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April 11, 2022

TO: ALL COUNTY WELFARE DIRECTORS Letter No.: 20 -17E
ALL COUNTY WELFARE ADMINISTRATIVE OFFICERS
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS
ALL COUNTY HEALTH EXECUTIVES
ALL COUNTY MENTAL HEALTH DIRECTORS
ALL COUNTY MEDS LIAISONS

SUBJECT: ERRATA TO THE ALL COUNTY WELFARE DIRECTORS LETTER NO. 20-17 FOR USE OF THE FEDERAL DATA SERVICES HUB (**FDSH**) E-VERIFICATIONS FOR NON-MODIFIED ADJUSTED GROSS INCOME (NON-MAGI) MEDI-CAL ELIGIBILITY DETERMINATIONS
(Reference: All County Welfare Directors Letter Nos.14-35,18-16 and 18-25)

Purpose

The purpose of this errata is to update guidance for the existing electronic income verification services by including the use of Equifax's Verify Current Income (VCI) Service through the California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS) to use as part of the ex parte process for Non-MAGI financial eligibility determinations. Equifax's VCI Service will be implemented with Change Request (CR) 164426 set for release in February 2022.

Corrections to ACWDL 20-17 are recorded using the following:

- Strike-through for deleted procedures; and
- Underline and bolding for adding new procedures.

Background

Upon the enactment of the Affordable Care Act (ACA) of 2010, CalHEERS was created to improve the application experience for individuals applying for insurance affordability programs (IAPs). IAPs include:

- Medi-Cal (all programs, including MAGI and Non-MAGI),
- Pregnancy and infant programs such as the Medi-Cal Access Program (MCAP), Medi-Cal Access Infant Program (MCAIP)
- The County-Children's Health Initiative Programs (C-CHIP),

- Covered California Qualified Health Plan (QHP) with Advanced Premium Tax Credit (APTC), or
- Covered California QHP with Cost Sharing Reductions (CSRs).

CalHEERS streamlined Medi-Cal eligibility determinations because counties can now expedite the eligibility process by verifying certain self-attested information through the Federal Data Services Hub (FDSH) and state agencies. This process reduces requests to applicants and beneficiaries for paper verifications of mandatory information needed for each Medi-Cal program.

When an eligibility determination is requested, the application information for all members of the household is sent through the CalHEERS **Business Rules Engine** (BRE) in an attempt to electronically verify certain information in the application through the FDSH and state agencies. Regardless of which IAP(s) an applicant is determined eligible for, information submitted for all other household members is also evaluated and potentially e-verified, including household members who may be eligible, and request a determination for Non-MAGI Medi-Cal.

E-verification in CalHEERS utilizes information provided by the applicant or beneficiary, including but not limited to: income, citizenship, immigration status, and Social Security Number (SSN). This information is compared with information stored by federal and state agencies, such as the Social Security Administration (SSA) and the SSA Composite Service, which is an electronic exchange between two or more federal agencies, Employment Development Department (EDD), Internal Revenue Service (IRS), Franchise Tax Board (FTB), the Department of Homeland Security (DHS) and **Equifax's Verify Current Income Service (VCI)**. CalHEERS reviews and compares the provided information for accuracy with the federal and state sources to confirm eligibility for both MAGI Medi-Cal, **certain** Covered California **programs, and Non-MAGI Medi-Cal** (**see additional information below in the "E-verifications for Use in Non-MAGI Eligibility Determinations" section for acceptable e-verifications.**)

Non-MAGI Medi-Cal and E-verifications in CalHEERS

The business rules for MAGI Medi-Cal and Covered California program eligibility are stored in CalHEERS, while the business rules for Non-MAGI Medi-Cal are stored in **the Statewide Automated Welfare System (SAWS)**. Although Non-MAGI Medi-Cal determinations are required to be completed in the SAWS system, relevant e-verified information may be used for more streamlined processing in order to reduce requests for documentation from the applicant/beneficiary. This is common in situations where one or more Non-MAGI members of the household are in a mixed household with MAGI members whose individual eligibility is run through the BRE or, when a MAGI individual

has transitioned to Non-MAGI eligibility but still has relevant e-verified information on file, such as SSN or citizenship information (see below “E-Verifications for Use in Non-MAGI Eligibility Determinations” for a more comprehensive list). In these instances, if e-verified information is received for the Non-MAGI individual’s verifications, then these shall **must** be utilized for Non-MAGI eligibility determinations without further request for verification.

In these instances, the Non-MAGI applicant’s e-verified information is transferred from CalHEERS to SAWS and is available, and should then be used to complete the Non-MAGI eligibility determination.

The use of e-verified information for Non-MAGI Medi-Cal eligibility determinations shall **must** be used at:

- Application,
- Annual Renewal, or
- Change of Circumstance

As detailed in ACWDLs [14-11](#), [14-18](#), and [20-10](#), for any Medi-Cal application or redetermination, counties must follow the ex parte process through gathering all available information relevant to the determination prior to contacting the applicant or beneficiary for additional verification. This includes information available electronically from other state or federal agencies or other programs, such as CalFresh. [ACWDL 01-36](#) also provides guidance on utilizing verifications received from other public assistance programs.

