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**REASONABLE COMPATIBILITY**

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**REVISED 03/24/23 - CHANGE NO. 07-23**

**Current Change Notice: 07-23**

- MA-3310 II., Reasonable Compatibility and the 5% Disregard
  - This section was updated to remove NCHC language from the policy
- MA-3310 II.B.1.2.3, How to apply the 5% disregard with RC
  - Throughout this section, all NCHC language was removed from policy

**I. REASONABLE COMPATIBILITY**

Reasonable Compatibility refers to the standard used to compare the self-attested income/resources and income/resources as reported by an electronic data source. Reasonable Compatibility applies to all categorically needy programs and must be applied anytime there is a self-attestation and an electronic source for income/resources.

**A. Reasonable Compatibility**

Reasonable Compatibility is determined for each applicant/beneficiary (a/b) based on the total countable income/resources for their household. For income/resources to be considered reasonably compatible, all countable income/resources for the applicable household must meet the reasonable compatibility standard. Refer to [MA-3300, Income Sections V. B. C. D. E., Sections VI. D. E. F., Sections IX. A. B. C.](#) and [MA-3306, Modified Adjusted Gross Income \(MAGI\)](#)

**B. Requirements for Reasonable Compatibility**

Reasonable compatibility cannot be used without self-attestation and an electronic source of all countable income/resources for each financially responsible household member. Self-attestation may be the a/b's statement or information they provide.

**C. Aged, Blind, and Disabled (ABD) Programs**

Reasonable Compatibility **does** apply in Private Living Arrangement (PLA) budgeting for both resources and income **except RSDI**, see D.1 below.

**D. Exceptions to Reasonable Compatibility**

1. Reasonable Compatibility does **not** apply to Retirement, Survivors, Disability Insurance (RSDI) income.
  - a. **Always** use the gross income provided by SOLQIS.
  - b. Caseworkers must review RSDI evidence in NC FAST for all MAGI and non-MAGI cases.

- c. Caseworkers must manually update the a/b's attestation evidence to reflect the gross RSDI income verified by SOLQIS.

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- d. Caseworkers must document the case to show that the evidence containing the a/b's attestation of RSDI income was updated to the gross RSDI amount that has been verified electronically by SOLQIS.
2. Reasonable Compatibility does **not** apply to income when calculating the medically needy deductible or Patient Monthly Liability (PML). The caseworker must use actual gross income.

Reasonable compatibility **does** apply to resources when determining eligibility for applicable programs.

## **II. REASONABLE COMPATIBILITY AND THE 5% DISREGARD**

When determining Reasonable Compatibility, deduct the 5% disregard from both the attested income and the electronic source amounts when either amount exceeds the highest comprehensive full Medicaid program income limit for that individual.

### **A. When to apply the 5% disregard**

1. Apply the 5% Disregard prior to comparing the electronic source and client statement of income for Reasonable Compatibility.
2. The 5% disregard **does not apply** to traditional Medicaid budgeting.

### **B. How to apply the 5% disregard with RC**

1. Compare both the a/b's self-attested and electronic source adjusted gross income to the income limit for the highest comprehensive full Medicaid program.
2. If the a/b is not eligible for the highest comprehensive full Medicaid program, apply the 5% disregard to both the self-attested amount and to the electronic source amount.
3. If the a/b is eligible for the highest comprehensive full Medicaid program, do not apply the 5% disregard.

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Refer to [MA 3306, Modified Adjusted Gross Income \(MAGI\)](#) for policy regarding the 5% disregard.

### **III. HOW TO DETERMINE REASONABLE COMPATIBILITY**

An applicant's self-attestation of income/resources is acceptable if it is reasonably compatible with the information received from electronic data source.

#### **A. For income to be considered reasonably compatible:**

1. Both the self-attestation and electronic data source must be at or below the applicable income/resource standard; or
2. Both the self-attestation and electronic data source must be above the applicable income/resource standard; or
3. Either the self-attestation or the electronic data source is above and the other is below the applicable income/resource standard, and the difference between the two is within twenty percent (20%) of each other.

