



TOBY DOUGLAS
Director

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



EDMUND G. BROWN JR.
Governor

May 6, 2014

TO: ALL COUNTY WELFARE DIRECTORS Letter No.: 14-26
ALL COUNTY ADMINISTRATIVE OFFICERS
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS
ALL COUNTY HEALTH EXECUTIVES
ALL COUNTY MENTAL HEALTH DIRECTORS

SUBJECT: IMPLEMENTATION OF ASSEMBLY BILL (AB) 720 - SUSPENSION OF
MEDI-CAL BENEFITS FOR ALL INMATES AND OTHER REQUIREMENTS

The purpose of this letter is to provide counties with information about AB 720, Statutes of 2013, Chapter 646, which added Penal Code section 4011.11, and amended Welfare and Institutions (W & I) Code section 14011.10. AB 720 took effect January 1, 2014. This legislation:

- Requires counties to suspend rather than terminate Medi-Cal benefits for **all** inmates, regardless of age, who were Medi-Cal beneficiaries at the time they became inmates of a public institution.
- Authorizes county Boards of Supervisors (BOS), in consultation with the county sheriff, to designate an entity or entities to assist county jail inmates with their applications for a health insurance affordability program; and to act on behalf of county jail inmates for purposes of applying for Medi-Cal coverage for acute inpatient hospital services provided to inmates off the grounds of the correctional facility.
- Clarifies that “The fact that an applicant is an inmate shall not, in and of itself, preclude a county human services agency from processing an application for the Medi-Cal program submitted to it by, or on behalf of, that inmate.”

BACKGROUND

Senate Bill (SB) 1147 (Chapter 546, Statutes of 2008) required counties to suspend Medi-Cal benefits, rather than terminate Medi-Cal eligibility, for up to one year for individuals under age 21 who were Medi-Cal beneficiaries at the time they became

inmates of a public institution. (See All County Welfare Directors Letter No. 10-06, dated March 23, 2010.) AB 720 amends the suspension requirement in SB 1147, to require suspension of Medi-Cal benefits for all Medi-Cal eligible inmates, regardless of age. The California Department of Corrections and Rehabilitation (CDCR) currently has authority to apply for Medi-Cal on behalf of state inmates for coverage of acute inpatient hospital services provided off the grounds of the correctional facility. AB 720 authorizes the BOS to designate an entity or entities to act on behalf of a county inmate to apply for Medi-Cal coverage of acute inpatient hospital services provided off the grounds of the correctional facility.

Consistent with current policy for juveniles, AB 720 requires counties to end suspension of benefits on the day an eligible inmate is no longer an inmate of a public institution, or one year from the date he/she becomes an inmate of a public institution, whichever is sooner. This means that Medi-Cal must be restored for an eligible inmate, who meets the AB 720 suspension requirements without a new application on the day the inmate is no longer considered an inmate of a public institution, provided the inmate is otherwise eligible.

MEDI-CAL SUSPENSION PROCESS

With the passage of AB 720, Medi-Cal suspension rules require the suspension of Medi-Cal benefits for any individual regardless of age who is a Medi-Cal beneficiary at the time of incarceration. Prior to AB 720, Medi-Cal suspensions were limited to individuals under 21 years of age. Suspension is limited to one year or the period of incarceration, whichever is shorter, provided the inmate is otherwise Medi-Cal eligible. Under AB 720, juveniles whose benefits are suspended will no longer lose their Medi-Cal benefits solely because they turn 21.

If the basis for ongoing eligibility changes during suspension, eligibility should be updated as appropriate in MEDS (for example with a new aid code if required) with the suspension still in effect. Appropriate notice of action requirements apply. If an inmate with suspended Medi-Cal benefits is released before the one-year suspension period ends, his or her eligibility must be restored (by removing the suspension code), unless the information available to the county is sufficient to determine that the former inmate is ineligible.

SUSPENDING MEDI-CAL BENEFITS

- The suspension process begins when a Medi-Cal beneficiary becomes incarcerated. Pursuant to W & I Code section 14011.10, Medi-Cal eligibility is suspended effective the date the individual becomes an inmate of a public institution. It should be noted that the EW 32 transaction allows suspension to be added or removed on a daily basis. This means that mid-month changes in suspension status will be accepted in MEDS.

