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TO: ALL COUNTY WELFARE DIRECTORS Letter No.: 22-08
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: USE OF THE VERIFY CURRENT INCOME SERVICE (VCI) THROUGH THE CALIFORNIA HEALTHCARE ELIGIBILITY, ENROLLMENT, AND RETENTION SYSTEM (CalHEERS)

(Reference: All County Welfare Directors Letter Nos. 18-21, 21-04, 18-25, 08-07, 21-12, 21-23 and Medi-Cal Eligibility Division Information Letter Nos 20-13, 21-36, 22-06)

Purpose

The purpose of this All County Welfare Director's Letter (ACWDL) is for the Department of Health Care Services (DHCS) to provide counties with the policies and procedures related to the use of Equifax's Verify Current Income (VCI) Service through the California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS) with Change Request (CR) 164426, implemented on February 22, 2022.

Background

The Affordable Care Act introduced the use of electronic sources to verify income when determining Modified Adjusted Gross Income (MAGI) Medi-Cal eligibility, essentially minimizing the need for applicants and beneficiaries to submit paper documentation ([CFR 42 § 435.949](#)). Currently, CalHEERS has the ability to electronically verify income through federal and state agencies, such as the Internal Revenue Service (IRS), Social Security Administration (SSA), Employment Development Department, and the Franchise Tax Board. DHCS recently received authorization from the Centers for Medicare and Medicaid Services (CMS) to add Equifax's VCI Service as an additional electronic verification source through the Federal Data Services Hub (FDSH).

Equifax provides two different sources for electronic verification, the online verification source known as the "The Work Number" and the VCI Service that will be available through CalHEERS. The Work Number requires government entities to have a contract for usage in order to verify information. CMS has not authorized for DHCS to use

Equifax's online verification service The Work Number, but has authorized DHCS to use VCI Service through CalHEERS for Medi-Cal only cases.

Note: This letter does not supersede guidance found in [ACWDL 18-21](#) regarding the following:

- Policy prohibiting the use for the commercial income verification service through Equifax's The Work Number for Medi-Cal only cases, and
- The use of commercial income verification reports for other public assistance programs such as CalFresh and the California Work Opportunity and Responsibility to Kids (CalWORKS).

Equifax's Verify Current Income Service

Updates contained in CR 164426 integrated the VCI Service into existing e-verification sources, such as the IRS and SSA, in CalHEERS' call to the FDSH to electronically verify attested employment income.

Using the FDSH for VCI Service Response

When sending case data to the FDSH, CalHEERS will attempt to generate a request from Equifax's VCI Service for each applicable individual on a Medi-Cal case who has a:

- First name,
- Last name,
- E-verified valid Social Security number, and
- Date of Birth.

Additionally, for applicants or beneficiaries whose first name is "First Name Unknown" or "FNU," when sent through the FDSH, the response provided from the VCI Service, if applicable, will be that of "Applicant Not Found."

Similar to other FDSH sources, a VCI Service response will not be returned for applicants or beneficiaries when:

- Applicants or beneficiaries do not have a valid social security number (including those that use an Individual Taxpayer Identification Number or ITIN),
- The applicant or beneficiary is not found, or
- The income could not be found for the individual in the request to the FDSH.

Information Contained in a VCI Service Response

If an applicant or beneficiary is found within Equifax's database of employers, the VCI Service response will then be sent back to the system that originated the request

through the Determination Eligibility Response (DER) via the electronic health information transfer (eHIT). The VCI Service response information can include:

- Employer name,
- Employee Status Code (whether the individual is currently active with the employer or not),
- Original hire date and/or end date, and
- Current income information that includes;
 - Employer or organization name,
 - Pay period, including end date for pay period,
 - Income amount, and
 - The number of hours per pay period.

Use of VCI Service Data and Ex Parte

The VCI Service varies from other FDSH sources in that after the self-attested income is compared against the electronic sources, Equifax will provide county eligibility workers (CEWs) near real-time information for any applicant or beneficiary found within the VCI Service. Other electronic sources only return a high-level result on whether the income was found reasonably compatible or not, whereas VCI Service will send additional data, as previously detailed above.

