STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY PETE WILSON, *Governor*

DEPARTMENT OF HEALTH SERVICES
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March 17, 1994

MEDI-CAL ELIGIBILITY MANUAL LETTER NO.: 131

TO: All Holders of the Medi-Cal Eligibility Manual
All County Welfare Directors
All County Administrative Officers
All County Medi-Cal Program Specialists/Liaisons

Enclosed are revisions to the procedures portion of the Medi-Cal Eligibility Manual, Article 9L nd 9M. These procedures sections were previously released in a different procedures format that was later uperseded by the current format. There have been no major changes in content, only format. The one minor change made can be found on page 9L-3. The $300 car payment was eliminated from the exam le so that the numbers would add up correctly.

Procedure Revision	Description
1. Article 9L	Excess Property Applied to Medical Bills-- istructions on How to Inform Providers. All County Welf re Directors Letter No. 92-18 may be discarded.
2. Article 9M	Exemption of Payments for the Repair or eplacement of Lost, Damaged or Stolen Exempt Proper . All County Welfare Directors Letter No. 92-25 may be discarded.

Filing Instructions

Remove Pages	Insert Pages
Procedures Table of Contents PTC-10	Procedures Table of Contents PTC-10
Article 9 Table of Contents	Article 9 Table of Contents
	9L-1 through 9L-4
	9M-1 through 9M-2

If you have any questions concerning these revisions you may contact Ms. Sharyl S anen-Raya at (916) 657-2942.

Sincerely,

Original signed by

Frank S. Martucci, Chief
Medi-Cal Eligibility Branch

Enclosures

ARTICLE 9--PROPERTY
9L--EXCESS PROPERTY APPLIED TO MEDICAL BILLS

SCOPE:

This procedure instructs counties how to inform providers not to bill Medi-Cal for services when payment, encumbrances, or liens of excess property have enabled the applicant/beneficiary to establish or maintain Medi-Cal eligibility for that month.

BACKGROUND:

Section 14019.3(d), Welfare and Institutions Code specifically prohibits billing Medi-Cal and reimbursing beneficiaries for services paid for, or obligated by an applicant/beneficiary to meet the share of cost or to establish eligibility.

WHEN TO USE THIS PROCEDURE:

The following procedure shall be implemented effective July 1, 1992 through the use of information obtained from the Statement of Facts (MC 210) and the interview process.

There are three situations (other than the share of cost process) in which a beneficiary, rather than Medi-Cal, remains liable for medical expenses incurred by him/her in a month for which Medi-Cal is requested.

Situation 1: When an applicant has medical bills in a month for which retroactive coverage is being requested and he/she specifies excess property was reduced, encumbered, or liened to pay those bills before the end of that retroactive month.

Situation 2: When an applicant specifies that excess property was reduced during the month of application, through payment of, or encumbrances or liens to pay for medical expenses.

Situation 3: When a period of ineligibility due to a transfer of property occurring before January 1, 1990 expires mid-month and actual medical expenses in that month were used to reduce the period of ineligibility. Only the actual medical expenses used to reduce the period of ineligibility, or used to meet that month's share of cost, may not be billed to Medi-Cal. All other medical services may be billed to Medi-Cal.

NOTE: Under the share of cost process, where a beneficiary's excess income must be applied towards his/her medical care, providers are clearly aware of which services may not be billed to Medi-Cal. Please note the same medical expenses cannot be used to meet an applicant or beneficiary's share of cost.

PROCEDURE:

The Statement of Facts for Medi-Cal (MC 210), includes questions related to this issue. If you are completing an eligibility determination involving one of the three situations listed above:

1. Complete the Medi-Cal--Notice to Providers--Clarification of Liability (MC 174), with the information (regarding medical bills and property) that you have obtained from the applicant/beneficiary. Complete a separate notice for each provider of services.

2. Have the applicant/beneficiary complete, sign, and date the authorization for release of information on each MC 174.

3. Mail the original of each MC 174 to the provider listed.

4. Provide a copy of each MC 174 to the applicant/beneficiary.

5. Maintain a copy of each MC 174 in the case record for audit purposes.

EXAMPLES:

The following examples illustrate cases in which applicants/beneficiaries remain liable.

