STATE OF CALIFORNIA–HEALTH AND WELFARE AGENCY PETE WILSON, Governor

DEPARTMENT OF HEALTH SERVICES
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October 22, 1998

TO: All County Welfare Directors
All County Administrative Officers
All County Medi-Cal Program Specialists/Liaisons
All County Pickle/DAC Coordinators
All County QMB/SLMB/QI Coordinators
All County Public Health Directors

Letter No.:98-47

QUALIFYING INDIVIDUAL (QI) INTERIM PROCEDURES, NOTICE OF ACTION, AND AID CODES 8D AND 8K

Ref.: All County Welfare Directors Letter (ACWDL) Nos. 97-45 and 98-15

PURPOSE OF LETTER

This letter is to inform counties to take immediate action to implement Aid Codes 8D and 8K by December 1, 1998. These aid codes are for the QI program.

This letter also provides counties with interim instructions to apply now in situations when QI applicants are determined ineligible for the QI program.

INTRODUCTION

The Department of Health Services (DHS) advised you in the above ACWDLs of the new QI-1 and QI-2 programs (collectively referred to as the QI program) which build upon the Qualified Medicare Beneficiary (QMB) and Specified Low-Income Medicare Beneficiary (SLMB) programs. We have developed and shared with counties and advocate groups the simplified mail-in application which may be used for the SLMB and QI programs (the MC 14A). The QI-1 program pays the full Medicare Part B premium while the QI-2 program reimburses once a year a portion of all the monthly Medicare Part B premiums which an individual paid during months in the prior year when he/she was eligible as a QI-2.

Many counties have started to receive the MC 14As and during their reviews have determined that many QI applicants are in fact eligible for the QMB program. Federal law specifies that an individual may only be a SLMB or a QI if he/she would be eligible as a QMB except that his/her income is over the QMB standard but within the income standard for the SLMB or QI program.

Review the MC 14 A's: In view of the fact that some individuals using the MC 14A may be eligible for the QMB or SLMB programs, counties must now review all MC 14A's which are

received by the counties, even though the QI program is not yet operational. Although the MC 14A was not originally designed as a QMB application, counties shall not require an individual who submitted the MC 14A to complete a MC 210 if the county determines that such individual should be evaluated as a QMB rather than a SLMB or QI.

NOTE: An individual who completes an MC 210 does not have to complete the MC 14A to have eligibility determined under the QI program.

Interim Procedures

Although the QI program is not yet implemented, several counties have asked if they may now begin to determine QI eligibility since the eligibility methodology for the QI program (except as specified below regarding dual eligibility under the QI-1 and QI-2 components) is the same as the existing one for the QMB/SLMB programs, though they have different income standards. In particular, counties want to be able to notify QI applicants about their QI ineligibility, instead of having to wait until the QI program is operational.

This letter provides counties with interim procedures for determining eligibility for the QI applicants and a new Notice of Action (NOA) (MC 239-2, SLMB/QI), for those ineligible for the QI program.

This letter is also to notify the counties that Aid Code 8E which was originally designated for the QI-2 group has been changed to Aid Code 8K.

BACKGROUND

Section 4732 of the Balanced Budget Act of 1997 established a new Medi-Cal program which pays all or some of the Medicare Part B premiums for those eligible for the QI program. This program has been described in detail in ACWDL 97-45 and 98-15. Due to the complexity of the QI program and the necessity for significant data system changes, the full QI program is still under development. In the meantime, however, DHS has developed a simplified SLMB/QI

Application form (MC 14A) and made it available statewide. In addition, counties and DHS are taking the names of those who inquire about applying for the SLMB/QI program in order to preserve their application date and retroactive (three months) benefits.

AID CODES

Originally, QI Aid Codes 8D and 8E were designated for the QI programs; however, we have been required to change Aid Code 8E to 8K. We regret any inconvenience this may have caused counties that have preprogramed their computers. The QI aid codes are as follows:

8D -- QI-1 (under development)
8K -- QI-2 (under development)

We expect these aid codes to be operational December 1, 1998.