- When the eligibility of an incarcerated beneficiary is suspended, he/she must receive the “Suspension of Medi-Cal Benefits for an Inmate” notice (Enclosure 1). Effective immediately, counties are no longer required to provide a 10-day Notice of Action (NOA) to suspend Medi-Cal benefits for inmates. When an individual is incarcerated, a notice must be mailed by the date the suspension begins. This applies to both juvenile and adult inmates.
- Medi-Cal benefits are suspended for up to one year from the date the person became an inmate (if otherwise eligible) or until the person is no longer an inmate, whichever is sooner.
- For the first year of the beneficiary’s incarceration while Medi-Cal benefits are suspended, all normal redetermination requirements apply. If redetermination requirements are not met for an incarcerated beneficiary, suspension must end and eligibility must be terminated with proper notice mailed to the address listed in MEDS at least 10 calendar days prior to the first of the month in which the action becomes effective, excluding the date of mailing.
- When Medi-Cal eligibility is terminated for an incarcerated beneficiary while under suspension, he or she must receive the “Discontinuance of Benefits” notice (Enclosure 2) about the termination of eligibility and the end of the suspension. For example, for failure to comply with RV requirements, an inmate’s Medi-Cal is terminated. The notice must be mailed to the current address in MEDS at least 10 calendar days prior to the first of the month in which the action becomes effective, excluding the date of mailing.
- If otherwise eligible, suspension of Medi-Cal benefits should end for any of these reasons:
 - On the day the inmate is released.
 - On the one year anniversary date the individual became an inmate. In this case, their suspension ends and their Medi-Cal is terminated.
 - At the end of the month that the inmate becomes ineligible for Medi-Cal if the inmate does not meet redetermination requirements.

UPCOMING MEDS CHANGES FOR SUSPENSION OF MEDI-CAL BENEFITS

MEDS currently allows for day-specific suspension of Medi-Cal benefits for all inmates by adding the "I" other health coverage (OHC) code to MEDS using the EW 32 transaction. Suspension may also be removed using that transaction. Because the current suspension process is designed to suspend Medi-Cal for juveniles, MEDS will continue to generate alerts that are no longer applicable (such as when an inmate is approaching his or her 21st birthday). The Department is taking steps to program MEDS to remove those obsolete alerts. Until MEDS is updated, counties should ignore any alerts that do not comply with AB 720 suspension requirements. The following MEDS changes will be implemented by June 1, 2014 to update MEDS systems and alert logic for suspension of Medi-Cal for all inmates regardless of age:

- For adult inmates, the start date of suspension must be no earlier than 01/01/2014.
- On-line Alert #087 will be sent when a "Suspended Start Date" for an adult is prior to 01/01/2014. The Alert states, "INSTITUTIONALIZED START DATE MUST BE 01/01/2014 OR LATER".
- Alert #078 relating to Juvenile suspension will be updated to say "INSTITUTIONALIZED START DATE MUST BE 01/01/2010 OR LATER".
- Alert #9558 will be removed. This alert notified the county that the the 21st birthday of the incarcerated juvenile was approaching. This alert is no longer necessary.

DESIGNATED ENTITIES

AB 720 authorizes the BOS in each county, in consultation with the county sheriff, to designate an entity or entities to assist a county inmate with his or her application for a health insurance affordability program. The BOS may not designate the county sheriff as an entity unless the sheriff agrees to perform that function. Any community based organization designated as an entity to assist inmates with their applications must be approved by the jail administrator or his or her designee. The law also clarifies that designated entities may not perform a Medi-Cal eligibility determination unless they are the county human services agency.

DEFINITION OF HEALTH INSURANCE AFFORDABILITY PROGRAMS

A health insurance affordability program includes any of the following programs:

- Title XIX Medi-Cal programs.
- Title XXI State Children's Health Insurance Program (now known as the Title XXI Optional Targeted Low Income Program).
- A program that makes coverage in a qualified health plan through the California Health Benefit Exchange (Covered CA) with advance payment of the premium tax credit established under Section 36B of the Internal Revenue Code available to qualified individuals.
- A program that makes available coverage in a qualified health plan through Covered CA with cost-sharing reductions established under the federal Patient Protection and Affordable Care Act and any subsequent amendments to that act.

ACTING ON BEHALF OF COUNTY INMATES

AB 720 provides that a designated entity may act on behalf of county inmates for the purpose of applying for, or determinations of Medi-Cal eligibility for acute inpatient hospital services provided off the grounds of the correctional facilities. This means that county inmates must act on their own behalf to complete any other type of insurance affordability program application, including, but not limited to, Medi-Cal applications begun prior to release for Medi-Cal coverage needed after the inmate is released. As part of the pre-release application process, inmates may designate an authorized representative (other than the designated entity) to assist them if they choose to do so.

