STATE OF CALIFORNIA–HEALTH AND WELFARE AGENCY

PETE WILSON, Governor

DEPARTMENT OF HEALTH SERVICES
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May 12, 1997

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

Letter No.: 97-18

APPLICATION OF SPOUSAL IMPOVERISHMENT RULES TO MEDI-CAL ELIGIBLE SPOUSES ENROLLED IN PROGRAMS FOR THE ALL INCLUSIVE CARE OF THE ELDERLY

Ref.: All County Welfare Directors Letters (ACWDL) Nos. 90-01, 90-03, 90-50, and 91-84

SPOUSAL IMPOVERISHMENT APPLIED TO THE PACE PROGRAMS IN THREE COUNTIES

This is to inform counties that the "spousal impoverishment" rules for determining the property eligibility of, and allocating income from, an institutionalized spouse with a community spouse will now also be applicable in situations where one spouse is enrolled in a Program for All Inclusive Care of the Elderly (PACE) and the other spouse is not and otherwise meets the definition of a community spouse. PACE programs provide care for the elderly and permit the elderly PACE participant to continue residing in the home instead of being institutionalized in a medical facility.

Currently there are three PACE programs in the State, one each in the following counties: Alameda, Sacramento, and San Francisco. (See the enclosed list for the names, addresses, and contact person for these PACE programs.) Currently only the aforementioned counties are affected by this policy letter. In the future, as additional PACE programs arise, counties will be so informed by the Department of Health Services for purposes of applying the spousal impoverishment provisions to these PACE spouses.

Medi-Cal eligible spouses enrolled in a PACE program for whom the PACE administrator is receiving payments from the Medi-Cal program will be treated as if they were institutionalized in a medical facility for purposes of applying the rules concerning property and spousal allocations to the community spouse who is not enrolled in PACE and otherwise meets the definition of a community spouse. These PACE spouses are deemed to be institutionalized in a medical facility for purposes of applying the Community Spouse Resource Allowance (CSRA)

and spousal income allocations. See ACWDL Nos. 90-01, 90-03, and 91-84 for general policy regarding the spousal impoverishment provisions. All rules applicable to the institutionalized spouse and community spouse are applicable to the PACE spouse when determining the CSRA and the spousal allocation, notwithstanding the fact that the PACE spouse is residing with the community spouse in the home.

IDENTIFYING AND APPLYING THE SPOUSAL IMPOVERISHMENT INCOME RULES TO CONTINUING MEDI-CAL PACE CASES

Beginning July 1, 1997, counties will adjust the share of cost (SOC) of identified PACE spouses in continuing cases to reflect the application of the spousal allocation rules. Identification of PACE spouses will be by a notification letter received by the county from that county's PACE program (see below.) PACE programs will begin sending such notifications no sooner than June 15, 1997. Continuing cases for which the county has received notification of PACE eligibility between June 15, 1997 and July 1, 1997 will have their SOC adjusted no later than August 1997. For cases identified from notification letters received after July 1, 1997, affected counties will have the SOC of the PACE case adjusted no later than the first of the second month from the month in which the notification letter was received.

IDENTIFYING AND APPLYING THE SPOUSAL IMPOVERISHMENT INCOME RULES TO NEW MEDI-CAL PACE CASES

Beginning July 1, 1997, new cases with an identified PACE-enrolled spouse will have the spousal impoverishment rules applied to that spouse just as if he/she were institutionalized. Identification of a PACE-enrolled spouse for new cases shall be by a notification letter from the PACE program (see also below.) The notification letter can be submitted by the applicant, by a representative applying for Medi-Cal on the applicant's behalf, or sent by the PACE program. These new Medi-Cal PACE cases will contain persons who have been determined PACE eligible by the PACE program, and who are subsequently referred by the PACE program to the county to obtain Medi-Cal eligibility.

A case is considered a new Medi-Cal PACE case if its eligibility determination is completed after July 1, 1997 and the notification letter of PACE-eligibility for that case is received before the date on which the county completes the eligibility determination for the case. In such cases, the spousal impoverishment rules will be applied to the determination of the case's

SOC for all the months for which the case has Medi-Cal and PACE eligibility. If the notification letter of PACE-eligibility is received after the date on which the county completes the eligibility determination for the case, the case is a continuing case and counties will adjust the SOC of the Medi-Cal PACE case no later than the first of the second month from the month in which the notification letter was received.

APPLYING THE SPOUSAL IMPOVERISHMENT PROPERTY RULES TO NEW AND CONTINUING MEDI-CAL PACE CASES

As of July 1, 1997, counties shall also commence sending notices to these identified continuing cases. These notices will include the following: (1) notice regarding the CSRA transfer period; (2) notice that at the end of the CSRA transfer period the institutionalized spouse's name may appear on no more than $2,000 worth of countable, nonexempt property; and (3) notice that the community spouse may retain the remainder up to the maximum CSRA. Refer to ACWDL No. 90-50 for notice language.

PACE PROGRAMS WILL IDENTIFY PACE ELIGIBLES AND PROVIDE CERTAIN OTHER INFORMATION TO COUNTIES; COUNTIES WILL IDENTIFY THEIR CONTACT PERSONS

For purposes of applying the spousal impoverishment rules to continuing Medi-Cal cases, a case is identified when the county receives a written notification from the PACE Program, on the Program's letterhead, signed by the PACE Program's Executive Director or his/her designated representative, which provides the name and Social Security Number (SSN) of the beneficiary, and a statement that he/she is a PACE enrollee and has a spouse who is not a PACE enrollee. The PACE program will also provide their county with written notification containing the name and SSN of previously identified PACE spouses who have disenrolled from the PACE Program within two weeks of such disenrollment. Counties will discontinue the application of the spousal impoverishment rules to such disenrolled spouses (unless they become institutionalized).

The county's PACE program will provide their county Medi-Cal office with the name(s), telephone number(s), and address(es) of any designated PACE representative(s) who is authorized to provide to counties, or verify for them, statements relating to the PACE-enrollment status of spouses who are Medi-Cal eligible persons or applicants. When there is a change in the Executive Director of the county PACE program, that PACE program will also provide their

county with the name, telephone number, and address of the new Executive Director. By June 7, 1997, counties will provide the Executor Director of their county's PACE program with a county contact or contacts to whom the PACE program can provide to the county the notification letters discussed above.

If you have any questions on this issue, please call Dave Rappolee at (916) 657-0163 for income information, and Sharyl Shanen-Raya at (916) 657-2942 or Kathy Harwell at (916) 657-0146 for property information.

Sincerely,

ORIGINAL SIGNED BY

FRANK S. MARTUCCI, CHIEF
Medi-Cal Eligibility Branch

Enclosure

ENCLOSURE

PACE PROGRAMS

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