NOTICE OF ACTION (NOA)

We are enclosing a copy of the newly edited MC 239-2 SLMB/QI (Attachment 1), NOA Denial or Discontinuance of Benefits which should be utilized for the new QI program. Until this form is available from the DHS Warehouse, counties will need to make copies of this form for denials or discontinuances. We are in the process of developing Spanish versions of the application form MC 14A and the SLMB/QI denial/discontinuance notice of action (MC 239-2). We will let you know when these forms are available in the DHS Warehouse. As soon as camera-ready copies are available, we will mail them to the SLMB/QI Coordinators. The existing denial/discontinuance SLMB NOA (MC 239 SLMB-2 (4/93)) may continue to be used by the counties for the SLMB program until these forms are exhausted.

INTERIM PROCEDURES for the QI Program

Generally, an individual who applies for Medi-Cal because he/she (he) wants Medi-Cal to pay for all or some of his Medicare cost sharing expenses does not know whether he is applying for the QMB, SLMB, QI-1 or QI-2 program. Under federal rules, the amount of the individual's countable income dictates which program he must be evaluated under. All of these programs have the same income and resource determinations and the same property limits ($4,000 for a single individual or $6,000 for a couple).

A. **QI Determination**

When an individual applies for the QI program, it must first be determined that he/she is ineligible for the QMB or SLMB programs. It does not matter whether the individual completed the MC 210 or the MC 14A. Apart from the income standard, the eligibility determination follows the methodologies of the QMB/SLMB program. Applicants must meet the usual nonfinancial requirements such as California residency and eligibility for Medicare. As in the QMB/SLMB programs, those eligible for only emergency and pregnancy related services are not eligible for the QI program.

B. **Income Standards**:

1. **QMB**: If the otherwise eligible individual's net nonexempt income is equal to or less than 100 percent of the Federal Poverty Level (FPL), the individual is eligible under the QMB program. Appropriate QMB notices of action must be sent.

2. **SLMB**: If the otherwise eligible individual's net nonexempt income is above 100 percent of the FPL but is less than 120 percent of the FPL, the individual is eligible under the SLMB program. Appropriate SLMB notices of action must be sent.

3. **QI-1**: If the otherwise eligible individual's net nonexempt income is at or above 120 percent of the FPL but is less than 135 percent of the FPL, the individual is eligible under the QI-1 program. Appropriate QI notices of action must be sent.

4. **QI-2**: If the otherwise eligible individual's net nonexempt income is at or above 135 percent of the FPL but is less than 175 percent of the FPL, the individual is eligible under the QI-2 program. Appropriate QI notices of action must be sent.

NOTE: Until the county is notified that the QI-1 and QI-2 aid codes are operational, counties are not to enter Aid Codes 8D or 8K onto the Medi-Cal Eligibility Data System (MEDS) nor to notify QI-1 or QI-2 individuals that they meet the QI program eligibility requirements.

C. FPL Limits:

(a) The FPL limits to be used for QI determinations and for three-month retroactive benefits for January 1, 1998 to March 31, 1998 are contained in Attachment 2.

(b) The FPL limits for the period April 1, 1998 to March 31, 1999 are contained in Attachment 3.

(c) Currently, the April 1, 1998 FPL limits are up to but not including $926 for a single QI-1 individual; and up to but not including $1,194 for a single QI-2 individual.

(d) Counties are to follow their usual income verification procedures. However, we recommend that potential beneficiaries photocopy and mail required verification documents to the counties and that telephone calls replace face to face interviews at application.

D. Resources

The property limits are the same as in the QMB/SLMB programs. The property limit for a single individual is $4,000 and for a couple is $6,000.

QI applicants/beneficiaries are not to be asked for verification of property. However, counties may seek verification from other sources. Exception: If property information reported by the QI individual conflicts with verification obtained by the county from another source, the county may ask the QI individual for verification if needed to clarify the inconsistency.