MEDI-CAL INMATE ELIGIBILITY PROGRAM (MCIEP) APPLICATION PROCESS

The MCIEP provides Medi-Cal covered acute inpatient hospital services to eligible inmates if those services are provided off the grounds of the correctional facility. MCIEP applications for state inmates are submitted directly to the Medi-Cal Eligibility Division from California Correctional Health Care Services staff. While counties may receive pre-release applications for state inmates (for eligibility upon release), counties should not receive any applications on behalf of state inmates who need coverage of acute inpatient hospital services while they are incarcerated. The guidance that follows is intended for the processing of eligibility determinations for county inmates who need Medi-Cal coverage of acute inpatient hospital services provided off the grounds of the county correctional facility.

In order for an inmate to be eligible for the MCIEP, he/she must meet all Medi-Cal eligibility requirements. AB 720 provides counties with the authority to designate an entity or entities to act on behalf of county jail inmates to apply for Medi-Cal eligibility for acute inpatient hospital services off the grounds of the correctional facility. The county MCIEP applications will be submitted securely to the county welfare department (CWD) by

the appropriate designated entity or individual. AB 720 provides that the fact that an applicant is an inmate does not preclude a county human services agency from processing a Medi-Cal application on behalf of the inmate. Therefore, CWD's must accept Medi-Cal applications submitted on behalf of an inmate by the designated county entity.

Eligibility Determination

When the CWD receives an MCIEP application for a county inmate, the CWD will process the application in accordance with current department policies for Modified Adjusted Gross Income (MAGI) or non-MAGI eligibility determinations as appropriate.

CalHEERS county MCIEP aid codes and the Inmate Status Flag

The California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS) and the Statewide Automated Welfare Systems (SAWS) do not currently have the MAGI Medi-Cal aid codes for county MCIEP programmed into their systems. In addition, as part of the CalHEERS verification process, the system may identify incarcerated individuals as inmates. When CalHEERS receives information from the federal hub that an individual is incarcerated, the application is flagged, processing of the application is pended, and the case is sent to the CWD for appropriate follow-up.

Although some MCIEP applications may be flagged based on inmate data in the federal hub, inmate status is not a barrier to Medi-Cal eligibility. Federal financial participation is available for acute inpatient hospital services provided off the grounds of the correctional facility, but inmates are not eligible for advance premium tax credits to purchase health insurance from Covered California. Therefore, when a case is pended due to inmate status, and the inmate is otherwise eligible for Medi-Cal, counties must take the steps necessary to complete the eligibility determination process and establish eligibility in the appropriate aid code (see ACWDL 13-18, issued December 20, 2013 for a description of inmate aid codes). Until the inmate aid codes for MAGI eligibility are programmed into CalHEERS, county staff should take steps to report inmate eligibility to MEDS as necessary to establish proper eligibility either through an on-line MEDS transaction or through SAWS.

For an Inmate Already on Medi-Cal

If the county receives a MCIEP application for an inmate who was on Medi-Cal prior to incarceration and Medi-Cal is not suspended, the Medi-Cal benefits must be suspended in accordance with current suspension requirements. To establish MCIEP eligibility for a suspended case, suspension must be removed from the MEDS record the day before MCIEP eligibility begins. The inmate must receive a "Removal of Suspension" notice of action (Enclosure 3) mailed on the date of the action to inform him or her that suspension of Medi-Cal has stopped in order to grant MCIEP eligibility. If suspension was stopped for

MCIEP eligibility, and the inmate then leaves the correctional facility in less than one year, eligibility must be evaluated as if suspension had remained in effect.

Inmate Income

Counties must count all known income for an inmate based on current Medi-Cal policy. When a county designated entity is applying for Medi-Cal on behalf of an inmate, income will typically include:

- Income in jail accounts.
- Income identified during Income Eligibility Verification System (IEVS) verification.
- Income reported on the application.

Counties shall utilize IEVS and different MEDS screens, such as: ISDX, SOLQ, QT and QX to confirm the inmate's income. If there are discrepancies that would affect the inmate's eligibility and the CWD cannot resolve them, the CWD shall contact the appropriate county correctional facility representative for assistance. Counties shall not assume an inmate does not have access to income in any outside accounts identified during the eligibility determination process. All identified income is counted or exempted in accordance with Medi-Cal eligibility requirements

In-kind Income

For non-MAGI cases, the housing, utilities, food and clothing received by an inmate are considered to be in-kind income as defined in California Code of Regulations (CCR), title 22, section 50509. The value of in-kind income is to be factored into the monthly income for an inmate under CCR, title 22, section 50511.

