



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



EDMUND G. BROWN JR.  
Governor

August 8, 2014

TO: ALL COUNTY WELFARE DIRECTORS Letter No.: 14-29  
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS  
ALL COUNTY HEALTH EXECUTIVES  
ALL COUNTY MENTAL HEALTH DIRECTORS  
ALL COUNTY MEDS LIAISONS

SUBJECT: Interim Non-Payment of Premium (NPP) Processes for the Optional Targeted Low-Income Children Program (OTLICP)

This letter is to provide counties with an update for the interim process to discontinue OTLICP beneficiaries, who are in a non-payment status for the premium aid codes of 5D, H3, and H5. Discontinuance for beneficiaries in the premium T aid code series will be addressed in a separate update.

### BACKGROUND

MAXIMUS, the Department of Health Care Services' (DHCS) administrative vendor, provides premium payment processing services for OTLICP Medi-Cal beneficiaries using business processes and procedures developed under the former Healthy Families Program (HFP). Consistent with HFP rules, a non-payment condition occurs when the beneficiary is two payments past due on premiums. MAXIMUS sends out monthly invoices to beneficiaries in premium aid codes. When the beneficiary's premium payment is 30 and 60 days past due, the invoices have a watermark indicating the past due status. The past due invoice also has reminders in the "Important Notes" section indicating the premium is past due and that the beneficiary may lose Medi-Cal benefits if premiums are not paid. Information regarding payment options is provided on the invoices as well.

MAXIMUS also sends out a reminder letter, just prior to the 60 days past due, again informing the beneficiary of their past due status, the amount currently due and the options available to pay the premiums. This reminder letter also includes forms and directions for the beneficiary to submit if they believe their account is current and there's been an error or if they have had a change in circumstance. MAXIMUS identifies the beneficiaries in non-payment status on the 15<sup>th</sup> of each month to develop the NPP list that is distributed to the consortia for discontinuance. Waiting until the 15<sup>th</sup> allows for receipt of additional payments and reduces the number of non-payment beneficiaries reported to the counties.

MAXIMUS sends a NPP list to each consortium by the 18<sup>th</sup> of each month. The consortium then distributes the NPP list to each county. MAXIMUS continues to bill the beneficiary each month and also includes the beneficiary on the NPP list in each subsequent month until the beneficiary resolves the non-payment condition or the Medi-Cal Eligibility Data System (MEDS) indicates the beneficiary is no longer eligible (active) in the premium aid code. Once the non-payment condition occurs, the beneficiary must pay all past-due payments in order to be considered current.

DHCS recognizes that a backlog of NPP status beneficiaries has developed and these beneficiaries have continued to receive health care coverage over the months. This has occurred due to the lack of system functionality for initiating change in circumstances discontinuances and issuance of timely notices; and the moratorium on negative actions instituted in January 2014. The updated processes, described below, are designed to reduce this backlog and facilitate timely discontinuances when non-payment status occurs.

#### **UPDATE**

Previously, DHCS gave directions on a redetermination process to follow prior to discontinuing a beneficiary for non-payment of premiums (All County Welfare Directors Letter No.: 12-33 and Medi-Cal Eligibility Division Information Letter I 14-11). Subsequently, DHCS has determined that premium payment status is a condition of eligibility. Therefore, for beneficiaries in a non-payment of premium status, there are no redetermination requirements prior to issuing the appropriate notice of action (NOA) to discontinue the beneficiary, unless the beneficiary contacts the county regarding a change of circumstances.

#### **DISCONTINUANCE PROCESS**

##### **For beneficiaries on premium aid codes of H3 and H5:**

When beneficiaries are in a non-payment status, counties shall provide a timely NOA to the beneficiary and terminate eligibility. Counties are directed to terminate eligibility for beneficiaries in non-payment status with a EW40 MEDS transaction and termination reason 99 until such time that the NPP termination reason is available in MEDS (the termination reason for non-payment of premium is not yet available in MEDS).