E. Retroactive Benefits

Unlike the QMB program but like the SLMB program, QI individuals are eligible for three months of retroactive benefits but no earlier than January 1, 1998 for the QI program. Counties are to use the FPL limits in effect for that time period, e.g., retroactive benefits for the January 1, 1998 through March 31, 1998 time period are to be based on the FPL chart dated April 1, 1997 through March 31, 1998. In addition, as with the QMB and SLMB programs, counties are to disregard the 2.1 percent cost of living adjustment (COLA) and not count the 1998 COLA increase as income until April 1, 1998. Instead,

counties are to use the individual's 1997, Title II SSA income, plus any other reported income during January 1, 1998 through March 31, 1998.

F. Eligibility/Ineligibility When the QI Applicant/Beneficiary is Eligible for a Different Zero Share of Cost Medi-Cal Program

Federal law precludes QI eligibility when there is concurrent eligibility under a different Medi-Cal program. Under federal rules, eligibility means either that a QI applicant is eligible under a different Medi-Cal program without a share of cost (SOC) or has met his/her SOC.

Therefore, counties must input the QI applicant's Social Security number on the MEDS to verify other possible Medi-Cal eligibility.

1. If there is eligibility under a zero SOC non-QI program, counties must deny/discontinue QI eligibility. The MC 239-2 SLMB/QI NOA lists this as a reason for denial/discontinuance.

2. If there is eligibility under a non-QI program with a SOC, counties should NOT deny/discontinue QI-1 eligibility, unless there is QI-1 ineligibility for a different reason such as for excess property. In months when the SOC is not met and there is QI eligibility, QI eligibility means DHS may claim federal financial participation in the costs of the Part B premium, which is not available for Part B premiums paid under the MN SOC program. Counties do not have to take any action to implement this procedure; DHS is designing internal computer procedures to adjust federal financial participation claiming when QI beneficiaries meet their SOC.

3. If there is eligibility under a non-QI program with a SOC, counties should DENY QI-2 eligibility since this individual's Part B premiums will be paid under the SOC program. As a result, there will be no Part B premiums which he/she pays and therefore, no QI-2 reimbursements to be made.

G. Notification

Denials: Applicants determined ineligible for the QI program should be notified as soon as that determination is made.

QI Eligibility: Until counties are informed by DHS that Aid Codes 8D and 8K are effective, counties **must** delay notifying those determined eligible for the QI program because the State will not be ready to begin paying their Medicare benefits until these QI aid codes are operational.

CHANGES TO MEDS

QI changes to MEDS will be implemented in several parts. Part 1, which is planned for December 1998, will activate the aid codes so that counties can begin reporting QI eligibility to MEDS. Subject to the availability of federal funds and approval by the Social Security Administration, DHS will begin paying the Medicare Part B premiums for QI-1-only beneficiaries at this time. The second part, planned for Spring 1999, will revise the Buy-in process to allow DHS to claim federal funding for those who are eligible for Buy-in under both the Medically Needy and QI programs, but who have not met their SOC. The third part will provide information needed to determine reimbursements owed to QI-2s in the following year.

If you have any questions or concerns regarding the above interim procedures, please contact Sylvia Finberg of my staff at (916) 657-0080.

Sincerely,

ORIGINAL SIGNED BY

Angeline Mrva, Chief
Medi-Cal Eligibility Branch

Enclosures

MEDI-CAL
NOTICE OF ACTION
Denial or Discontinuance of Benefits as a Specified Low-Income Medicare Beneficiary (SLMB) or a Qualifying Individual (QI)

(COUNTY STAMP)

Notice date: _____

Case number: _____

Worker name: _____

Worker number: _____

Worker telephone number: _____

Denial/discontinuance for: _____

_____
(Name)

IF YOU ARE ALREADY RECEIVING MEDI-CAL BENEFITS, THIS DOES NOT AFFECT THOSE BENEFITS.