Inmate Money/Jail Accounts

Each county correctional facility may handle inmate funds differently. In general, inmates are not allowed access to cash while inside the correctional facility. Monies deposited into an inmate's jail account within a month are counted as income. Examples of income inmates could receive include: retirement pensions, Veteran's Administration funds, any donations received in the month or wages for a job while incarcerated. Current Medi-Cal rules provide that income received in one month if not spent in the same month becomes property in the following month.

Notification

Once the inmate's MCIEP eligibility has been determined and verified in MEDS, the CWD must send the appropriate Notice of Action (NOA) to the appropriate representative informing them of the outcome of the application process. If the application was signed by the designated entity on behalf of an inmate for MCIEP coverage, the CWD should take steps to ensure that the notice is mailed to the appropriate representative and not directly to the inmate.

Annual Redeterminations and Changes in Circumstances

All annual redetermination requirements apply for inmates receiving coverage under the MCIEP. For applications signed by an entity designated by the county on behalf of an inmate, the appropriate representative must work with the CWD as necessary to complete the annual redetermination. For changes in circumstances, such as aging out of the new adult group, the county shall follow the processes outlined in W&I Code section 14005.37, in accordance with department policy.

QUESTIONS AND ANSWERS

Suspension

QUESTION 1: We have a newly incarcerated inmate who is being aided under aid code L1. Can their benefits be suspended?

ANSWER: Yes. Counties can suspend the L1 aid code using the EW 32 transaction with adequate notice. In order for the EW 32 transaction to properly suspend the L1 aid code, counties must include the Low Income Health Program (LIHP) aid code that was in MEDS for the December 2013 Month of Eligibility in the EW 32 transaction (rather than the current "L1" aid code).

QUESTION 2: Does the suspension of adult inmates added by AB 720 apply to adult inmates incarcerated prior to January 1, 2014?

ANSWER: No. AB 720 is effective January 1, 2014.

QUESTION 3: How do counties enter the OHC "I" in MEDS?

ANSWER: The OHC "I" is entered into MEDS using the EW 32 transaction. The EW 32 transaction instructions are in the MEDS manual.

MCIEP

QUESTION 4: ACWDL 13-18 requires counties to notify DHCS of their intent to participate in the county inmate Medi-Cal program. Who do we address the letter to at DHCS and what is the address for DHCS?

ANSWER: DHCS has reconsidered that requirement and determined that separate notification is not required because counties must work directly with DHCS to implement the requirements for claiming Medi-Cal covered inpatient services provided to eligible county inmates.

QUESTION 5: Are work furlough participants considered incarcerated?

ANSWER: The definition of an inmate in California includes someone on work furlough; therefore, they would be considered to be an inmate. Specifically, "An individual, who is incarcerated, but can leave prison or jail on work release or work furlough and must return at specific intervals" is considered an inmate (Cal. Code Regs., tit. 22, § 50273 subd.(a)(3)).

QUESTION 6: Under MAGI, can the parent of an incarcerated juvenile claim the child as a tax dependent when the parent is not providing for the child?

ANSWER: Yes. If the child lived with the parent as a dependent for more than half of the tax year and the parent provided for their support for that time period, they can claim the child as a tax dependent.

QUESTION 7: Can a county designated entity apply for MCIEP coverage on behalf of a county inmate before the inmate needs acute inpatient hospital services off the grounds of the correctional facility?

ANSWER: Yes.

QUESTION 8: How is identity verified for MCIEP applicants?

ANSWER: Identity must be verified in accordance with current Medi-Cal rules. Verification of citizenship through the Social Security Administration electronic verification process meets both citizenship and identity requirements for U.S. citizens. If an inmate is not a citizen or identity is not verified through the electronic verification process, verification by CDCR that the individual is an inmate can be used for identity purposes. Title 22, California Code of Regulations, section 50167(A)(6)(D)(1) provides that the identity may be verified by presence in the institution if the facility verifies presence in the institution. That basic verification of identity can be accepted for MCIEP applicants if there is no other evidence available and no evidence that contradicts the identity information provided by CDCR (such as a discrepant SSN).

QUESTION 9: How is citizenship and immigration status verified for MCIEP applicants?

ANSWER: Medi-Cal applicants must provide information about their citizenship or immigration status as part of the application process. Citizenship and immigration status must be declared, but Medi-Cal eligibility can be granted while citizenship or immigration status is being verified, in accordance with current Medi-Cal rules, if the applicant is otherwise eligible.

QUESTION 10: How is the Social Security Number verified for MCIEP applicants?

ANSWER: Verify the SSN in accordance with current Medi-Cal rules.

QUESTION 11: How are assets verified if an MCIEP applicant must be evaluated under non-MAGI rules?

