State of California—Health and Human Services Agency
Department of Health Care Services

TOBY DOUGLAS
Director

EDMUND G. BROWN JR.
Governor

March 6, 2014

Medi-Cal Eligibility Division Information Letter No.: I 14-18

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY ADMINISTRATIVE OFFICERS
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS

SUBJECT: Interim Instructions on Effectuating Case Changes

This letter is to provide updated information regarding changes in circumstances.

General Guidance on Positive Changes

Counties should proceed with any changes that their Statewide Automated Welfare System (SAWS) will allow when the change does not result in the need for a 10–day notice for adverse action. Counties should begin to work the cases that they are tracking as functionality is added to the systems, making it possible to effectuate the case change that has had to be delayed.

2014 Social Security Title II Cost of Living Adjustments (COLA)

Counties should continue to disregard the Social Security Title II COLAs until further notice is received from the Department of Health Care Services (DHCS) and delay running the 2014 Social Security Administration Title II batch run scheduled to run for the month of March and April, 2014. Counties should disregard Title II COLA income increases when transactions would result in counting the Title II COLA increase. The instruction does not pertain to the batch runs for the Medically Needy and Medically Indigent programs that occurred at the end of 2013. Please see All County Welfare Directors Letter No.: 14-04. Federal Poverty Levels for 2014 should be implemented effective April1, 2014. The increased levels should result in positive changes across all programs to which they apply.

Address Changes

Counties should proceed with address changes and track those changes until the functionality is completed to send the address change to the California Enrollment,

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Eligibility and Retention System (CalHEERS). If it is possible to update the Medi-Cal Eligibility Data System (MEDS) address through the county SAWS, then use that process, otherwise, the residence address should be changed on-line through the MEDS system and the case should be tracked to update SAWS when that functionality is available. Once the MEDS address is changed, that will trigger the Health Care Options processes for address changes to begin. If there is an immediate need problem, the Medi-Cal Managed Care Ombudsman's office will assist.

Inter-County Transfers

As of February 24, 2014, inter-county transfer functionality is now available for counties to both send and receive Modified Adjusted Gross Income (MAGI) case information. In addition, counties should have received formal guidance from their SAWS consortium on the inter-county transfer process and operations. If counties have outstanding issues or concerns, they should first contact their SAWS help desk. Guidance is forthcoming on transferring Pre-Affordable Care Act (ACA) Medi-Cal cases.

Income Changes

When a Medi-Cal beneficiary with a Share-of-Cost (SOC) reports a change in income, counties shall inquire about the beneficiary's desire to be transitioned to Medi-Cal based on using the MAGI methodology. The county shall obtain the necessary information to conduct the MAGI eligibility determination via the phone, in person or by mailing a Request for Tax Household Information (RTHI). CalHEERS will determine whether the beneficiary is eligible for MAGI Medi-Cal or Advance Premium Tax Credits (APTCs). Counties should ensure that the beneficiary understands that he/she can have both Medi-Cal with a SOC (which is non MAGI-based Medi-Cal or Pre-ACA rules) and APTCs at the same time. If the beneficiary wants to be transitioned to MAGI-based Medi-Cal (this should be notated in the case record), or when an order resulting from a fair hearing is issued that requires the county to determine eligibility for MAGI-based Medi-Cal, the county shall collect the required data elements and use the e-HIT process to make a MAGI Medi-Cal eligibility determination. If the beneficiary does not wish to be converted to MAGI-based Medi-Cal at that point (this should be notated in the case record), counties shall make the income changes through their county SAWS systems using Pre-ACA rules. If the result of the Pre-ACA eligibility determination is continued Medi-Cal eligibility, either with a reduced SOC or elimination of a SOC, the county shall reset the annual redetermination date at that point. Please remember that individuals are always free to log on to Covered California and complete a new application themselves.

