



TOBY DOUGLAS  
Director

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



EDMUND G. BROWN JR.  
Governor

February 16, 2011

TO: ALL COUNTY WELFARE DIRECTORS Letter No.: 11-07  
ALL COUNTY ADMINISTRATIVE OFFICERS  
ALL COUNTY MEDI-CAL PROGRAM SPECIALIST/LIAISONS  
ALL COUNTY HEALTH EXECUTIVES  
ALL COUNTY MENTAL HEALTH DIRECTORS

SUBJECT: MEDI-CAL MIDYEAR STATUS REPORT (MSR) Q&A

Since the release of All County Welfare Directors Letter (ACWDL) 09-32, *Medi-Cal Midyear Status Report (MSR) Requirements*, the Department of Health Care Services (DHCS) has received questions from counties requesting further clarification about the MSR process. This letter contains new instructions for certain MSR situations, as well as a restatement of the instructions given in ACWDL 09-32.

**Questions:**

**1. Does the Medi-Cal beneficiary have three good cause months to submit the MSR?**

The good cause regulation, Title 22, CCR Section 50175(c), does not specify duration of months a beneficiary has for submitting a late MSR. The county must evaluate circumstances of a case to determine whether the beneficiary had good cause for failing to meet MSR requirements. If good cause is found, and the beneficiary is otherwise eligible, eligibility must be reinstated. This clarifies existing policy contained in ACWDL 09-32, Section VI, Page 11.

**2. What is the requirement for a disabled person to be exempt from MSR reporting?**

According to Section 14011.16 (d) Welfare and Institutions Code (WIC), "beneficiaries whose eligibility is based on disability" are exempt from MSR reporting. Counties have expressed concern regarding beneficiaries who are disabled, but are not in a disability-only aid code. Section 14011.16 (d) WIC permits DHCS to exempt groups from MSR requirement, as necessary for simplicity of administration. In order to properly exempt all disabled persons from MSR reporting DHCS shall exempt any individual who has applied

on the basis of disability, or is known to the county to be disabled, from the Medi-Cal MSR requirement. This clarifies and amends existing policy contained in ACWDL 09-32, Section III, Page 4.

- 3. ACWDL 09-32 states, "To qualify for exemption from the MSR requirements based on pregnancy, a non-exempt beneficiary must notify a county eligibility worker that she is pregnant prior to the county sending the MSR or during the MSR process."**

**Scenario:**

**MSR due February 2010**

**Beneficiary fails to submit MSR by due date**

**Participant became pregnant April 2010**

**Participant reports her pregnancy April 2010**

- 3a. When reporting her pregnancy in April 2010, does the pregnant woman become exempt of the MSR that was due in February 2010?**

No. The woman was not pregnant prior to or during the MSR process in February. If she failed to submit the MSR by the February due date, or during the 30 days after the discontinuance action, her discontinuance is still in effect for February 2010. If the woman reports that she is pregnant in April and wants Medi-Cal services, she would need to reapply unless the MSR is submitted and good cause is established. This clarifies existing policy contained in ACWDL 09-32, Section IV, Page 5.

- 3b. If she had become pregnant during the MSR process and notified the county, would she then be exempt from the February 2010 MSR?**

Yes. If a beneficiary is pregnant during the MSR process AND notifies the county of her pregnancy, she would be exempt from MSR requirements. This clarifies existing policy contained in ACWDL 09-32, Section IV, Page 5.

- 4. A father is discontinued for failure to provide his MSR. Within 30 days after his discontinuance, he submits his completed MSR. The county reviews the MSR and finds the father is no longer eligible. What type of written correspondence are we sending the father to inform him that his Medi-Cal continues to be discontinued?**

The county shall send an informational letter to the beneficiary on county letterhead informing him that the county received the MSR and reviewed all available information for eligibility to all Medi-Cal programs. The county shall inform the beneficiary of the reason the beneficiary continues to be ineligible for Medi-Cal and direct the beneficiary to the

hearing rights on the previously released discontinuance Notice of Action (NOA). The county shall not send a second NOA, as the original discontinuance action still stands. The county shall note in the case record that the MSR was submitted and it was reviewed as if it were submitted timely. The county shall also note that the beneficiary remains ineligible for Medi-Cal and state the reason. The county is not to issue a new NOA as there has been no change in eligibility. This clarifies existing policy contained in ACWDL 09-32, Section VI, Pages 10 and 11.

Please see *Enclosure 1* for a recommended letter counties may use. While counties are permitted to reformat the letter, counties must include all the information contained in the recommended letter.

**5. Can the county's system rescind the Medi-Cal case when an MSR is received within 30 days after the discontinuance?**

DHCS understands that different consortia systems accomplish the MSR evaluation in different ways during the 30 days after discontinuance. If the county system is programmed to rescind the discontinuance in order to work the case, then that is acceptable with the stipulation that the county system does not send a Medi-Cal Eligibility Data System (MEDS) transaction, which would activate eligibility, until completion of the case evaluation and continued eligibility is established. This clarifies existing policy contained in ACWDL 09-32, Section VI, Pages 10 and 11.

