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[REDACTED]

**STATE OF WISCONSIN**  
**Division of Hearings and Appeals**

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In the Matter of

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

**DECISION**  
Case #: FCP - 219890

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**PRELIMINARY RECITALS**

Pursuant to a petition filed on September 2, 2025, under Wis. Admin. Code § DHS 10.55, to review a decision by the Columbia County Health & Human Services regarding Medical Assistance (MA), a hearing was held on October 22, 2025, by telephone.

The issue for determination is whether the agency correctly determined and assessed a Community Waivers cost share to the petitioner.

There appeared at that time the following persons:

**PARTIES IN INTEREST:**

**Petitioner:**

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

**Petitioner's Representative:**

[REDACTED]  
[REDACTED]

**Respondent:**

Department of Health Services  
201 E. Washington Ave.  
Madison, WI 53703  
By: Elizabeth Behm  
Columbia County Health & Human Services  
PO Box 136  
Portage, WI 53901

**ADMINISTRATIVE LAW JUDGE:**

Jason M. Grace  
Division of Hearings and Appeals

### **FINDINGS OF FACT**

1. Petitioner (CARES # [REDACTED]) is a resident of Wisconsin.
2. The petitioner has historically received an annual annuity disbursement in January of each year. On January 10, 2025, the annuity disbursed \$6,081.96 to the petitioner.
3. On or about February 1, 2025, the petitioner applied for MA.
4. By notice dated June 9, 2025, the petitioner was informed that she was enrolled in Community Waivers as of June 3, 2025. The notice also indicated that she had a monthly cost share of \$319.94.
5. The agency found petitioner had total gross income of \$2,924.94/month. This was based on income from a pension in the amount of \$401.11/month and gross social security income of \$2,107.00/month. The agency further prorated her annual annuity income distribution of \$6,081.96 over 12 months, finding she received \$506.83/month (\$6,081.96/12).
6. The agency found petitioner had a personal maintenance allowance of \$1,821/month, Part B expense of \$185.00/month, and medical/remedial expenses of \$599.00/month.
7. On or about August 26, 2025, the petitioner submitted an Application For Reduction of Cost Share (form F-01827) to the Department, requesting her cost share be reduced to \$0.00.
8. On September 2, 2025, the petitioner filed an appeal with the Division of Hearings and Appeals seeking a cost share of \$0.00 for each of the months of June through December 2025.
9. On October 7, 2025, the Department issued notice to petitioner regarding her Cost Share Reduction Request submitted on August 26, 2025. The notice indicated that her cost share was reduced to \$0.00 for the months of November and December 2025. The notice did not address her cost share for the months of June through October 2025.

### **DISCUSSION**

The Family Care (FC) Program provides appropriate long-term care services for elderly or disabled adults. It is supervised by the Department of Health Services (Department), authorized by Wis. Stat. § 46.286, and comprehensively described in Chapter DHS 10 of the Wisconsin Administrative Code. The Department contracts with managed care organizations (MCOs) throughout the state to provide case management services. Wis. Admin. Code §DHS 10.44(f).

The cost share amount is the monthly amount Group B and B Plus members must pay toward the cost of their waiver services. Medicaid Eligibility Handbook, §28.6 and Wis. Admin. Code, §DHS 10.34. The cost share amount is calculated in agency's computer system by applying the cost share deductions to members' gross income. Id. The possible deductions include the personal maintenance allowance, family maintenance allowance, health insurance, special exempt income, and MREs. Id.

In this case, the agency found petitioner had total gross monthly income of \$2,924.94. This was based on gross social security income of \$2,017.00 and pension income of \$401.11. It also involved prorating her annual annuity payment of \$6,081.96 over 12 months to arrive at monthly annuity income of \$506.83. The agency found petitioner had total permitted deductions of \$2,605.00, consisting of a \$1,821.00

personal maintenance allowance, \$185.00 health insurance expense for Part B payments, and medical/remedial expenses of \$599.00. It found she had a monthly cost share of \$319.94 (\$2,924.94 - \$2,605.00).

The only aspect of the cost share calculation that was contested by the petitioner was the proration of the annuity income. The agency pointed to MEH, § 15.2.2 in support of its position that the annuity distribution of \$6,081.96 was to be converted to a monthly amount and prorated over 12 months.

### **15.2.2. Prorating Income**

Income received on a yearly basis or less often than monthly, that is predictable in both amount and frequency, must be converted to a monthly amount and prorated over the months between payments.

Example 1: Sally receives a \$1,500 Tribal Distribution Payment quarterly. This payment should be prorated for the months between payments. \$1,500 is distributed over three months by dividing the amount of money by the number of months between payments. The prorated amount is  $\$1,500/3 = \$500$  a month

...

*When an assistance group applies, do not count the prorated income until it is received.*

*Example 2: Joe receives semiannual land contract installments of \$900. This equals a monthly income of \$150 (\$900 prorated over six months). He becomes eligible in May. He receives payments in January and July each year. Do not budget any prorated income until July, the first month of receipt after Joe becomes eligible.*

...