We reviewed your application to see if you are eligible for the Specified Low-Income Medicare Beneficiary (SLMB), Qualifying Individuals-1 (QI-1), or the Qualifying Individuals-2 (QI-2) program.

We determined that:

❒ You are not eligible for the ❒ SLMB, ❒ QI-1, or ❒ QI-2 program.

❒ Your eligibility for the ❒ SLMB, ❒ QI-1, or ❒ QI-2 program ends _____/_____/_____.

Here is why:

❒ You are not eligible for the QI-1 or QI-2 program because you are currently eligible for no-share-of-cost Medi-Cal. Your Medicare Part B premiums are already being paid monthly under that program.

❒ Your ***INCOME*** is above the limit. The income limit is $_____. If your income decreases, you may reapply.

❒ Your ***PROPERTY*** is above the limit. If your property decreases, you may reapply. The property limit is $_____. Your county worker can tell you how to decrease your property legally.

❒ The Social Security Administration (SSA) states you are not eligible for Medicare Part B benefits. Contact your local SSA office for more information.

❒ The SSA states you have not paid all or some of your Medicare Part B premiums, so you are no longer eligible for additional QI-2 benefits. This will reduce the amount, if any, of your retroactive QI-2 refund next year.

❒ Other reasons: _____

If you also applied for regular Medi-Cal benefits, you will receive a separate notice about that program.

The regulations which require this action are California Code of Regulations, Title 22, Section 50258.1:

Sí Ud. necesita una traducción de este aviso en español, pongase en contacto con su oficina de bienestar del condado.

Attachment 2

1997 POVERTY LEVEL CHART FOR 120%, 135%, 175%
Effective 4-1-1997 to 3-31-1998

1997 POVERTY LEVEL CHART FOR 135% AND 175% PROGRAMS

Persons	MMNL($)	100% PROGRAM Mthly	100% PROGRAM Annual	120% PROGRAM Mthly	120% PROGRAM Mthly + $20	120% PROGRAM Annual	135% PROGRAM Mthly	135% PROGRAM Mthly + $20	135% PROGRAM Annual	175% PROGRAM Mthly	175% PROGRAM Mthly + $20	175% PROGRAM Annual
1	600	$ 658	$ 7,890	$ 789	$ 809	$ 9,468	$ 888	$ 908	$ 10,652	$ 1,151	$ 1,171	$ 13,808
2	750	$ 885	$ 10,610	$ 1,061	$ 1,081	$ 12,732	$ 1,194	$ 1,214	$ 14,324	$ 1,548	$ 1,568	$ 18,568
2 Adults	934	$ 885	$ 10,610	$ 1,061	$ 1,081	$ 12,732	$ 1,194	$ 1,214	$ 14,324	$ 1,548	$ 1,568	$ 18,568
3	934	$ 1,111	$ 13,330	$ 1,333	$ 1,353	$ 15,996	$ 1,500	$ 1,520	$ 17,996	$ 1,944	$ 1,964	$ 23,328
4	1,100	$ 1,338	$ 16,050	$ 1,605	$ 1,625	$ 19,260	$ 1,806	$ 1,826	$ 21,668	$ 2,341	$ 2,361	$ 28,088
5	1,259	$ 1,565	$ 18,770	$ 1,877	$ 1,897	$ 22,524	$ 2,112	$ 2,132	$ 25,340	$ 2,738	$ 2,758	$ 32,848
6	1,417	$ 1,791	$ 21,490	$ 2,149	$ 2,169	$ 25,788	$ 2,418	$ 2,438	$ 29,012	$ 3,134	$ 3,154	$ 37,608
7	1,550	$ 2,018	$ 24,210	$ 2,421	$ 2,441	$ 29,052	$ 2,724	$ 2,744	$ 32,684	$ 3,531	$ 3,551	$ 42,368
8	1,692	$ 2,245	$ 26,930	$ 2,693	$ 2,713	$ 32,316	$ 3,030	$ 3,050	$ 36,356	$ 3,928	$ 3,948	$ 47,128
9	1,825	$ 2,471	$ 29,650	$ 2,965	$ 2,985	$ 35,580	$ 3,336	$ 3,356	$ 40,028	$ 4,324	$ 4,344	$ 51,888
10	1,959	$ 2,698	$ 32,370	$ 3,237	$ 3,257	$ 38,844	$ 3,642	$ 3,662	$ 43,700	$ 4,721	$ 4,741	$ 56,648
For each additional member add:		$ 227	$ 2,720	$ 272	$ 292	$ 3,264	$ 306	$ 306	$ 3,672	$ 397	$ 397	$ 4,760

