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October 27, 1995

TO: All County Welfare Directors
All County Administrative Officers
All County Medi-Cal Program Specialists/Liaisons

Letter No.: 95-64

VETERANS' BENEFITS

Ref.: All County Welfare Directors Letter (ACWDL) Nos. 88-04 and 88-35

This letter transmits draft copies of the Medi-Cal Eligibility Procedures Manual Article 10J (Income) which changes the treatment of veterans' aid and attendance benefits and Procedures Section 15C (Other Health Coverage) which explains the treatment of veterans' aid and attendance benefits for veterans who are at home and for those who are in long-term care.

As previously discussed in ACWDL Nos. 88-04 and 88-35, effective February 1, 1988, Sections 50772, 50551.6, and 50507 of Title 22, California Code of Regulations changed the treatment of veterans' aid and attendance payments from income to third party payments.

You can expect to receive the final revisions of Articles 10J and 15C as part of Procedures Manual process at a later date.

For questions on 10J (Income), please contact Dave Rappolee at (916) 657-0163. For questions on Article 15C (Veteran's Aid and Attendance Payments), please contact Lea Golowski at 654-5689.

Sincerely,

ORIGINAL SIGNED BY
TOM WELCH for

FRANK S. MARTUCCI, Chief
Medi-Cal Eligibility Branch

Enclosures

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10J--VETERAN'S BENEFITS

Background

Section 50507 (a) (6) states that certain veteran's benefits which include pensions based on need, compensation payments, and education are unearned income. Whereas, Section 50772 specifies that aid and attendance benefits for beneficiaries in long-term care are third party payments which are treated as unearned income for ease of administration and captured in the share of cost (SOC) computation **(See Article 15C for treatment of aid and attendance benefits)**. Additionally, increases in Veteran's benefits due to Unusual Medical Expenses (UME) are to be disregarded as income and third party payments.

Referral

To aid veterans in obtaining the benefits they are eligible to receive, and to ensure that outside sources of income are used before Medi-Cal, the Medi-Cal program has adopted the use of the Veteran's Benefits Referral, form CA 5.

The MC 210, Statement of Facts, asks for the veteran status of all Medi-Cal applicants/beneficiaries. If the answer to these questions indicates that a person may be eligible for or has applied for veteran's payments, complete the CA 5 if it has not been sent in the past. A CA 5 should also be completed whenever a veteran or veteran's dependent enters LTC. (See forms section for complete instructions for completion of the CA 5.)

After the CA 5 is completed, it should be sent to the County Veterans Service Office (CVSO) in accordance with the instructions on the CA 5. The CVSO will return a completed copy of the CA 5 after that office has completed its action on the case.

Client Responsibility

If the applicant or beneficiary refuses to cooperate in completing the CA 5 or refuses to cooperate with the CVSO, that person is ineligible for Medi-Cal. Per Section 50186, applying for unconditionally available income is a condition of eligibility. Since veteran's benefits are available to eligible veterans upon application, failure to apply for them would be failure to apply for unconditionally available income and would result in ineligibility for the person who refuses to cooperate.

15C--VETERAN'S AID AND ATTENDANCE PAYMENTS

As discussed in 10J--Veteran's Benefits, the MC 210, Statement of Facts, asks for the veteran status of all Medi-Cal applicants/beneficiaries. If the answers indicate that a person may be eligible or has applied for veteran's benefits, the county eligibility worker will refer the applicant, by use of the form CA 5, Veterans' Benefits Verification and Referral, to the County Veterans' Service Officer (CVSO). The responsibility of the CVSO includes verifying the type and amount of Veterans' Administration (VA) benefit payments available to the veteran and/or dependents. If the CVSO identifies the receipt of veterans' aid and attendance payments, the following procedures apply:

VETERANS WHO ARE NOT IN LONG-TERM CARE (LTC)

In the month of receipt, Aid and Attendance (A&A) payments are not to be considered as third party payments, income, nor should the payments be used to compute the share of cost (SOC).

For property purposes, the treatment of these cash payments which are retained after the month of receipt are considered property.

VETERANS IN LTC

A&A payments must be reflected in the veteran's LTC SOC. The veteran in LTC must apply the A&A payment towards the cost of his/her health care before Medi-Cal will pay.

The following are answers to frequently asked questions concerning A&A payments:

1. Does LTC status occur if an individual is expected to remain in an acute care facility one full month after the month of admission?

Answer: Yes. The definition of LTC status in Section 50056 relates to inpatient medical care and not to a specific medical facility. Therefore, the A&A payment will continue to be reflected in the veteran's share of cost amount and paid to the facility.

2. How should A&A payments made to individuals who are residing in board and care be treated?

Answer: For the purposes of A&A, the individual is considered to be living at home.

3. How is a VA award treated in the case of an applicant when there is no CA 5 in file which shows the correct amount of the A&A payment and the veteran has no award letter?

Answer: The eligibility worker (EW) must complete a CA 5 and send it to the CVSO. If a response is not obtained promptly, the EW must contact the CVSO for verification. In the absence of information from the CVSO, the entire amount of the VA check should be counted as income to determine the correct share of cost. When the CA 5 is returned with the correct A&A amount, the county should readjust the share of cost for the previous month.

4. Are A&A payments considered other health coverage and should the Medi-Cal Eligibility Data System be coded to reflect the receipt of A&A?

Answer: No. A&A is not other health coverage. Therefore, no other health coverage coding is required, nor does the county need to include the information on the DHS 6155.

5. Can an A&A payment made to a person in LTC be allocated to the spouse at home or dependent relatives?

Answer: No. A&A payments are treated as income when the person is in LTC, and must be collected through the SOC process as to reduce costs to the Medi-Cal program.

6. How should a veteran's lump sum retroactive payment be treated?

Answer: Determine the number of months the veteran was at home and the number of months the veteran was in LTC and on Medi-Cal during the retroactive period. Determine the countable A&A portion of the lump sum by multiplying the rate times full months in LTC.

For the months the veteran was at home, the A&A portion should be disregarded as income in the month of receipt and treated as property thereafter.

For the months the veteran was in LTC and on Medi-Cal, the A&A payment should apply to the cost of LTC services and is subject to repayment. The county should increase future month(s) share of cost by an amount equal to the A&A received while the beneficiary was in LTC.

EXAMPLE: In July, assume a veteran (at home or in LTC) received a lump sum VA payment of $3,000 total for March, April, and May and the amount of the A&A award is $300 per month. Assume the veteran was at home in March and in LTC in April and May.

Action in July

A. Determine how the $900 A&A lump sum should be allocated. See below:

   1. Three hundred dollars ($300) is reimbursement of A&A payments for March, a month while the veteran was at home. It is not treated as income nor property for July, but is property thereafter.

   2. Six hundred dollars ($600) is reimbursement for April and May when the veteran was in LTC. It is not treated as income or property for July. The veteran must repay this amount to DHS through share of cost in a future month.

B. The remaining $2,100 ($3,000 - $900) is a lump sum social insurance payment and treated as property according to Section 50455.

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Action in August

A. Recompute the share of cost to capture the $600 in A&A received while in LTC.

B. Evaluate the beneficary's property to insure that he/she is below the property limit at some time in the month. If there is excess property options for reducing excess property and the voluntary payment of excess property procedures should be explained. See Procedures Section 16E.