To prevent discontinuance, a beneficiary must pay past due premiums prior to the discontinuance date. The beneficiary may do this by contacting the Medi-Cal for Families Premium Payment Section at (800) 880-5305 to arrange for the payment. The NOA instructs the beneficiary to contact their county worker, whose name and number is on the NOA, when they have made their payments. If the county is contacted by a beneficiary, who states he or she has repaid past due premiums, the county can verify the payment status by calling the Medi-Cal for Families county liaison (formerly known as the SPE county liaison) and then proceed to stop the discontinuance.

If the beneficiary pays the past due premiums after discontinuance, but within the following 30 days, the county must verify the payment status (as described above) and shall reinstate the premium aid code so the beneficiary has no break in coverage. To ensure the beneficiary has had sufficient notification and time to respond to DHCS' request for payment, it has been determined that at the point of discontinuance, the beneficiary will have had a period of at least 90 days to pay past due premiums, beginning with the first notification of past due premiums sent by MAXIMUS.

If more than 30 days after the discontinuance, the beneficiary pays the past due premiums or wants to be determined eligible again for Medi-Cal, he or she must submit a new application. If determined eligible for the OTLICP in a premium aid code and there are past due premiums from the previous 12 months still outstanding, the past due premiums will be included on their first premium statement and subsequent statements until paid in full or the beneficiary is discontinued.

Below is language to be used on the discontinuance NOA when the reason for discontinuance is non-payment of premiums.

*Premiums have not been paid for the child named above, for at least two months.*

*If you have any questions about this action or if there are additional facts relating to your circumstances, which you have not reported to us, please write or call your worker. Your worker's name and telephone number are above. If you wish to pay the premiums and remain eligible for Medi-Cal, please contact the Medi-Cal Premium Payment Section at (800) 880-5305 to arrange for repayment and then let your worker know you have paid your premiums.*

*Please remember that this action pertains only to the current circumstances and that you may reapply at any time. Please note that you may be required to pay past due premiums if your child(ren) become eligible for Medi-Cal with a premium in the next twelve (12) months.*

*Welfare & Institution Code § 14005.26 authorized this decision. If you believe this is incorrect, you can contact your county office or file an appeal. See "Your Hearing Rights" on the last page to learn how to appeal. You have only 90 days to ask for a hearing. The 90 days started the day after the county sent you this notice.*

Counties are to continue to use this process for discontinuing beneficiaries in non-payment status until further direction is provided. If the beneficiary files an appeal, upon county request, MAXIMUS will provide a position statement to the county staff to document the beneficiary's payment status and history.

**For beneficiaries on premium aid code of 5D:**

To assist counties with the timely discontinuance of non-payment of premiums for beneficiaries, who are in the transitional aid code 5D, DHCS will work with MAXIMUS to identify these beneficiaries, send timely notifications, initiate the discontinuance action and reinstate, if there is timely premium repayment. The processes and NOA will follow the same requirements as those provided to the counties. The NOA will direct the beneficiary to the Medi-Cal Premium Payment Section at (800) 880-5305, if they want to make premium payments and to the state hearing process if they would like to appeal the decision.

The NOA will be customized with county specific information and will direct the beneficiaries to contact their county offices if they have any additional facts relating to their circumstances that may affect their eligibility. The county may request additional beneficiary documentation from MAXIMUS, such as original applications or Annual Eligibility Review forms, to assist with eligibility determinations.

Once DHCS begins the discontinuance process for the 5D population with MAXIMUS, the NPP status list submitted to the consortia will no longer include the 5D beneficiaries.

If you have any questions or if we can provide further information, please contact Christine Wajda at (916) 327-0422, or by email at [Christine.Wajda@dhcs.ca.gov](mailto:Christine.Wajda@dhcs.ca.gov).

Original Signed By:

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Medi-Cal Eligibility Division