VCI Service data can be used in the ex parte process to support initial applications, change in circumstances (CIC), and annual redeterminations for:

- MAGI Medi-Cal,
- Non-MAGI referrals from CalHEERS,
- Mixed Household cases ran through the Business Rules Engine, and
- Covered California programs that offer financial assistance.

Note: Future guidance will be issued by the Statewide Automated Welfare System (SAWS) in the next viable release that will provide more detail on SAWS functionality of Equifax's VCI Service response data, when applicable.

VCI and MAGI Medi-Cal Reasonable Compatibility

When verifying income for MAGI Medi-Cal financial eligibility, CalHEERS compares the self-attestations made by applicants or beneficiaries on the application or renewal forms to available electronic data sources through the FDSH. Once the self-attested income information is entered in CalHEERS or SAWS, CalHEERS will attempt to verify the income first electronically. The VCI Service is available for CalHEERS to use the information received in the same way as other electronic verification sources already available as part of the reasonable compatibility check. The attestation and data source

are considered “reasonably compatible” if they are either at or below the eligibility threshold ([ACWDL 22-03](#)). If reasonably compatible, then the self-attested information is considered electronically verified (see [ACWDL 21-04](#) for further guidance).

Even though the VCI Service differs from other electronic sources in that CEWs will receive additional data, the treatment of MAGI reasonable compatibility policy does not change with the addition of the VCI Service. Once CalHEERS has evaluated the self-attested information from any of the integrated verification sources (including VCI), CEWs must follow regulations found in [42 CFR § 435.952\(c\)\(2\)](#) in which:

- If income is reasonably compatible (whether or not the VCI Service response is received), CEWs can proceed with the financial determination.
 - This includes scenarios if an applicant reports zero income **and** the income is found reasonably compatible through the VCI Service, the applicant or beneficiary is not required to provide additional verification and the CEW can proceed with the financial eligibility determination.
- If income is **not** reasonably compatible and the VCI Service response is received, the VCI Service response must not be used as a stand-alone verification source and manual verification must be requested.
 - CEWs may use the VCI data to assist with manual verification requests; however, the data received is not considered verification of income since the reasonable compatibility check failed.

VCI as a Verification Source

While CMS allows the ability to apply reasonable compatibility standards to Non-MAGI groups, 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 automatically, due to:

- Technical and system restrictions, as well as
- Due to the complexity and variation in calculating income eligibility for the various Non-MAGI programs.

Since Non-MAGI Medi-Cal does not leverage the automated MAGI reasonable compatibility conditions for income in CalHEERS, the intended use of the VCI Service response is to confirm the applicant or beneficiary’s self-attested information using a manual reasonable compatibility in certain situations.

CEWs must use the VCI Service response (when available) for the Aged, Blind, and Disabled (ABD) Federal Poverty Level (FPL) 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 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.

CEWs can proceed with verifying income using VCI Service response for Non-MAGI ABD-FPL program 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 federal poverty level (FPL) for the Aged, Blind, and Disabled (ABD) program.

However, if the self-attested income information and/or the VCI Service response would result in a Share-of-Cost (SOC) to the applicant or beneficiary, CEWs must contact the applicant or beneficiary to request verification.

At this time, the VCI Service response currently must only be used for the ABD-FPL Non-MAGI program. DHCS will explore the future use of VCI Service response with other Non-MAGI Medi-Cal programs and will issue future guidance when other programs are identified.

Note: For more information on the acceptable use of the FDSH e-verifications for Non-MAGI Medi-Cal eligibility determinations, please see [ACWDL 20-17E](#).

Use of Available Information

With the inclusion of the VCI Service response into the sources of electronic verification of income, previous eligibility determinations may include VCI Service Response data. Per [ACWDL 18-21](#), counties must continue to complete an ex parte review of all available information, from cases or programs that are either open or were closed within the last 90 days, which may include any available commercial income verification reports, including the VCI Service response. The county should evaluate the veracity and age of the information as they would any other available income information.