Once the information is received and run through the BRE, e-verified information **must** be used in the Medi-Cal eligibility determination as per Title [42 CFR §435.949](#).

Counties must continue to follow guidance found in [ACWDL 14-35](#) by not sending Non-MAGI eligibility requests through the CalHEERS BRE where no MAGI eligibility exists. Detailed information on acceptable e-verifications are listed below for Non-MAGI determinations in the “E-Verifications for Use in Non-MAGI Eligibility Determinations” section.

Additionally, Counties must continue to follow guidance found in [ACWDL 18-21](#) prohibiting the use for the online commercial income verification service through Equifax “The Work Number,” for Medi-Cal only cases.

Equifax Verify Current Income (VCI) Service

The VCI Service varies from other FDSH sources in that the data counties will receive in SAWS include elements such as income amount and frequency. Additionally, the VCI Service response will provide CEWs near real-time information for anyone found within the VCI Service.

While CMS allows the ability to apply reasonable compatibility standards to Non-MAGI groups, due to technical and system restrictions, California did not opt to include the ability for CalHEERS to electronically verify or use reasonable compatibility standards of income for Non-MAGI Medi-Cal programs. Since Non-MAGI Medi-Cal does not leverage reasonable compatibility conditions for income, the intended use of the VCI Service response is to confirm the applicant or beneficiary's self-attested information in certain situations. CEW's must use the VCI Service response (when available) for the Aged, Blind, and Disabled (ABD) Federal Poverty Level program, to confirm self-attested information.

To be eligible to the ABD FPL Non-MAGI program, an applicant or beneficiary's countable income cannot exceed a level set by the state that is based on the Federal Poverty Level (FPL). Due to the ABD FPL program's percentage threshold for income eligibility, this aligns more easily than other Non-MAGI program income eligibility calculations in order to leverage the reasonable compatibility policy concept. At this time, the VCI Service response currently must only be used for the ABD FPL Non-MAGI program. DHCS will release policy guidance in the future for the use of VCI Service response with other Non-MAGI Medi-Cal programs.

CEWs can proceed with verifying income using VCI Service response for Non-MAGI eligibility determinations when:

- The VCI Service response matches with the applicant or beneficiary's self-attested employer information, i.e., company or organization where they are employed, and
- The self-attested income and the VCI Service response (after all applicable income deductions have been applied) would not exceed the income limit for the ABD-FPL program (138% FPL).
 - If the self-attested income information and/or the VCI Service response exceeds the ABD FPL program limit, or if the VCI Service response discloses an unreported employer, CEWs must contact the applicant or beneficiary to request manual verification.

For more information on the use of the VCI Service response, please see [ACWDL 22-08](#).

Per business processes, **As a reminder, CEWs are to utilize the Notice of Action (NOA), including the language provided in [ACWDL 21-23](#) (“Fair Credit Reporting Act Notice of Action Guidance”) only when an adverse action is taken on a Medi-Cal case where VCI Service was utilized to determine financial eligibility.** If there is not enough data collected with the use of e-verified information to make an eligibility determination, the county shall **must** request the appropriate forms and/or verifications needed to complete the application, change in circumstance, or renewal. Additionally, CEWs shall **must** not request unnecessary or duplicative information and only request verifications required to make an eligibility determination ([WIC §15926\(h\)\(1\)](#) and [§14005.37\(g\) \(1\)](#)). [ACWDLs 14-35](#), [18-16](#), [18-25](#) and [MEPM Article 4M](#) provide further instruction on verifications and potential forms to request.

Note: ~~As a reminder, at~~ **At** publication of this notice, property verification cannot be electronically verified through the FDSH. ~~Additionally, further guidance on utilizing income e-verifications for Non-MAGI Medi-Cal will be forthcoming in a future ACWDL.~~

E-Verifications for Use in Non-MAGI Eligibility Determinations

The following are verifications that, when e-verified, shall **must** be used in Non-MAGI Medi-Cal eligibility determinations:

- Citizenship and Identity Verification
- Immigration Status
 - **Note:** For further guidance on the use of CalHEERS and citizenship/immigration, refer to ACWDLs [18-09](#) and [17-01](#).
- SSN Verification
- Medicare Verification
 - **Note:** [ACWDL 17-08](#) provides further guidance on Medicare verification in CalHEERS.
- Incarceration Verification
- Deceased Verification
- Disability Verification
 - **Note:** [ACWDL 19-09](#) provides further guidance on Medicare **disability** verification
- **Income information obtained through VCI Service**

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~~In the future, DHCS will release policy guidance regarding the use of e-verified income for Non-MAGI determinations and timeframes for using e-verified information.~~ If you have any questions or if we can provide further information, please contact Janis Kimball at (916) 345-8060 or by email at Janis.Kimball@dhcs.ca.gov.

Original Signed By

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