Example 1: A single father of two children went into the hospital and incurred $10,000 worth of medical bills in that month. He had $5,000 in a savings account. He was discharged in that same month. He withdrew his money and paid his hospital bill in that month. The following month he went into the county to apply for retroactive coverage. On the Statement of Facts and during the interview he states, and provides verification, that he was in the hospital, that the total bill was $10,000, and that he paid $5,000 of the bill with the money from his savings account. In addition, the person had a $10,000 life insurance policy with a cash value of $300 and a checking account with $500, for a total of $800 of nonexempt property in the retroactive month.

The property reserve limit is $3,150 for a Medi-Cal Family Budget Unit (MFBU) of three. The family is under the appropriate property limit. However, had the father not spent the $5000, he would have been over the property limit in that retroactive month. The county must determine what portion of the $5000 spent on medical expenses represented excess property.

$5000	Property Spent on Medical Care
800	Cash Surrender Value & Checking
$5800	Total
-3150	Property Limit
$2650	Would Have Been Excess Property

Therefore, of the $5,000 this person paid toward his medical expenses, only $2,650 was excess property which may not be reimbursed to the person. If the person is determined eligible for Medi-Cal, the county should complete the MC 174 informing the hospital that Medi-Cal is not liable for $2,650 of the $10,000 bill. If the family has no share of cost, the hospital must bill Medi-Cal for the services minus the $2,650 of the $5000 which the beneficiary paid. The hospital must reimburse $2,350 ($5000-$2650) to the beneficiary once Medi-Cal pays the claim.

NOTE: None of the $2650 in medical expenses in the example above, may be used to meet the applicant/beneficiary's share of cost should there be one. If the applicant/beneficiary in the example above had a share of cost, all or a portion of the $2350 which the applicant/beneficiary paid the hospital could have been applied toward the applicant/beneficiary's share of cost. If any were used toward the share of cost, that portion listed on the MC 177 could not be billed to were used toward the share of cost, that portion listed on the MC 177 could not be billed to Medi-Cal or reimbursed to the applicant/beneficiary.

Example 2: A single parent with one child applies for Medi-Cal in the middle of a month because his/her child was injured and incurred medical expenses amounting to $800. Assume no income was, or will be, received in that month. This is a two person MFBU so the property limit is $3,000.

The person provides verification which indicates that he/she had $4,000 in a checking account at the beginning of the month. At the time of application, the verification shows a balance of only $2,400. When asked what he/she spent the excess property on, the parent says that rent was $600, utilities were $100, groceries amounted to another $100 and he/she paid the medical bill of $800. The property reserve limit is $3,000; the nonexempt property is $2,400, so the family meets property limits. However, had the $800 medical bill not been paid, the family would have had excess property. Since the $800 was spent on medical expenses, the county must determine what portion represented excess property.

$	800	Property Spent on Medical Care
+	2400	Checking
$	3200	Total
-	3000	Property Limit
$	200	Would Have Been Excess Property

Therefore, of the $800 bill, only $200 was excess property. In this case, the MC 174 should be completed indicating that the beneficiary is liable for only $200 of the $800 bill. The hospital must bill Medi-Cal for services of $600 ($800-$200). The beneficiary will be reimbursed $600 once Medi-Cal pays the claim.

Example 3: The county has calculated a period of ineligibility for an institutionalized individual due to a transfer of property occurring before January 1, 1990. That person incurred (but did not yet pay) additional medical expenses of $2,000 in the month.

Up to $2,000 may be used to reduce the period of ineligibility. However, assume that only $100 of the $2,000 reduces the period to zero which ends the period of ineligibility mid-month. The county should complete the MC 174 indicating that the beneficiary is liable for $100 of the expenses. The remaining expenses may be applied to the share of cost, if any, or billed to Medi-Cal. In this case, since the beneficiary had not yet paid any of the expenses, he/she will not receive any reimbursement from the provider.

State of California – Health and Welfare Agency | Department of Health Services

MEDI-CAL INFORMATION NOTICE TO PROVIDERS
CLARIFICATION OF LIABILITY

NOTE: If you are not a Medi-Cal provider please disregard this notice.

____
(Provider's Name)

____
(Address)

____
(City, State, Zip Code)

Dear ______________________________
(Provider's Name)

This is to provide you with notification that the Medi-Cal Program is not liable for services provided:
La presente es para notificarle que el programa de Medi-Cal no es responsable de los servicios proporcionados:

To:
A: ______________________________
(Name of Beneficiary) (Nombre del Beneficiario)

On:
En: ______________________________, totaling $ ____________
(Date) (Fecha) *con un total de*

______________________________, totaling $ ____________
(Date) (Fecha) *con un total de*

______________________________, totaling $ ____________
(Date) (Fecha) *con un total de*

The expenses indicated above were used by the beneficiary to reduce the value of excess property to establish or maintain Medi-Cal eligibility for the month of ____________, 19 ____ Under Section 14019.3(d), Welfare and Institutions Code, the beneficiary is not entitled to a refund or release of his/her liability for these expenses. (Medi-Cal is not liable for these medical expenses.) None of these expenses used by the beneficiary to reduce the value of his/her excess property, may be used to meet his/her share of cost.