Should a CEW determine financial eligibility using a VCI Service response where an adverse or negative action is taken, CEWs must utilize the Notice of Action and language provided in [ACWDL 21-23](#).

Additionally, since most applicants or beneficiaries provide self-attested income information that does not match how income is reviewed and calculated for Medi-Cal, it will not be unusual for the VCI Service response to have:

- Discrepancies, or not an exact match, between the self-attested income information and the VCI Service response, or
- A VCI Service response sent back even when self-attested income information is not reasonably compatible with the information received from any of the electronic data sources.

In accordance with [42 CFR § 435.952\(b\)](#), self-attested information that is provided by the applicant or beneficiary, when found reasonably compatible, shall be used to determine or renew Medi-Cal eligibility based on such information. Reasonable compatibility is intended to confirm, not replace, the self-attested income information. Therefore, when the VCI Service response and the self-attested income do not match **and** income is reasonably compatible, CEWs shall enter or continue to use the self-attested income information in SAWS. This policy aligns with existing reasonable compatibility functionality from other verification sources, such as the IRS.

However, when requesting manual verification to complete the eligibility determination, CEWs can incorporate the information received in the VCI Service response such as the individual's employer or organization name to best assist the applicant or beneficiary in locating the information needed by the county, or provide clarity for the request.

For further guidance related to contact requirements, please see [ACWDL 08-07](#) and [ACWDL 18-25](#). For reminders on acceptable Medi-Cal verification request forms, further guidance can be found in [MEDIL 20-13](#), while the most updated guidance released by CMS regarding the use of affidavits can be found in [ACWDL 21-12](#). Furthermore, CEWs shall continue to follow current guidance in [MEDIL 21-36](#) regarding historical income record entry where an applicant has self-attested to receiving income during the current calendar year, including but is not limited to Unemployment Insurance Benefits (UIB).

VCI Service Response Examples

Example #1: The VCI Service Response Was Received and Income is E-verified

- Applicant A applies for Medi-Cal at their local county office and self-attests to part time employment with Safeway earning \$800 per month.
- The CEW enters self-attested data in SAWS and information is sent to CalHEERS.

- The VCI Service response is provided by CalHEERS via eHIT to SAWS.
- The VCI Service confirms active employment with Safeway.
- Income is reasonably compatible using IRS income information (this would not be visible to the county in the DER).

Outcome: Since Applicant A's self-attested income information and the total countable income in the FSDH are both under the MAGI FPL limit, the income has been confirmed reasonably compatible and the CEW can proceed with completing the application without requiring manual verification for income.

Example #2 Two-Person Household and VCI Service Response is Received for One Applicant Only

- Spouse A and Spouse B apply for Medi-Cal at their local county office. Spouse A self-attests to earned income of \$775 per month from Dollar Tree, while Spouse B self-attests earned income of \$1100 per month from Kaiser.
- The CEW enters self-attested data in SAWS and information is sent to CalHEERS.
- Both Spouse A and Spouse B's income were determined reasonably compatible using IRS income information (this would not be visible to the county in the DER).
- Equifax only finds Applicant A in its database and the VCI Service response is sent via eHIT to SAWS.
- The VCI Service response confirms Applicant A's employment with Dollar Tree, and shows earned income information as \$900 per month, which differs from the self-attested amount.
- Spouse B is not known in Equifax's database and a VCI Service response is not included on the eHIT to SAWS.

Outcome: While the VCI Service response was received for only Spouse A, self-attested household income information and other income sources within the FSDH, such as IRS, were used to determine reasonable compatibility. The CEW can proceed with completing the application without requiring manual verification of income.

Example #3 VCI Service Response and Self-Attested Income Information for a Non-MAGI Financial Evaluation is Below ABD-FPL Program Limits

- Applicant A is 67 years old and applies for Medi-Cal at their local county office.