### **Prorated Income Is an Unavailable Asset**

A source of income which is received in a particular month cannot also be counted as an asset for that same month. This policy also applies to income which has been prorated and will be budgeted over the appropriate prorated period (e.g., 12 months). The client is expected to use this prorated income for their personal needs over an extended period of time. Therefore, any unbudgeted balance is an unavailable asset during the period of time for which the prorated income is being counted. The amount of the unavailable asset will decrease with each month in which the prorated income is budgeted.

Example 3: Jay regularly receives a \$1200.00 annual payment from a wealthy relative every January. This income is prorated over 12 month so \$100 per month is counted as unearned income beginning in January. The initial \$1200 payment and any remaining unbudgeted balance is an unavailable asset during the 12 month budgeting period. In January the entire \$1200.00 is considered

unavailable. In February, \$1100.00 is considered unavailable. The unavailable amount will decrease with every month that income from this source is counted.

MEH, § 15.2.2 (*emphasis added*).

The above policy directs "...do not count the prorated income until it is received." Id. Example 2 from the policy illustrates this point. The example excludes income from a land contract received prior to the member becoming eligible for MA. The member in the example received two installments each year—January and July. The member is determined to be eligible for MA in May. No amount of the income from the January installment is budgeted. Instead, it only budgets the July installment which was received after the member became eligible for MA.

As in Example 2 above, the annuity distribution in the current case occurred prior to petitioner's MA eligibility. The distribution was in January 2025 and she was found MA eligible thereafter. There is no other annuity distribution scheduled to occur in 2025. Based on Example 2 of MEH, § 15.2.2, I find that the agency erred by budgeting the annuity income received prior to petitioner's enrollment in MA. Removing that income from the equation would result in a cost share of \$0.00 for the months in question. I am therefore remanding the matter to the agency/MCO to reduce the cost share to \$0.00 for the months of June through October 2025 and reimburse to petitioner any cost share she paid for those months.

### **CONCLUSIONS OF LAW**

1. The agency erred in calculating petitioner's cost share for the months of June through October 2025 as it budgeted income received prior to the petitioner's MA eligibility, contrary to MEH, § 15.2.2, Example 2.
2. The petitioner has a cost share of \$0.00 for each of the months of June, July, August, September, and October 2025.
3. The Department already reduced petitioner's cost share to \$0.00 for November and December 2025, as indicated in its October 7, 2025 decision addressing petitioner's Cost Share Reduction Request.

**THEREFORE, it is**

### **ORDERED**

That the matter is remanded to the agency/My Choice Wisconsin to take all administrative steps to amend petitioner's cost share to \$0.00 for each of the months of June 2025 through October 2025. It is further ordered that petitioner be reimbursed for any cost share payment she made, if any, for the months of June 2025 through October 2025. All actions shall be completed by the agency/My Choice Wisconsin within 10 days of the date of this decision.

### **REQUEST FOR A REHEARING**

You may request a rehearing if you think this decision is based on a serious mistake in the facts or the law or if you have found new evidence that would change the decision. Your request must be **received within 20 days after the date of this decision**. Late requests cannot be granted.

Send your request for rehearing in writing to the Division of Hearings and Appeals, 4822 Madison Yards Way, 5<sup>th</sup> Floor North, Madison, WI 53705-5400 **and** to those identified in this decision as "PARTIES IN INTEREST." Your rehearing request must explain what mistake the Administrative Law Judge made and

why it is important or you must describe your new evidence and explain why you did not have it at your first hearing. If your request does not explain these things, it will be denied.

The process for requesting a rehearing may be found at Wis. Stat. § 227.49. A copy of the statutes may be found online or at your local library or courthouse.

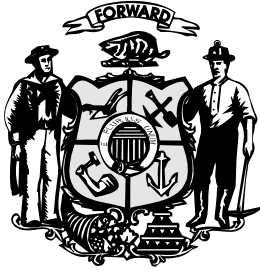
## **APPEAL TO COURT**

You may also appeal this decision to Circuit Court in the county where you live. Appeals must be filed with the Court **and** served either personally or by certified mail on the Secretary of the Department of Health Services, 201 E. Washington Ave., **and** on those identified in this decision as “PARTIES IN INTEREST” **no more than 30 days after the date of this decision** or 30 days after a denial of a timely rehearing (if you request one).

The process for Circuit Court Appeals may be found at Wis. Stat. §§ 227.52 and 227.53. A copy of the statutes may be found online or at your local library or courthouse.

Given under my hand at the City of Madison,  
Wisconsin, this 13th day of November, 2025

\s \_\_\_\_\_  
Jason M. Grace  
Administrative Law Judge  
Division of Hearings and Appeals



**State of Wisconsin\DIVISION OF HEARINGS AND APPEALS**

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The preceding decision was sent to the following parties on November 13, 2025.

Columbia County Health & Human Services  
Office of Family Care Expansion  
Health Care Access and Accountability

[REDACTED]

[REDACTED]