



**CABINET FOR HEALTH AND FAMILY SERVICES
DEPARTMENT FOR MEDICAID SERVICES**

Steven L. Beshear
Governor

275 E. Main Street, 6W-A
Frankfort, KY 40621
(502) 564-4321
Fax: (502) 564-0509
www.chfs.ky.gov

Janie Miller
Secretary

Elizabeth A. Johnson
Commissioner

April 23, 2010

To: Community Mental Health Centers (30), Provider Letter # A-91
Area Agencies on Aging (43), Provider Letter # A-40

Re: Consumer Directed Option (CDO) Income

Dear Kentucky Medicaid Providers:

We have recently learned that there may be confusion among some CDO employees about how income earned through their CDO employment impacts the receipt of means-tested benefits by the employee or his/her family. As you are probably aware, CDO employment income is counted like any other earned income when employees apply for Medicaid, Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), and other means-tested benefits. This is true for CDO employees who are relatives of the member for whom they provide services, as well as for non-related CDO employees.

Attached is a brief fact sheet on the potential impact of CDO income on benefits. Please provide copies of this fact sheet to the CDO members you work with, so they can be sure that their employees are educated about their responsibility to report CDO income if they apply for benefits. The fact sheet will also be available on the Department for Medicaid Services web site.

If you have questions, please contact the Department for Medicaid Services, Division of Community Alternatives at 502-564-5560.

Sincerely,

A handwritten signature in black ink, appearing to read "Elizabeth A. Johnson".

Elizabeth A. Johnson
Commissioner

Enclosure

EAJ/RDD/lf/dc00929

(please see reverse for enclosure)



CONSUMER DIRECTED OPTION INCOME

Potential Impact on Benefits

Certain Medicaid waiver services are currently available to Kentucky Medicaid members through the Consumer Directed Option (CDO). Through CDO, the waiver member chooses the individuals who will provide services to him, and oversees their work. These individuals may be community contacts, friends or family members of the waiver member. These individuals (CDO employees) receive a paycheck for providing waiver services.

The pay that a CDO employee receives is counted when that employee or a member of their family applies for Medicaid, Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), or other benefits where eligibility is determined based on income. This works the same way as if the pay were from another employer. For example:

- A child receives SSI and a Medicaid card because he is disabled. If his father gets paid for providing CDO services to that child, he needs to tell the Social Security Office. The child's SSI payment level may drop because the father's income increased.
- A family receives TANF payments. If the mother begins to receive a paycheck for providing CDO services to a neighbor, she needs to tell the DCBS office that her income has gone up. They will review her eligibility and if she makes too much, the family will no longer be eligible for TANF, or their payment level may change.
- Two children in a family have Medicaid cards—one because he has a disability and the other qualifies because of the family's income. If the parent gets paid for providing CDO services, he needs to tell the DCBS office. They will review the family's eligibility. Depending on how much the parent earns, the child who qualified for Medicaid because of the family's income may no longer be eligible.