



JENNIFER KENT  
*Director*

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



EDMUND G. BROWN JR.  
*Governor*

December 12, 2017

TO: ALL COUNTY WELFARE DIRECTORS Letter No.: 17-37  
ALL COUNTY ADMINISTRATIVE OFFICERS  
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS  
ALL COUNTY HEALTH EXECUTIVES  
ALL COUNTY MENTAL HEALTH DIRECTORS  
ALL COUNTY MEDS LIAISONS  
ALL CONSORTIA/SAWS PROJECT MANAGERS

SUBJECT: ASSET VERIFICATION

This letter instructs counties to begin using new asset verification reports that are now available for use in Medi-Cal eligibility determinations for specified Aged, Blind, and Disabled (ABD) applicants and beneficiaries. The asset verification reports will give counties enhanced financial information to assist with eligibility determinations for the ABD population. As the first phase of implementing this program, counties will use the new reports to verify the assets held by individuals eligible to receive Medi-Cal long-term care services during annual redeterminations.

### **Asset Verification Background**

Federal law (42 United States Code Section 1396w [Section 1940 of the Federal Social Security Act]) requires that California's Medicaid program, Medi-Cal, have an electronic asset verification program in place to detect unreported assets for ABD applicants and beneficiaries who are not receiving Supplemental Security Income, State Supplementary Payments (SSI/SSP). Welfare & Institutions Code (WIC) Section 14013.5 outlines the requirements of California's ABD electronic asset verification program.

Individuals with assets verified by the Social Security Administration are not included in the federal requirement; therefore, recipients of SSI/SSP are excluded from a Medi-Cal asset verification review. The Department of Health Care Services (DHCS) may perform an asset verification at application, annual redetermination, change in circumstance, or at any time eligibility is determined on the case. The federal requirement also authorizes DHCS to perform asset verification on the responsible relatives of ABD applicants and beneficiaries, such as parent to child and spouse to spouse relationships. Guidance on responsible relatives will be issued in a future letter.

By implementing this new verification program, DHCS is increasing counties' ability to identify unreported assets that exceed property reserve limits, which will assist Medi-Cal eligibility workers in determining or redetermining eligibility for ABD individuals. The Centers for Medicare and Medicaid Services (CMS) has directed DHCS to enhance its asset detection procedures as soon as possible.

### **Asset Verification Pilot Program**

DHCS conducted a test pilot program from January 2017 through March 2017. As outlined in Medi-Cal Eligibility Division Information Letter (MEDIL) 17-05, the purpose of the pilot was to assess a new asset verification program and its potential to identify undisclosed assets that may exceed property reserve limits.

After reviewing the test results and conferring with county pilot participants, DHCS concluded that the pilot was successful in detecting unreported assets. The pilot program successfully identified significant assets for 12 percent of the pilot sample, and the average dollar amount of accounts found per person was over ten thousand dollars.

The new asset verification program gives DHCS and counties an opportunity to enhance program integrity and prevent improper payments. By discovering undisclosed assets that exceed property reserve limits, DHCS and counties can identify individuals that do not meet the eligibility criteria for an ABD Medi-Cal coverage group in a particular month(s).

### **Two-Phase Asset Verification Rollout**

Based on the results from the test pilot program, DHCS has evaluated various approaches to implement asset verification on a broader scale. DHCS intends to integrate new asset verification capabilities into the Medi-Cal Eligibility Data System (MEDS), the Income Eligibility Verification System (IEVS), and the Statewide Automated Welfare Systems (SAWS).

Once integrated within the existing system architecture, counties will then have access to the full-range of functionality. This will include asset verification queries at application, annual redetermination, changes in circumstance, ad hoc requests, responsible relative requests, and specific account searches. The query may include threshold restrictions, in which only assets over a predetermined dollar amount will be provided to counties. The integrated program may also feature new MEDS termination reason codes specific to IEVS and asset verification review.

Due to the extensive programming required for system integration and to comply with the CMS mandate that asset verification be implemented as soon as possible, DHCS, in conjunction with counties, developed an interim solution that will be in place until the system integration is completed. Efforts to integrate asset verification into current systems will be a lengthy process and the requirement definition phase is already underway.

The interim solution consists of DHCS providing counties with monthly asset verification reports for Long-Term Care (LTC) annual redeterminations, and then gradually increasing scope to include reports for all ABD annual redeterminations. DHCS will deliver interim asset verification reports to counties on a monthly basis. DHCS is seeking to implement the fully integrated asset verification capabilities in the second quarter of Fiscal Year (FY) 2019-2020. By using the monthly reporting system in the near term, DHCS can further observe performance and make any necessary adjustments before committing to the long-term program functionality.

### **Interim Monthly Reports**

DHCS will generate asset verification reports and submit them to the appropriate counties two months prior to the end of the beneficiary's annual redetermination month. The scheduling of the delivery of the report is based on annual redetermination dates identified within MEDS. If for some reason SAWS has a different annual redetermination date than MEDS and receives an annual redetermination asset verification report for a beneficiary outside their normal annual redetermination period, the county will need to evaluate the asset information provided to determine if an eligibility determination, because of an unreported change in circumstance, is warranted. The asset verification reports are designed to include LTC beneficiaries that are in the tenth month of their eligibility period. The reports do not currently include applicants, responsible relatives, or Medicare Savings Program cases. The initial reports will only contain asset information on LTC beneficiaries at their annual redetermination, with the non-LTC ABD annual redetermination population phased in during future months.

