



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



EDMUND G. BROWN JR.
Governor

February 20, 2014

TO: ALL COUNTY WELFARE DIRECTORS Letter No: 14-05
ALL COUNTY ADMINISTRATIVE OFFICERS
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS
ALL COUNTY HEALTH EXECUTIVES
ALL COUNTY MENTAL HEALTH DIRECTORS

SUBJECT: CONTINUOUS ELIGIBILITY FOR CHILDREN (CEC)

The purpose of this All County Welfare Directors' Letter (ACWDL) is to provide counties with new instructions on the application of CEC based on recent federal guidance and the transition of the Healthy Families Program (HFP) children to Medi-Cal. This letter supersedes, to the extent it conflicts with CEC ACWDLs 01-01, 01-40, 02-20, 07-11, 08-55, 09-15, 09-31, and 11-09 and supersedes references to CEC in ACWDLs 02-14, 02-59, 03-49, 03-52, 04-14, 04-31, 06-16, 07-03, 08-30, 08-56, 09-32, 11-07, and 12-33.

Section I: Federal Requirements for CEC

The Code of Federal Regulations (CFR), Title 42, Section 435.926, which implements Section 1902(e)(12) of the federal Social Security Act, grants states the option to:

- Provide CEC for up to 12 months. The regulation also states that the CEC period begins on the effective date of eligibility. Therefore, as an example, a child found eligible for Medicaid benefits in the month of January has a guaranteed coverage of CEC beginning in the month of January and continues CEC coverage through December, the annual redetermination month
- Grant CEC to children under age 19, or a younger age as specified in the State Plan, and
- To the extent CEC is elected by the state, the 12-month CEC guarantee period applies to all mandatory and optional categorically needy coverage groups elected in the state plan

In accordance with federal guidance, when states elect the use of CEC, inherent in this election is the guaranteed coverage of children for a twelve month period. Additionally, under the Affordable Care Act of 2010 (ACA), many simplifications were introduced for Medi-Cal, including the use of the Modified Adjusted Gross Income (MAGI) as the new income standard for a majority of the covered populations under Medicaid programs including children; providing 12 months of coverage for individuals subject to MAGI, and

continuing the use of CEC. Additionally, CMS has indicated that a new hierarchy for MAGI eligible populations that must be followed beginning January 1, 2014. The Department of Health Care Services (DHCS) has developed a corresponding hierarchy for MAGI Medi-Cal eligible populations ([Enclosure I](#)).

In reviewing the hierarchy, please note that CEC is not considered in the hierarchy, because CEC is a consumer protection rather than a coverage group. CEC guarantees 12 months of continuous eligibility to children enrolled in mandatory or optional categorically needy coverage, identified in Section 1902(a)(10)(A) of the federal Social Security Act.

Section II: State Requirements for CEC

In accordance with the Welfare and Institutions (W&I) Code, Section 14005.25, the CEC statute provides as follows:

- (a) To the extent federal financial participation is available, the department shall exercise the option under Section 1902(e)(12) of the federal Social Security Act (42 U.S.C. Sec. 1396a(e)(12)) to extend continuous eligibility to children 19 years of age and younger. A child shall remain eligible pursuant to this subdivision from the date of a determination of eligibility for Medi-Cal benefits until the earlier of either:
 - (1) The end of a 12-month period following the eligibility determination or
 - (2) The date the individual exceeds the age of 19 years.

DHCS has an approved State Plan Amendment implementing CEC in accordance with the aforementioned statutory requirements. Under the Medi-Cal State Plan, CEC applies to the following children's groups as identified under Section 1902(a)(10)(A):

MAGI Medi-Cal Programs (eligibility rules programmed in CalHEERS)

- Percent Federal Poverty Limit (FPL) Program and Qualified Infants and Children
- Optional Targeted Low Income Children Program (OTLICP)

Non MAGI Medi-Cal Programs (eligibility rules programmed in SAWS)

- Cash Aid Supplemental Security Income/State Supplementary Payment
- Children enrolled under the Pickle program
- Children enrolled under the Disabled FPL program
- Children enrolled under the 250 Percent Working Disabled program
- California Work Opportunity and Responsibility to Kids children

In accordance with existing guidance, enrolled individuals or their families are required to report only changes that affect their eligibility within ten calendar days of their occurrence. Please note; former foster care children are not required to report any changes in

circumstance. When reviewing such changes, counties are required to conduct activities in accordance with provisions contained in W&I Code, Section 14005.37, which includes the use of an ex parte review of information readily available to the eligibility worker.

If the ex parte review determines the child qualifies for a more advantageous program, then the county shall immediately enroll the child in the more advantageous program. If the ex parte review cannot establish eligibility for a more advantageous program, then the county shall place the child in the appropriate CEC aid code until their upcoming annual redetermination date, at which time he or she would be reassessed for ongoing eligibility. A more advantageous Medi-Cal program means a full-scope, no-cost Medi-Cal program subject to CEC protections.

If the case is a **child-only case** subject to CEC protections, families shall be appropriately informed regarding receipt of the information on the change, the application of the CEC protections based on the ex parte review and the ability to provide additional information for consideration of other Medi-Cal programs for which they may be eligible. The beneficiary shall be informed by use of a cover letter and the MC 355. The informing letter shall explain that additional information is needed to review eligibility for other Medi-Cal programs. In addition, the letter shall inform the families that if they do not want further consideration for other Medi-Cal programs, the child will remain in coverage until their next scheduled annual redetermination date because of the CEC protections and that they are not required to provide any further information beyond what they had originally reported. The MC 355 shall list the specific information that is needed to review for other Medi-Cal programs.

