

## Medicaid Permanent Flexibilities

### Introduction

During COVID-19, the federal government declared a Public Health Emergency (PHE). As part of that declaration, certain flexibilities were extended to state governments to make sure that Medicaid beneficiaries remained covered. At the end of the PHE, an unwinding period began. The unwinding period was to assist Kentucky with the transition to pre-Covid policies and procedures.

Several system flexibilities introduced during the PHE are now discontinued. However, as of June 30, 2025, some of these flexibilities that were initially set to expire are remaining permanent.

This document covers the permanent flexibilities that are set in place for Medicaid after the unwinding period.

### Eligibility Updates

#### 1. 100% Federal Poverty Level (FPL) State Plan Amendment (SPA)

During passive renewals for all members, an Income Request for Information (RFI) will not be generated if income data is missing from Annual Household Income (AHI), Verification of Current Income (VCI), or State Wage Information Collection Agency (SWICA), provided the verified income is below the 100% Federal Poverty Level (FPL) and was verified on or after March 1st, 2019.

#### 2. Asset Test and Verification Requirements Waived for Non-Modified Adjusted Gross Income (Non-MAGI)

Eligibility updates have removed or waived the asset test and resource-related RFIs for members qualifying for Non-Modified Adjusted Gross Income (Non-MAGI) and/or Medicare Savings Program (MSP) during Renewal, Report a Change (RAC), and Reinstatement, but not for applications. During applications, resource tests and RFIs are still generated. Cases transitioning from APTC to Non-MAGI Medicaid require verification of resource-tested eligibility criteria.

#### 3. Facilitated Enrollment Unwinding

If a member fails the income test or triggers an Income RFI but has an active SNAP benefit on any case, SNAP budgeting is used to renew Modified Adjusted Gross Income (MAGI) benefits. These rules apply only to approvals during passive renewal; later transactions may still result in termination since these rules are only applicable to approvals during passive renewal.

#### 4. Passive Renewal Asset Verification System (AVS)

Previously, RFIs for resource verification were sent to Non-MAGI members if the Asset Verification System (AVS) returned no data during passive renewals. RFIs are no longer generated in this situation during passive renewals.



## Eligibility Updates

### 5. **Reactivation Functionality to all Individuals (MAGI & Non-MAGI)**

Prior to the PHE, the lookback period for reactivation was 90 days and applied only to MAGI Medicaid discontinuances for failure to provide RFIs during Renewal. During the PHE, the lookback period was extended to 120 days and allowed any reason to reactivate both MAGI and Non-MAGI Medicaid cases. Now, the lookback period has returned back to 90 days, but the flexibility to reactivate for any reason during Intake, Report a Change (RAC), and Renewal is permanent. The Renewal Due Date is 12 months from the reactivation approval month.

MAGI and Non-MAGI members who lost coverage within the past 90 days can use reactivation functionality to reinstate benefits by submitting a renewal form, reducing administrative burden by avoiding a new application.

### 6. **Medicaid Renewal Stable Sources of Income or Assets**

On the first of the month prior to the Medicaid renewal due date, the system evaluates Non-MAGI Medicaid and Medicare Savings Program (MSP) members for eligibility for Passive Renewal. The system evaluates if any Eligibility Determination Group (EDG) member possesses a non-stable income or resource type that excludes them from Passive Renewal. If excluded from Passive Renewal, the Individual is selected for Active Renewal and sent a Renewal packet.

During the PHE, changes were made to make Pension/Retirement Payment income considered as stable and eligible for Passive Renewal. This change will now persist for Passive Renewal evaluation.

The below income types are considered as stable income sources, even if verification date is beyond 90 days:

- Earned Income (wages, etc.)
- Worker's Compensation
- Unemployment Insurance Benefits
- Mineral Rights/Royalties
- IRA Distribution Dividends
- Alimony/Spousal Support
- Child Support
- Friends or Family Contributions
- Military Retirement
- Loans
- Oil Leases
- Trust Income
- Interest
- Capital Gains
- Pension/Retirement Payments





## Eligibility Updates

### 7. **Passive Renewals**

Income from federal and state sources is used to verify client-reported income. The Reasonable Compatibility (RC) test checks if income from any source is within 25% of reported income. Previously, the RC test was used during Passive Renewal to see if additional verification was required from the Individual.

Changes are made such that the RC test no longer occurs during Passive Renewals on income provided from state and federal sources. This change is only applied to Passive Renewals, and the RC test is still applied during Active Renewals.



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