZ employer.
- Commercial Data Source: \$750 from ABC employer.



Verification Analysis

Option 1: Aggregate Income Sources Together

- The state adds the quarterly wage and commercial data.
- If combined total income from the data sources is at or below the Medicaid income standard, income is verified.
- If combined total income is above the income standard, state sends a request for additional information.
- Nicole's combined income (\$1,700) is above the income standard, state sends a request for additional information.


Option 2: Apply Data Hierarchy


- State applies a data hierarchy in which data from the commercial data source is considered more timely.
- State relies on the commercial source to verify Nicole's wages from ABC employer, the same employer reflected in the attestation.
- The household income of \$750 from the commercial data source is below the Medicaid income standard (\$1,669).
- Nicole's income has been verified.

Option 3: Request Documentation

- Nicole attested to income from one employer and the data sources indicate she may have income from more than one employer.
- State sends a request for additional information.

Outcome


Nicole's MAGI household income has been verified.


State sends a request for information.

Applying Reasonable Compatibility When Income or Assets Do Not Have a Data Source

Individuals and households may attest to having multiple types of income or assets, some of which may not have electronic sources of information.

Reasonable Compatibility when Accepting Attestation of Income or Assets

- Some types of income (e.g., pension income) and assets (e.g., cash surrender value of life insurance) may not have an electronic data source. States can elect to accept self-attestation or ask for documentation of that specific income or asset type.
- In states that accept self-attestation in these circumstances, states would add the attested amounts of income or assets to the total amounts received from data sources to determine whether the aggregate amounts are reasonably compatible.
- If the total amount is not reasonably compatible with the attestation, the state would:
 - identify and resolve any inconsistencies with each type of income for which it has received third-party data;
 - request a reasonable explanation or documentation for attested amounts of income types that are not reasonably compatible with available data; and
 - not request documentation or additional information for income types for which it does not have an available data source and for which it has elected to accept attested information as verified.

Verifying an Attestation of No Income

States must attempt to verify income eligibility for those attesting to having no income.

Reasonable Compatibility for Individuals Reporting \$0 Income

- For individuals who attest to \$0 income, a state must check all earned and unearned income electronic data sources identified as useful in the state's verification plan.
 - If the aggregate amount returned by the data sources is at or below the applicable standard, then the state must generally find the individual's attestation is reasonably compatible and treat income as verified.¹
 - If the aggregate amount returned by the data sources is above the applicable standard, then the state *must* request additional information and/or documentation.
 - If no information is returned by the electronic data sources, then the state *may*:
 - accept the individual's attestation without requiring further documentation; or
 - request additional documentation and/or a reasonable explanation (e.g., of how the individual meets their basic needs) to verify the individual's \$0 attestation.
- In order to treat information provided on an application or renewal form as an attestation of \$0 income, the information must reasonably support a conclusion that the individual has made an affirmative attestation of \$0 income and not merely left the information blank.

Notes:

1. An exception to this general rule may occur when different employers are returned during verification (see slides 37–41).

Post-Enrollment Verification

Post-Enrollment Verification of Income and Assets

States are permitted to make an eligibility determination based on attested income and/or asset information and then complete required verification post-enrollment. Post-enrollment verification is an option only at application.

- States electing to conduct post-enrollment verification of income or assets determine eligibility and enroll individuals based on attested information and check income or asset data sources post-enrollment.
- States must conduct the required income and asset verification within a reasonable timeframe.
- States must evaluate if the income and asset information received from the data sources is reasonably compatible with the attested information in the same manner as if the state were verifying financial information prior to enrollment.
- If, upon review of the additional information obtained after enrollment, the state determines income and/or assets exceed the applicable standard, the state must discontinue the individuals' coverage after considering other potential bases of eligibility and providing advance notice and fair hearing rights.

Post-Enrollment Verification and Continuous Eligibility

States may not terminate coverage for individuals during a continuous eligibility (CE) period if, in conducting post-enrollment verification, the state obtains financial information that indicates that the individual is not eligible.

- Children who have been determined eligible for Medicaid or CHIP based on attested information are entitled to a 12-month CE period. Some states have elected CE for adult populations.¹
- States may not terminate coverage during a CE period unless the information indicates that one of the limited exceptions to CE in §§ 435.926(d) and 457.342(b) applies (e.g., the child turns age 19 or ceases to be a state resident).
- The child must remain eligible for coverage through the end of the 12-month period following the effective date of eligibility based on the initial determination.

Notes:

1. States that have adopted CE for adult populations through an 1115 demonstration project should review the terms of their demonstration project.

Documenting Verification Policies

Documenting Verification Policies



States must document their verification policies and procedures in their verification plan, including:

- description of the data sources used,
- application of reasonable compatibility thresholds,
- implementation of post-enrollment verification, and
- acceptance of self-attestation.



States should continue to submit updated MAGI verification plans whenever they make changes to their existing plans.



CMS approval of state verification plans is not required. CMS has requested that all states submit their MAGI-based verification plans but has not yet requested states submit their non-MAGI verification plans.



CMS is not requiring states to submit updated verification plans with any new policies detailed in this guidance, such as implementing a strategic data, but states making changes to their MAGI or non-MAGI verification policies and procedures must document such changes for training and audit purposes.