To the extent there is a loss of contact in a **child-only case** subject to CEC protections, the child shall remain in coverage until the next scheduled annual redetermination date. At the time of the annual redetermination, if loss of contact remains, then the child shall be discontinued as per current policy.

If the case contains **both** children who qualify for CEC protections **and individuals without such protections**, then the county shall request, using the informing letter with the MC 355 Request for Information form, additional information from the family to further assist in the reassessment of Medi-Cal eligibility for those individuals who are not protected by CEC. If the requested information is received, it shall be used to assist the eligibility worker in determining if the child, who qualifies for CEC protections, is to be placed in a more advantageous Medi-Cal program. If the child who qualifies for CEC protections would have been otherwise disadvantaged, because of the reported change in circumstance, then that child shall be moved to the appropriate CEC aid code until their upcoming annual redetermination date, at which time the child would be reassessed for ongoing eligibility.

To the extent there is loss of contact in a case that contains **both** children who qualify for the CEC protections **and individuals without such protections**, the child shall remain in coverage until the next scheduled annual redetermination date and the adults shall be discontinued as per current policy if there is no other valid information available to the county to contact the family (e.g. phone or email contact). At the time of the annual redetermination for the child, if loss of contact remains, then the child shall be discontinued as per current policy.

Implementation of this new policy guidance is to occur immediately. DHCS will work with the counties in creating the informing notice, identifying needed language changes to Notices of Actions (when applicable), and the MC 355 Request for Information form, to reflect this new policy direction.

Section III: Optional Targeted Low-Income Children Program

Under HFP, enrolled children were not required to report changes in circumstances. If a change in circumstance was reported and the change would have negatively affected the child, then the change was ignored and the case retained ongoing eligibility until the next regularly scheduled Annual Eligibility Review. If the reported change resulted in a positive outcome for the child, such as lowering a premium or moving the child to the county for evaluation of full-scope, no-cost Medi-Cal, then the change was acted upon.

Children transitioning from HFP were placed in OTLICP after transition. New Medi-Cal applications for children are now routinely assessed for OTLICP. Thus, the transitioned HFP children placed in OTLICP as well as other children found eligible under this coverage group shall continue to be exempt from the Medi-Cal ten-day reporting requirement. If an OTLICP child reports a change, then the change shall be processed in accordance with the policy prescribed in Section II of this letter.

Section IV: System Programming

CEC rules must reside in the Statewide Automated Welfare System (SAWS) and the California Healthcare Eligibility, Enrollment and Retention System (CalHEERS) because both systems make eligibility determinations for the Medi-Cal children's groups subject to CEC protections. For MAGI eligible cases, CalHEERS has been instructed to ensure any such case determined ineligible for Medi-Cal, or that goes from no cost Medi-Cal to Medi-Cal with a premium, shall have CEC protections invoked and shall place the child in the appropriate CEC aid code until his or her next regularly scheduled annual redetermination.

Similarly, by issuance of this letter, SAWS shall also make use of CEC rules programmed in the applicable SAWS system. Counties shall ensure any child determined ineligible for any of the non-MAGI Medi-Cal programs, which provide continuous coverage as described above in Section II, shall be placed in the appropriate CEC aid code, as is current practice

today, and remain in such CEC aid code until their next regularly scheduled redetermination.

Section V: Example

A child is determined eligible for an ACA children's group in March 2014. The period of CEC for this child begins in March and ends in February 2015. In July 2014, the county receives a report of an increase in income. The eligibility worker validates the report and uses SAWS to call the CalHEERS rules engine to determine if the change in income affects MAGI Medi-Cal eligibility. The rules engine determines the child has eligibility for Medi-Cal with a premium and that there is no more advantageous MAGI Medi-Cal program. In this case the CEC protection will apply, so the child will not be subject to a premium. Based on the finding from CalHEERS that CEC applies, the eligibility worker shall conduct an ex parte review to determine whether information already in the county's possession indicates that the child would be eligible for a more advantageous Medi-Cal program, as defined in this ACWDL.

If the ex parte review is able to establish eligibility for a more advantageous Medi-Cal program, the county eligibility worker will place the child into that program and send a Notice of Action explaining the change and the fact of ongoing eligibility. In this example, there is the potential that the annual renewal date may be reset for another 12 months for the child however DHCS has not yet finalized policy guidance on resetting renewal dates and it will be forthcoming under separate cover.

If the ex parte review is not able to establish eligibility for a more advantageous Medi-Cal program, the eligibility worker will accept the result from CalHEERS, and move the child to the appropriate CEC aid code. The child continues to be Medi-Cal eligible under CEC protections until the next regularly scheduled annual redetermination date, in this example March 2014. The child shall be sent a letter and the MC 355 advising that (1) the child remains eligible until the date of its next annual redetermination and (2) explaining what, if any, information may be voluntarily provided to the county in order to allow the county to determine whether the child is eligible for a more advantageous Medi-Cal program.

If you have any questions, please contact Sherilyn Walden at (916) 552-9472 or by email at Sherilyn.Walden@dhcs.ca.gov or Braden Oparowski at (916) 552-9570 or by email at braden.oparowski@dhcs.ca.gov.

Original Signed By

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