- Applicant reports monthly unearned income of \$900 per month from RSDI, as well as earned income from a part time job at McDonalds for \$325 per month.
- Applicant's RSDI is verified in IEVS.
- Applicant A was found in the Equifax database and the VCI Service response is sent via eHIT to SAWS.
- The VCI Service response confirms active employment with McDonalds but reflects current earned income of \$500 per month.

Outcome: After all applicable Non-MAGI income deductions have been applied to the unearned and earned income for Applicant A and despite the discrepancies, the CEW finds that the VCI Service response and the self-attested income for Applicant A do not exceed the income limits for the ABD-FPL program; so, Applicant A's earned income can be verified using the VCI information.

Example #4 VCI Service Response and Self-Attested Income Information for a Non-MAGI Financial Evaluation Is Above ABD-FPL Program Limits

- Applicant D is 68 years old and applies for Medi-Cal through CalHEERS and self-attests to \$1100 in RSDI and earned income with Target of \$845 per month.
- Applicant D was found in the Equifax database and the VCI Service response is sent via eHIT to SAWS.
- The VCI Service response confirms active employment with Target but reflects current earned income of \$1020 per month.
- After all applicable Non-MAGI income deductions have been applied to the unearned and earned income, the VCI Service response exceeds the ABD-FPL program limits and would potentially result in a SOC.

Outcome: The CEW must request manual verification of income to verify the discrepancy and ensure the SOC would be accurate with manual verification.

Example #5 The VCI Service Response Received Shows Active Employment with an Undisclosed Employer at a Beneficiary's Annual Renewal

- Beneficiary A returns the annual redetermination paperwork along with pay stubs from their current self-attested employment with Apple Inc.
- Beneficiary A self-attests to \$850 per month in earned income with Apple Inc.
- Beneficiary A was found in Equifax's database and a VCI Service response was sent to SAWS in the DER via eHIT.
- VCI Service response confirms active employment with two employers; Apple Inc. and CVS,

- After all applicable Non-MAGI income deductions have been applied to the unearned and earned income, the VCI Service response exceeds the ABD-FPL program limits and would potentially result in a SOC.

Outcome:

The CEW must request manual verification of income to verify the discrepancy and ensure the SOC would be accurate with manual verification.

Example #6 Self-Attested Income Reported is Above the ABD-FPL Limits and the VCI Service Response is Below.

- Applicant A, 68 years old, applies for Medi-Cal through CalHEERS.
- Applicant A reports both unearned income for RSDI of \$1335 per month and earned income with Costco for \$675 per month.
- Applicant A is found within Equifax's database and the VCI Service response is sent via eHIT to SAWS.
- CEW views the VCI Service response and notices that Applicant A's income from Costco shows \$400 per month.

Outcome: After all applicable Non-MAGI income deductions have been applied to the unearned and earned income, the self-attested income exceeds the ABD-FPL program limits and would potentially result in a SOC. Since the self-attested income information exceeds the ABD-FPL limit, the CEW must request manual verification prior to determining financial eligibility.

Example #7 Applicant Reports Zero Income and VCI Service Response is Not Received

- Applicant A applies for Medi-Cal at their local county office and reports zero income.
- The CEW enters all data into SAWS and sends the information to CalHEERS.
- Applicant A is not known in the Equifax database and the VCI Service response is not received.
- Income is reasonably compatible via the IRS and e-verified in CalHEERS.

Outcome: Since the self-attested income information has been confirmed reasonably compatible, the CEW can proceed with completing the application without requiring manual verification for income.

Example #8 Applicant Reports Zero Income and VCI Service Response is Received

- Applicant A applies for Medi-Cal via mail and reports zero income.
- The CEW receives the application and enters all data into SAWS and sends the information to CalHEERS.
- Applicant A is known in the Equifax database and the VCI Service response is received.
- Income is reasonably compatible and e-verified in CalHEERS.

Outcome: Since the self-attested income information has been confirmed reasonably compatible, the CEW can proceed with completing the application without requiring manual verification for income.

If you have any questions or if we can provide further information, please contact Janis Kimball by phone at (916) 345-8060 or by email at Janis.Kimball@dhcs.ca.gov.

Original Signed By

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