**6. If an incomplete MSR is received, counties follow the SB 87 process. Would the entire case be discontinued due to the inability to establish ongoing eligibility?**

No, the entire case would not be discontinued if there are beneficiaries in the case who are exempt from MSR requirements. If, after completing the SB 87 process, the county cannot establish ongoing eligibility, the county is to send timely notice to discontinue only the non-exempt Medi-Cal beneficiaries. These non-exempt beneficiaries become ineligible members of the Medi-Cal Family Budget Unit.

The exempt beneficiaries shall remain eligible, and in the same aid code, with the exception of children. Since children are protected by Continuous Eligibility for Children (CEC), they shall be immediately placed in a CEC aid code (7K or 7J), until their next scheduled annual redetermination (RV). The only exception to this rule is deemed eligible infants. Because there is not a deemed infant aid code, the infant would continue on his/her current aid code. This policy is not specific to incomplete MSRs only. This policy also applies when a complete MSR is received and no ongoing eligibility exists, as well as when no MSR is returned. This establishes new policy that supersedes policy given in ACWDL 09-32. In ACWDL 09-32, Enclosure I, DHCS instructs counties to keep children in their existing aid code until their next RV. This instruction was made in error. Please implement the above instructions into county systems by December 31, 2011.

**7. If a beneficiary applies for CalWORKs during the MSR Due Month and fails to submit the MSR and the CalWORKs application is subsequently denied, when is the MSR due?**

The beneficiary is discontinued from Medi-Cal at the conclusion of the MSR Due Month for failure to submit a MSR. The MSR was not submitted timely; therefore, there is not a future MSR due date allowed. ACWDL 09-32 states that beneficiaries "receiving" CalWORKs are exempt from MSR reporting, not beneficiaries "applying" for CalWORKs. As such, the beneficiary failed to comply with Medi-Cal reporting requirements and shall be discontinued. This clarifies ACWDL 09-32, Section III, Page 4; however, due to the denied CalWORKs application, the case will have another redetermination process for Medi-Cal based on the timing of the CalWORKs denial:

**Denied Application for CalWORKs received during MSR Due Month:** If the county receives a denied CalWORKs application, where a completed SAWS 2 has been submitted during the MSR Due Month, the county is instructed to follow the SB 87 guidance provided in ACWDL 01-36, Page 9. The county is instructed to rescind the pending Medi-Cal discontinuance action for non-receipt of the MSR, and evaluate the information contained in the denied CalWORKs application to determine Medi-Cal eligibility. If the county finds that there is no eligibility, the county shall issue a timely NOA for discontinuance of Medi-Cal benefits.

**Denied CalWORKs Application received within 30 Days of Discontinuance for Failure to Submit the MSR:** When the county receives a denied CalWORKs application, where a SAWS 2 has been submitted in the cure period (within 30 days after a Medi-Cal beneficiary is discontinued for failure to report), the county shall not reinstate Medi-Cal until the eligibility determination is completed using the SB 87 process. The information contained in the denied CalWORKs application should be reviewed for Medi-Cal eligibility. If eligibility is found, only then should the county restore Medi-Cal benefits without a break in aid. If no eligibility is found, the discontinuance NOA for failure to submit the MSR stands. Counties should advise the beneficiary that the case was evaluated using the new case information available in the denied CalWORKs application, and there was no continued Medi-Cal eligibility.

Note: If there is missing information on the denied CalWORKs application, where the SAWS 2 was submitted, counties must determine if there is sufficient information to determine Medi-Cal eligibility. If there is not, counties must complete the three step SB 87 process to gather the missing information necessary to make an accurate determination.

**8. If the MSR is incomplete, and the case is discontinued, the county sends Term Reason 64 to MEDS. If the MSR is not received, and the case is discontinued, the county sends Term Reason 60 to MEDS. Is this correct?**

No. Term Reason 60 (Refuse to Provide QR7 or Medi-Cal Status Report) is no longer applicable to the MSR. If the beneficiary is discontinued for failure to submit the MSR, Term Reason 64 (Failure to Submit a Medi-Cal Midyear Status Report) is to be used. If the beneficiary submits the MSR, but it is incomplete, and the beneficiary is subsequently discontinued after completing the SB 87 process, the termination would be for failure to provide missing information—not failure to provide a MSR. Term Reason 61 (Refused to Provide Essential Information) should be used in this situation. This establishes new policy that supersedes policy instructions given in ACWDL 09-32, Section VI, Page 13.

**9. A child is turning 21 in month 5, which is now the MSR Mail Month. Would the child be exempt from the current MSR process or non-exempt since the child would be 21 in the Due Month?**

Because the beneficiary would be considered age 21 on the first day of the MSR Due Month, he/she would no longer be exempt from the current MSR requirement.

