



DEPARTMENT OF ECONOMIC SECURITY
Your Partner For A Stronger Arizona

Douglas A. Ducey
Governor

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Director

August 9, 2019

To: Community Action Network
From: Frank Migali, Deputy Assistant Director of Community Service Programs
Division of Aging and Adult Services
Subject: Low Income Home Energy Assistance Program (LIHEAP) policy updates

The following ALERTS are attached:

<u>ALERT</u>	<u>FUND SOURCE/TYPE</u>
ALERT SFY-20-J2 A	Policy: LIHEAP Policy Update – Medical Expense Deductions
ALERT SFY-20-J2 B	Policy: LIHEAP Policy Update – Arizona Corporation Commission Moratorium on Utility Shutoffs.

ALERTS are available on the DAAS Website using the link: <https://des.az.gov/services/aging-and-adult/division-aging-and-adult-services/alerts-arizona-division-aging-and-adult>. Scroll down to ALERTS at the bottom of the Webpage and select the respective ALERT. Community Action Programs and Services Policies and Procedures are available on the DAAS Website at the following link: <https://des.az.gov/services/aging-and-adult/partners/daas-policy-and-procedure-manual>. Should you have any questions, please contact your assigned Contract Specialist, or Edward Chien at 602-542-3269

cc: Molly McCarthy, Frank Migali, Cindy Saverino, Shelley Morgan, Edward Chien, Diana Gravett, Ben Kauffman, Bridget Casey, Matt Lecrone, and DAAS FSA Team, DAAS file



Division of Aging and Adult Services
ALERT

SFY-20-J2B

**Policy and Procedures
for SFY 2020**

Policy and Procedure ALERTS are intended to notify Community Action Program (CAP) Agencies on newly developed, updated or revised Division of Aging and Adult Services (DAAS) Policies and Procedures. Please ensure that all appropriate CAP staff is provided with this information.

**Applicable Program
Low-Income Home Energy Assistance Program (LIHEAP)**

Arizona Regulated Utilities Seasonal Shutoff Moratorium – LIHEAP Policy

Background

New Policy: DAAS is issuing the policy clarification regarding the moratorium on shut offs from June 1, 2019 until October 15, 2019. On July 1, 2019 the Arizona Corporation Commission declared the intention to launch an independent investigation of the death of an APS customer and to delay shut offs until the investigation concluded.

Summary

Attachment #J2B contains the new policy regarding providing LIHEAP services during the shutoff moratorium period. This policy document is to codify a DAAS policy regarding encouraging qualified households to apply for services even though they may not face disconnection at this time; and to avoid accruing high account balances, late charges and fees, The policy also sets forth the conditions and documents required for households to qualify for a crisis (Supplemental LIHEAP) payment.

Implementation

This policy takes effect immediately.

Please direct any questions regarding the policies and procedures to Edward Chien at (602) 542-3269, or echien@azdes.gov.

LIHEAP MANUAL 2019-2020

Participants in recertification programs may use a pre-register/pre-enrollment application process. Terms for categorical eligibility may be applied to participants.

Note: Recertification Program participants receive max benefit per the LIHEAP matrix.

400.01.2 Households with Combined Utilities and rent

The above policy applies to all eligible households seeking utility assistance in addition to the following: For eligible renters who pay for energy indirectly for their residence as an undesignated part of the rent CAA will automatically apply the maximum 300 dollars as their energy burden per the LIHEAP Matrix.

NOTE: All other LIHEAP eligibility requirements must be completed, e.g. energy burden, to finalize application.

NOTE: If the applicant is applying through an expedited process targeting vulnerable households (such as those with young children, disabled, or elderly household members), the agency may choose to issue the maximum benefit. In this case, this should be noted in the casefile. As an alternative, if the applicant is a returning LIHEAP beneficiary, the applicant may receive a benefit equivalent to the last received LIHEAP payment, unless the applicant indicates a change in household composition, income, or other circumstance that may affect the benefit level. New, complete applications must be received a minimum of every five years for such clients.

Once permanent identity documents are verified by the agency, agencies do not need to verify these documents during future visits to the same agency. Documents that are likely to change in the future (e.g. a document is likely to expire, or an updated version will be needed), will need to be re-verified. The client may provide the agency with medical documentation that contains client Personal Identifying Information (PII), the caseworker should review and document relevant information regarding the client's crisis or situation in case notes. Medical documents containing client PII will not be kept in LIHEAP client files.

400.02 Right to Request Financial Assistance

All persons have the right to request financial assistance by following the procedures established by the state and the local agency that provides the services for the area in which they live.

NOTE: Utility Moratorium

Please note that during a State-mandated moratorium on utility shutoffs, Community Action Agencies should encourage households to continue to apply for LIHEAP benefits, as these households may be compounding fees and charges that will be detrimental to their fiscal stability once the moratorium is lifted. If the household is delinquent or in arrears for more than 5 days agencies may apply the LIHEAP Supplemental payment while the moratorium is in effect, even if no shutoff or delinquency notice has been sent to the client. Agencies are also encouraged to plan and execute increased outreach to special populations such as seniors and disabled individuals during these times.



Division of Aging and Adult Services
ALERT

SFY-20-J2A

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**Applicable Program
Low-Income Home Energy Assistance Program (LIHEAP)**

Medical Deductions Policy

Background

New Policy: DAAS recognizes the burdens low-income households face when confronted with unexpected out of pocket medical expenses that are not covered by insurance. This policy allows households that qualify for LIHEAP to reduce their countable income by up to ten percent for out of pocket medical expenditures that occurred during the income qualification period (last 30 days). The purpose of this policy is to provide an enhanced benefit for households with out of pocket medical expenses that impact their ability to pay for utilities.