Beneficiary Requests for Discontinuance

For Pre-ACA Medi-Cal cases, if a beneficiary requests to be discontinued from the

Medi-Cal program, counties shall use their existing SAWS processes to discontinue the beneficiary in accordance with current Medi-Cal policy. To the extent this change results in a negative action for individuals remaining on the Pre-ACA case, counties shall ensure that the individuals remaining on the case are not adversely affected and eligibility for these individuals will be reviewed at annual renewal. DHCS is still working with CalHEERS and the SAWS to implement functionality that will allow for requested discontinuances for MAGI-based Medi-Cal individuals. Once this functionality has been implemented, DHCS will issue additional guidance.

Adjudicating Applications Submitted prior to January 2014

Counties must adjudicate all applications. When the county is waiting for additional information, or a disability determination to establish Pre-ACA eligibility, counties shall inquire about the beneficiary's desire to be transitioned to Medi-Cal based upon MAGI, obtain the information necessary to conduct the MAGI eligibility determination via the phone, in person or by mailing the RFTHI, and process MAGI eligibility using the e-HIT process for months of January 2014 and thereafter, using the date that the tax household information was submitted as the MAGI application date. Counties should do so even if they must work around systems issues, such as a potential need to create a separate case for the MAGI eligibility determination. Counties must maintain the Pre-ACA application in the case record and continue to work toward adjudicating Pre-ACA months of eligibility.

When all of the information is received to adjudicate the Pre-ACA months of eligibility, counties should then enter that information into SAWS, following Pre-ACA rules, and grant benefits, as otherwise eligible, back to the date of the initial application (including the one or more of the three retroactive months, if requested) utilizing that original date of application up to the months in which MAGI eligibility was granted.

There would be no need to change any months for which MAGI eligibility was granted, including aid codes, since there is no difference in scope of benefits. For example, an application submitted in November 2013 was granted MAGI eligibility under aid code M1 for January 2014 and ongoing. The disability packet was later approved, so the county would grant aid code 64, if eligible without a SOC, for November and December 2013. No changes in eligibility would be necessary for January 2014 and ongoing. If workarounds were employed earlier, additional work may be necessary to link cases or case information.

Non-MAGI Long-Term Care (LTC) Eligibility Is Established With A SOC
(Please see Medi-Cal Eligibility Division Information Letter (MEDIL) Nos.: 14-11 and 14-06)

When counties determine that an individual is *not*:

- 19 up to 65 years of age without Medicare

- a parent
- child
- pregnant woman

(i.e., non-MAGI) and the individual is already a Medi-Cal beneficiary in need of Long Term Care (LTC), counties can establish the case as LTC, but must do what is necessary to the income calculation to retain either the same SOC, or zero SOC eligibility. DHCS has provided previous instructions limiting case changes that may be taken at this time (see MEDILs 14-03 and 14-11).

Income, when retained, becomes property in the month following the month of receipt. Since these non-MAGI beneficiaries who were admitted to LTC would otherwise have a SOC, but for the fact that no negative actions can be taken at this time, counties have wondered what to do about accumulation of property that may become excess property in the meantime. When DHCS issues instructions to once again begin sending 10-day notices for adverse action, counties must complete all of the following steps with regard to the non-MAGI population with excess property:

- Ensure that the Medi-Cal Information Notice MC-007, DHS 7077 and DHS 7077A, information about both the property limits and options for spend-down have been provided.

- Request property verification to ensure that there is no excess property. If excess property exists for the full calendar month immediately preceding the current month, counties must send the 10-day notice for the adverse action. In the case of spousal impoverishment, counties would only look at property of the institutionalized spouse beneficiary after the expiration of the Community Spouse Resource Allowance (CSRA) transfer period and then the counties must only look to ensure that the institutionalized spouse has no more than $2,000 countable property in his/her own name, since the property included in community spouse's CSRA should have been transferred into the name of the community spouse by that time.

- Ensure that the notice of action contains both the net market values of all property contained in the property reserve and the Principe v. Belshe language.

- Counties must also ensure that they provide information to the beneficiary about the processes for paying excess property on medical bills or making a payment of excess property to DHCS, as contained in the Medi-Cal Eligibility Procedures Section, Article 9.

If you have any questions, or if we can provide further information, please contact Sharyl Shanen-Raya at (916) 552-9449 or by email at Sharyl.Shanen-Raya@dhcs.ca.gov.

Original Signed By:

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