Los gastos que se indican arriba fueron usados por el beneficiario para reducir el valor de bienes en exceso, para establecer o continuar reuniendo los requisitos para Medi-Cal para el mes de ____________, 19 ____ En conformidad con la sección 14019.3(d) del Código de Bienestar e Instituciones, el beneficiario no tiene derecho a reembolso o liberación de su responsabilidad con relación a estos gastos. (Medi-Cal no es responsable de estos gastos médicos.) Ninguno de estos gastos que usó el beneficiario para reducir el valor de sus bienes en exceso, puede ser usado para cumplir con su parte del costo.

______________________ ______________________ ______________________
(Eligibility Worker) (Trabajador(a) de Elegibilidad) | (Phone Number) (Número de teléfono) | (Date) (Fecha)

PERMISSION TO RELEASE INFORMATION / *PERMISO PARA REVELAR INFORMACION*

I give my permission to the County Welfare Department to release this information to ______________________
(Provider's Name)

Doy mi permiso al departamento de bienestar del condado para que revele información a ______________________
(Nombre del Proveedor)

____
(Applicant's Signature) (Firma del Solicitante)

MC 171 English/Spanish (1/92)

ARTICLE 9--PROPERTY

9M--PAYMENTS FOR REPAIR OR REPLACEMENT OF LOST, DAMAGED, OR STOLEN EXEMPT PROPERTY

POLICY

Cash payments (including funds received for the purchase of temporary housing) or in-kind replacement received from any source for purposes of repairing or replacing exempt property that is lost, damaged, or stolen is exempt property in the month of receipt and is exempt property for nine months from the date of receipt. Any of the cash that is not used to repair, replace, or contract for the repair or replacement of the exempt property will be countable property beginning with the month after the nine-month period expires.

TREATMENT OF INTEREST

Interest earned by funds exempt under this provision is exempt from income and resources for the period during which the funds themselves are excluded from resources.

GOOD CAUSE

If the individual still intends to repair or replace the exempt property and has not yet done so, the initial nine-month period shall be extended for a reasonable period up to an additional nine months where the county finds that the individual has good cause for not repairing, replacing, or contracting for the repair or replacement of the exempt property. The county shall find that the individual has good cause when circumstances beyond his or her control prevent the repair, replacement, or contracting for the repair or replacement of the exempt property.

If the county finds that an individual has good cause, any unused cash is included in the property reserve beginning with the month following the month in which the good cause extension period expires. Discuss with the individual how much additional time is needed and why. On the basis of that discussion, extend the exclusion period for up to an additional nine months.

If the evidence does not establish good cause, include the unspent payment(s) in the property reserve beginning with the month following the month in which the exclusion period expires.

INTENDED USED OF FUNDS

a. During the first nine months

What the individual intends to do with the funds does not affect their exclusion for the first nine months.

b. During the extension period

An individual cannot qualify for an extension of the original nine-month exemption unless he/she intends to use the funds for their designated purpose. The extension will terminate as of the date of the change of intent. Any previously exempt, unspent funds shall be included in the property reserve beginning with the month following the month in which the initial period ends or extension period terminates.

SOURCE OF FUNDS

There are no restrictions on where cash and/or an in-kind item comes from for purposes of this exemption (i.e., it may come from an insurance company, a federal or state agency, a public or private organization, or an individual). However, where funds are received from a federal, state, local , or some other disaster assistance organization, such funds are to be exempted in accordance with the provisions regarding disaster assistance payments issued January 21, 1992 in All County Welfare Directors Letter No. 92-08.

VERIFICATION

The verification must show the source, value, date(s), and intended purpose of the item received, including whether any cash received is for a purpose other than the replacement or repair of the lost, damaged, or stolen (and exempt) property. Obtain a copy of any evidence the individual has. If the individual cannot provide evidence that suffices for a determination, obtain the necessary information from the source of the payment(s). Do so by telephone, if possible, recording the facts in the case record.