Summary

Attachment #J2A contains the new policy regarding medical expense deductions for LIHEAP applicant households. This policy document is to codify a DAAS policy regarding qualifying medical expenses that may reduce countable income, expense documentation and restrictions.

Implementation

This policy takes effect October 1, 2019.

Please direct any questions regarding the policies and procedures to Edward Chien at (602) 542-3269, or echien@azdes.gov.

- d. Payments made under section 6 of the Radiation Exposure Compensation Act, Public Law 101-426 (104 Stat. 925, 42 U.S.C. 2210)
- e. Payments made to individuals because of their status as victims of Nazi persecution excluded pursuant to section 1(a) of the Victims of Nazi Persecution Act of 1994, Public Law 103-286 (108 Stat. 1450)
- f. Any matching funds from a demonstration project authorized by the Community Opportunities, Accountability, and Training and Educational Services Act of 1998 (Pub. L. 105-285) and any interest earned on these matching funds in an Individual Development Account, pursuant to section 415 of Pub. L. 105-285 (112 Stat. 2771)
- g. Any earnings, Temporary Assistance for Needy Families matching funds, and interest in an Individual Development Account, pursuant to section 103 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Pub. L. 104-193, 42 U.S.C. 604(h)(4))
- h. Payments made to individuals who were captured and interned by the Democratic Republic of Vietnam as a result of participation in certain military operations, pursuant to section 606 of the Departments of Labor, Health and Human Services and Education and Related Agencies Appropriations Act of 1996 (Pub. L. 105-78)
- i. Payments made to certain Vietnam veterans' children with spinal bifida, pursuant to section 421 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act of 1997 (Pub. L. 104-204, 38 U.S.C. 1805(a))
- j. Payments made to certain Vietnam veterans' children with spinal bifida, pursuant to section 421 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act of 1997 (Pub. L. 104-204, 38 U.S.C. 1805(a))
- k. Criteria for a [medical deduction](#) falls under loss of income or excessive expense regarding eligibility for a LIHEAP benefit. Income Eligible households will be entitled to up to a 10% deduction to their gross household income for out of pocket medical expenses within the 30-day income guidelines for the program. Only one 10% deduction will be allowed per household.
 - a. Medical expenses are eligible for consideration for deductions from gross income with the proper documentation such as a doctor's recommendation or prescription with an accompanying receipt for item(s) as listed but are not limited to the following:
 - Transportation to medical appointments (such as dial-a-ride, Lyft, etc.)
 - Medications not covered under Medicare Part D

- Purchase of small medical devices (needles for diabetics, test strips, neck braces, etc.)
- Out of pocket medical copays
- Doctor or physician expenses in office
- Lactation Equipment
- Small in-home accommodations such as handrails or grab bars anywhere, moving or modifying electrical outlets and fixtures or modifying hardware on doors or cabinetry, reasonable accommodations for disability

900.10 Income Source

The income eligibility determination will be completed prior to approving financial assistance.

A. Documentation

The case file must be clearly documented. Documentation must include, but is not limited to:

1. Discussion with individual;
2. Verification received from the income source:
 - a) Hours worked
 - b) Pay period end date
 - c) Actual pay dates
 - d) Frequency of pay
3. Extra income – such as, bonuses, tips, commissions, overtime
4. Explanation of how self-employment income was determined
5. Date, name, phone number and information about the collateral contacts
6. Identify the time frame by dates for the 30-day period prior to and including the date of application, i.e., from (month/date) to (application date)
7. Using the frequency and the day of the week paid from a calendar; determine the number of pay dates in the thirty-day period
8. Documentation of any decision-making processes involved in assessing the documentation when processes are not clearly defined in policy.

900.11 Calculating Income

ATTACHMENT 7 – FAQ AND SCENARIOS

Excluded Medical Deductions List

Items listed below are excluded from the medical expense deduction policy. These items listed below are a sample of items that are be excluded, however this list does not include all items that may be excluded, additionally the list will be updated periodically:

- Air conditioner
- Cosmetic surgery
- Diet Programs
- Exercise program
- Extra rent or utilities
- Insurance premiums for medical care coverage
- Lead-based paint removal
- Legal fees paid to authorize treatment for mental illness
- Long-term care insurance and long-term care expenses (there are limitations to what you can deduct)
- Medical conference admission costs and travel expenses for a chronically ill person or a parent of a chronically ill child to learn about new medical treatments.
- Telephone
- Television (the cost of equipment used to display the audio part of a TV program for hearing-impaired persons)

Issue # 13: An applicant receives pay on a bi-weekly basis, most 30-day income periods will only include 2 paychecks, however sometimes there will be a third paycheck within the 30 day period. Are all three checks counted?

DES Guideline: Yes.

Issue # 14: Medical Expense Deduction is counted after income eligibility has been established for the household. No more than ten percent of the total household gross income will be the allowance established for medical expense deductions

DES Guideline: Jane's gross 30-day income is \$1,000. She had an unexpected medical expense, purchasing a leg brace for \$200. Caseworker applies the medical expense policy to Jane's income and deducts ten percent from her \$1,000 gross income, i.e. \$100.

Debora's gross 30-day income is \$760. She had a doctor's office co-pay for \$40. The Caseworker applies the medical expense deduction and subtracts \$40 from Debora's gross 30-day income, reducing it to \$720.

Anabel's gross 30-day income is \$3,265. She lives with her two children. Anabel's son broke his arm, and she has an out of pocket medical expense of \$300 for x-rays. If the medical expense deduction were applied to her income, \$300 would be deducted from her overall 30-day income. However, Anabel is over income for a LIHEAP benefit so the medical expense deduction cannot be applied.