When a beneficiary turns 21 years of age, the county should complete the SB 87 process to determine whether the beneficiary has other linkage to the Medi-Cal program. The beneficiary should not be automatically discontinued for turning 21, without a review of all evidence of eligibility. The returned MSR can be used as part of the ex parte review, but may not be used instead of completing the SB 87 process. This clarifies existing policy contained in ACWDL 09-32, Section III, Page 4.

**10. Can you explain specifically how the SB 87 process should be applied with the MSR and missing information?**

When the MSR is received, but is incomplete because it indicates changes have occurred and lacks information about the changes, or has blank sections, counties must follow the SB 87 process. Please review ACWDL 09-32, Section VI, Page 9, for what constitutes an incomplete MSR. If the MSR is incomplete, the SB 87 process must be followed in accordance with WIC 14005.37 (i) and (j). The process is described as follows:

- The county must first review all available case files, open or closed, for all family members, within the last 45 days, including CalWORKs, Food Stamps, and any others available to the county.
- If the ex parte review does not identify sufficient information to establish eligibility, the county must attempt telephone contact with the beneficiary.
- If telephone contact is not successful, the MC 355 form is mailed, giving the beneficiary 20 days to return the missing information.

- If, within the 20 days, the beneficiary returns some of the missing information, but the county still requires additional information, then the beneficiary is given an additional ten days to return all missing information, before a 10-day discontinuance NOA is sent.
- If the missing information is not submitted to the county, the beneficiary would receive a 10-day discontinuance NOA.
- If, within the ten days, the beneficiary submits the missing information, the county should evaluate the information to determine if there is continued eligibility.
- If the county establishes continued eligibility, the discontinuance action is rescinded. This does not change the practice of allowing for a 30-day cure period for the discontinued individual to submit missing information for evaluation without having to reapply for Medi-Cal benefits.

This clarifies existing policy contained in ACWDL 09-32, Section VI, Pages 9 and 10.

**11. When you add a non-exempt person to an existing Medi-Cal case, when should the MSR be sent?**

If a non-exempt beneficiary is added to an existing case within month one, two, three, or four the county's automated system should have sufficient time to send an MSR for this person.

If a non-exempt beneficiary is added to an existing case in month five or six, there is insufficient time for the county's automated system to send this person an MSR in month five to be due in month six. The county conducted a Medi-Cal eligibility determination during the add-a-person process, so there would be no need for the county to conduct another review of eligibility at midyear.

The next review would occur at annual redetermination. Therefore, counties should program their systems so the MSR is not sent to anyone in the case file. In this situation, it will often be the case that the MSR will have been mailed to non-exempt beneficiaries. Counties are hereby instructed not to discontinue non-exempt beneficiaries for not submitting their MSRs, as counties will be receiving the requested information via the add-a-person process. This meets midyear reporting requirements. This provides new policy not established in ACWDL 09-32. The purpose of this new policy is to simplify policy instructions given in ACWDL 09-32.

- 12. If a postpartum exemption ends June 30, the same month the MSR would be scheduled to be mailed, would the woman be required to complete the MSR in July, or would the MSR be due in August (based on the CalWORKs scenarios in ACWDL 09-32 where CalWORKs recipients discontinued for not completing the second QR-7 must still meet the six month reporting requirement for MC)?**

For simplification of the administration of the program, if the pregnancy postpartum period ends in month five or six, from the initial application or most recent RV—the beneficiary would be exempt for that specific MSR, and would not be required to report again until the next scheduled RV. This will alleviate counties from having to designate significant staff hours to send manual MSRs out to beneficiaries, who become non-exempt MSR beneficiaries too late for county automated processes to initiate. This provides new policy not established in ACWDL 09-32. The purpose of this new policy is to simplify policy instructions given in ACWDL 09-32.

If you have any questions about the policy established and clarified within this letter, please contact Braden Oparowski at (916) 552-9520 or [braden.oparowski@dhcs.ca.gov](mailto:braden.oparowski@dhcs.ca.gov).

Original signed by

René Mollow, MSN, RN, Chief  
Medi-Cal Eligibility Division

Enclosure

Date: \_\_\_\_\_  
Case Number: \_\_\_\_\_  
Worker Number: \_\_\_\_\_  
Worker File Number: \_\_\_\_\_  
Worker Phone Number: \_\_\_\_\_  
Office Hours: \_\_\_\_\_

MSR REVIEW FOR:

You were discontinued from Medi-Cal on \_\_\_\_\_ for not submitting your Midyear Status Report (MSR).

On \_\_\_\_\_ you submitted your MSR.

The county reviewed your MSR, as well as all information available to us about your circumstances, to evaluate you for all Medi-Cal programs on \_\_\_\_\_ and found that you are not eligible for Medi-Cal because \_\_\_\_\_

Your discontinuance date has therefore not changed.

You have the right to appeal this decision. Please review the back of your discontinuance Notice of Action sent to you on \_\_\_\_\_. You have 90 days from \_\_\_\_\_, the date your discontinuance Notice of Action was mailed to you, to file your appeal.

If your circumstances change, you may re-apply for Medi-Cal.