$ 0

Attachment 3

Effective 4/1/98 to 3/31/99

1998 POVERTY LEVEL CHART FOR 135% AND 175% PROGRAMS

Persons	MN PROGRM MMNL($)	QMB 100% PROGRAM Mthly	QMB 100% PROGRAM Annual	SLMB 120% PROGRAM Mthly	SLMB 120% PROGRAM Mthly + $20	SLMB 120% PROGRAM Annual	Q1 135% PROGRAM Mthly	Q1 135% PROGRAM Mthly + $20	Q1 135% PROGRAM Annual	Q2 175% PROGRAM Mthly	Q2 175% PROGRAM Mthly + $20	Q2 175% PROGRAM Annual
1	$ 600	$ 671	$ 8,050	$ 805	$ 825	$ 9,660	$ 906	$ 926	$ 10,868	$ 1,174	$ 1,194	$ 14,088
2	$ 750	$ 905	$ 10,850	$ 1,085	$ 1,105	$ 13,020	$ 1,221	$ 1,241	$ 14,648	$ 1,583	$ 1,603	$ 18,988
2 Adults	$ 934	$ 905	$ 10,850	$ 1,085	$ 1,105	$ 13,020	$ 1,221	$ 1,241	$ 14,648	$ 1,583	$ 1,603	$ 18,988
3	$ 934	$ 1,138	$ 13,650	$ 1,365	$ 1,385	$ 16,380	$ 1,536	$ 1,556	$ 0 $ 18,428	$ 1,991	$ 2,011	$ 23,888
4	$ 1,100	$ 1,371	$ 16,450	$ 1,645	$ 1,665	$ 19,740	$ 1,851	$ 1,871	$ 22,208	$ 2,399	$ 2,419	$ 28,788
5	$ 1,259	$ 1,605	$ 19,250	$ 1,925	$ 1,945	$ 23,100	$ 2,166	$ 2,186	$ 25,988	$ 2,808	$ 2,828	$ 33,688
6	$ 1,417	$ 1,838	$ 22,050	$ 2,205	$ 2,225	$ 26,460	$ 2,481	$ 2,501	$ 29,768	$ 3,216	$ 3,236	$ 38,588
7	$ 1,550	$ 2,071	$ 24,850	$ 2,485	$ 2,505	$ 29,820	$ 2,796	$ 2,816	$ 33,548	$ 3,624	$ 3,644	$ 43,488
8	$ 1,692	$ 2,305	$ 27,650	$ 2,765	$ 2,785	$ 33,180	$ 3,111	$ 3,131	$ 37,328	$ 4,033	$ 4,053	$ 48,388
9	$ 1,825	$ 2,538	$ 30,450	$ 3,045	$ 3,065	$ 36,540	$ 3,426	$ 3,446	$ 41,108	$ 4,441	$ 4,461	$ 53,288
10	$ 1,959	$ 2,771	$ 33,250	$ 3,325	$ 3,345	$ 39,900	$ 3,741	$ 3,761	$ 44,888	$ 4,849	$ 4,869	$ 58,188
For each additional member add:		$ 234	$ 2,800	$ 280	$ 300	$ 3,360	$ 315	$ 315	$ 3,780	$ 409	$ 409	$ 4,900