Reports will be sent to the counties via Secure File Transfer Protocol (SFTP) or secure email. The reports will be distributed during the last two weeks of each month and will include Eligibility Worker (EW) Codes and District Codes for easy distribution. The interim monthly report is designed to give county eligibility workers the right asset information at the right time, when the case is already under review at annual redetermination.

Each monthly report will consist of two parts: a roster and the abstracts. The roster lists all of the beneficiaries in the monthly report. The abstracts provide the asset verification detail for each beneficiary listed. Refer to the enclosure for more information on what will be included in the monthly reports.

### **Asset Verification Data**

The new asset verification reports contain liquid and non-liquid assets. The reports may include account balances at financial institutions located anywhere in the United States or its territories. This may include accounts listed on application/redetermination forms and accounts that are not listed on the forms. Many different types of financial institutions are contacted for account balances, including the following:

- Banks
- Savings banks
- Card issuers
- Industrial loan companies
- Trust companies
- Savings associations
- Building and loans
- Homestead associations
- Cooperative banks
- Credit unions
- Consumer finance institutions

Account information provided can be from both open and closed accounts during the interim look back period of ten months. The reports will contain account balances for each beneficiary for whom an account was located, including both open and closed accounts, provided both by month and by account. The interim look back period will be for a standardized period of ten months since that is the number of months since the previous annual redetermination. DHCS does not have the flexibility during the interim period to provide different look back periods per inquiry; therefore, a ten-month look back period was selected for all beneficiary aid categories. County eligibility workers will utilize the financial data within the prescribed look back period for each specific program.

### **County Processing of Monthly Asset Verification Reports**

County eligibility workers will utilize the asset verification data in the same manner as they would when receiving IEVS information.

This includes county use of existing forms, notices, and overpayment procedures. The county will follow the annual redetermination procedures outlined in All County Welfare Director Letter (ACWDL) No. 14-35 for the ABD population when the asset information is incompatible with what was reported. This letter does not change the eligibility criteria in any way; the new asset verification capability is merely a source to provide enhanced financial information to assist with eligibility determinations. Counties will continue to collect paper verification of assets of ABD beneficiaries when necessary. Counties will continue to use existing redetermination forms and cannot renew eligibility solely based on an ex parte asset review pursuant to current DHCS policy.

The interim asset reports are intended for county use only; they do not need to be annotated and returned to DHCS. However, county eligibility workers will note in the case file if after the full annual redetermination process has been completed if there is a change to eligibility as a result of excess assets identified using the asset verification report. Each monthly report will contain the individuals due for annual redetermination and will not be repeated on future reports. In accordance with WIC Section 14005.37(g)(1) regarding redetermination due to change in circumstance, the county will only request information related to the change in circumstances. The county will not request information or documentation that the beneficiary has already provided or that is not necessary to determine eligibility. The county asset-related activities are as follows:

- Counties will receive from DHCS, a monthly asset report via SFTP or secure email.
- Counties will review Medi-Cal case files and identify potential unreported assets.
- Counties will determine whether discrepancies exist between the asset report and the case file information, and whether that information could impact Medi-Cal eligibility.
- If there is such a discrepancy that could impact Medi-Cal eligibility, counties will follow the procedures outlined in ACWDL No. 14-35 with regard to client contact and/or discontinuance.
- If the beneficiary responds to the request for information, but the information is not complete the county shall work with the beneficiary to complete the information in conformity with WIC Section 14005.37(f)(4).

- Any refusal on the part of the beneficiary to respond to asset-related inquiries, or authorize Medi-Cal asset reviews, may result in discontinuance for failure to provide.
- Counties must note in case files that information from the monthly asset report was reviewed and evaluated, beneficiary contact attempts, and if a beneficiary was ultimately discontinued based on the confirmed asset information. In any case where data from monthly asset verification reports results in an eligibility change, the asset report “abstract” will be referenced in the case file. In addition, case file notes may be accompanied by other imaged asset information as necessary.

### **Implementation Dates**

DHCS expects to provide counties with the initial asset report in December 2017. This will include beneficiaries that have an upcoming annual redetermination in February 2018. Meanwhile, DHCS will continue to evaluate the process for integrating the asset information into IEVS with the aim of becoming operational in the second quarter of FY 2019-2020. Once the integrated program is operational, DHCS will issue additional instructions.

Thank you for your attention to this matter. If you have any questions or comments regarding the information in this letter, please contact Ms. Amy Rosenkranz at (916) 322-4356, or by email at [Amy.Rosenkranz@dhcs.ca.gov](mailto:Amy.Rosenkranz@dhcs.ca.gov).

### **ORIGINAL SIGNED BY**

Sandra Williams, Chief  
Medi-Cal Eligibility Division

Enclosure

## Asset Verification Report Elements

- County Code
- County ID Number
- Client Index Number (CIN)
- District Code
- EW Code
- Aid Code
- Health Care Plan (HCP) Number
- Health Care Plan (HCP) Status
- Date of Birth
- Social Security Number / MEDS ID
- Date of Birth
- First Name
- Last Name
- Financial Institution
- Response Type
- Account Type
- Month
- Year
- Balance
- Financial Institution Remarks
- Account Title
- Account Number
- Real Property Found Flag
- Aircraft Found Flag
- Watercraft Found Flag
- Asset Detail