#### **B. Reasonable compatibility at recertification:**

When an NCF-20020 form is required at recertification, and the beneficiary provides a current self-attestation on the returned NCF-20020, the caseworker should:

1. Enter the self-attested income/resource amount in NC FAST.
2. Manually determine if the self-attested income/resource is reasonably compatible with the electronic source income/resource.
3. Reasonable compatibility cannot be determined at recertification if there is no current self-attestation provided by the beneficiary and a current electronic source.
4. Follow the steps in sub-section D, below.

#### **C. Automated vs. Manual RC**

1. The system will automatically calculate reasonable compatibility for most applications.
2. The caseworker must manually determine reasonable compatibility for the following:
  - a. The caseworker is approving a medical forced eligibility case

- b. At recertification or change of circumstance
  - c. Anytime there is no current self-attestation and current electronic source evidence present on the evidence dashboard
3. When the system does not calculate reasonable compatibility, the caseworker will calculate the percentage difference when either the self-attestation or the electronic data source is above and the other is below the applicable income/resource standard.

#### **D. Steps to calculate the percentage of difference**

To calculate the 20% difference:

1. Subtract the smaller number from the larger number to get the difference between the two.
2. Divide the difference by the smallest number, and round to two decimal places.
3. Multiply this amount by 100 to get the percentage difference between the two amounts.
4. Use the Reasonable Compatibility Calculator when manually determining reasonable compatibility to determine if the difference between the self-attestation and the electronic source is within the 20% limit.
5. A copy of the Reasonable Compatibility Calculator results should be maintained in the case file.

#### **E. Reasonable Compatibility Standard**

See the chart on the following pages to determine what actions the caseworker should take after completing the reasonable compatibility comparison of self-attestation and electronic sources.

<b>Reasonable Compatibility Standard</b>				
<b>Self-Attestation of Household Income/Resources</b>	<b>Electronic Data Source</b>	<b>Reasonably Compatible</b>	<b>Case Action</b>	<b>Source of Income/Resource Used to Determine Eligibility</b>
At or Below the Threshold for applicable household size	At or Below the Threshold for applicable household size	<p>Yes</p> <p>If both amounts are at or below the applicable FPL or resource limit, it is always reasonably compatible regardless of the difference between the two amounts.</p>	No further action necessary as the income/resource meets the reasonable compatibility standard.	Applicant's income/resource self-attestation.

Self-Attestation of Household Income/Resources	Electronic Data Source	Reasonably Compatible	Case Action	Source of Income/Resource Used to Determine Eligibility
Above Threshold for applicable household size	Above Threshold for applicable household size	<p>Yes</p> <p>If both amounts are above the FPL or resource limit, it is always reasonably compatible regardless of the difference between the two amounts.</p>	<p>If a/b is ineligible due to excess income, then determine if the a/b is medically needy and able to meet a deductible.</p> <p>If the a/b is ineligible due to excess resources, allow rebuttal/spend down of resources if applicable.</p>	Applicant's income/resource self-attestation.

<b>Self-Attestation of Household Income/Resources</b>	<b>Electronic Data Source</b>	<b>Reasonably Compatible</b>	<b>Case Action</b>	<b>Source of Income/Resource Used to Determine Eligibility</b>
At or Below Threshold for applicable household size	Above Threshold for applicable household size	Yes, if the self-attested amount is within 20% of electronic source amount.	No further action necessary as the income/resource meets the reasonable compatibility standard	Applicant's income/resource self-attestation.
		No, if the self-attested amount is not within 20% of electronic source amount.	Ask for reasonable explanation, or verification if needed.	If reasonable explanation is provided, then use the applicant's income/resource self-attestation.  If additional verification needs to be requested, then use the amount provided on the additional verification

<b>Self-Attestation of Household Income/Resources</b>	<b>Electronic Data Source</b>	<b>Reasonably Compatible</b>	<b>Case Action</b>	<b>Source of Income/Resource Used to Determine Eligibility</b>
Above Threshold for applicable household size	At or Below the threshold for applicable household size	Yes, if the self-attested amount is within 20% of electronic source amount.	No further action necessary as the income/resource meets the reasonable compatibility standard	The electronic source amount.
		No, if the self-attested amount is not within 20% of electronic source amount	Ask for reasonable explanation, or verification if needed.	If reasonable explanation is provided, then use the electronic source data.  If additional verification needs to be requested, then use the amount provided on the additional verification.