ANSWER: Any property reported or identified during the application process must be evaluated in accordance with current Medi-Cal rules. Medi-Cal eligibility shall be granted if there are no identified assets that would make the inmate ineligible. Counties should work with the designated entity or individual who submitted the application to obtain any additional verification information.

QUESTION 12: Can inmate status in a California correctional facility be used to verify California residency for an MCIEP applicant?

ANSWER: Institutional status may be used to verify California residency in accordance with current Medi-Cal rules for an MCIEP applicant if no other evidence is available.

Pre-release

Question 13: How is eligibility processed for a pre-release application?

Answer: Pre-release applications must be process in in accordance with current Medi-Cal rules. See the pre-release questions and answers in ACWDL 14-24 for additional guidance on the pre-release application process.

QUESTION 14: What if a pre-release applicant is in an inmate aid code that is controlled by the state and the county is unable to update eligibility as needed for a pre-release applicant?

ANSWER: If a pre-release applicant is in an inmate aid code controlled by the State, and the county is unable to update eligibility in MEDS, county staff should contact state MCIEP staff by sending an e-mail to mciep@dhcs.ca.gov. Counties should take steps to protect confidential or personal information by sending these communications by secure e-mail when necessary.

If you have any questions regarding this letter, please contact Ms. Patty Lough at (916) 552-9494 or by email at patty.lough@dhcs.ca.gov.

Sincerely,

Original Signed By:

Tara Naisbitt, Chief
Medi-Cal Eligibility Division

Enclosures

**NOTICE OF ACTION
SUSPENSION OF MEDI-CAL BENEFITS
FOR AN INMATE**

Enclosure 1

Notice Date: _____
Case Number: _____
Worker Name: _____
Worker ID Number: _____
Worker Telephone Number: _____
Office Hours: _____

SUSPENSION OF BENEFITS NOTICE FOR:

Insert Name(s) Here

Beginning on ____ (date) ____, Medi-Cal benefits will be suspended for the person named above.

Here's why:

The county has received information that the person named above is an inmate of a public institution. State law requires that when someone on Medi-Cal becomes an inmate, Medi-Cal benefits must be suspended. Medi-Cal benefits are suspended, as long as the person named above remains otherwise eligible for Medi-Cal, for up to one year from the date the person became an inmate or until the person is no longer an inmate, whichever is sooner

While benefits are suspended, Medi-Cal cannot be used to pay for health care services. If an inmate is released from incarceration while Medi-Cal benefits are suspended, he or she can receive Medi-Cal benefits without a new application if still eligible.

While benefits are suspended, you must still complete the annual redetermination. If Medi-Cal eligibility ends for any reason while benefits are suspended, the county will send a separate notice of action.

If the person named above is not an inmate, or if you have questions about this notice, please immediately contact the eligibility worker listed above.

Please Note: Other family members will receive a separate notice if they lose eligibility because a child is incarcerated.

If you already have a plastic Benefits Identification Card, do not throw it away. You can use it again if you become eligible for Medi-Cal benefits.

This action is required by Welfare and Institutions Code Section 14011.10, 14005.37 and California Code of Regulations, title 22, section 50179. If you think this action is incorrect, you can request a hearing. The back of this page explains how to request a hearing.

**NOTICE OF ACTION
DISCONTINUANCE OF BENEFITS**

Enclosure 2

Notice Date: _____
Case Number: _____
Worker Name: _____
Worker ID Number: _____
Worker Telephone Number: _____
Office Hours: _____

DISCONTINUANCE NOTICE FOR:
Insert Name(s) Here

We have reviewed all information available to us about your circumstances and evaluated you for all Medi-Cal programs. Based on this information, your eligibility to receive Medi-Cal will be discontinued effective the last day of _____.

The reason for this discontinuance is:

This means that you will need to reapply for Medi-Cal if you want Medi-Cal when you are no longer incarcerated in a prison or jail facility.

Please Note: Other family members with different eligibility status will receive a separate notice. Please call your eligibility worker if you need additional information about this notice.

We based this discontinuance action on the information available to us. You can also call or write your eligibility worker right away if you have any questions about this action or if the information in the notice is not correct. You can appeal this discontinuance. The back of this page explains how to request a hearing. You can reapply at any time.

DO NOT THROW AWAY YOUR BENEFITS IDENTIFICATION CARD

If you already have a plastic Benefits Identification Card, do not throw it away. You can use it again if you become eligible for Medi-Cal.

The authority for this notice is Welfare and Institutions Code sections 14011.10, 14005.37 and California Code of Regulations, title 22, section 50179.

**NOTICE OF ACTION
SUSPENSION OF MEDI-CAL BENEFITS
REMOVAL OF SUSPENSION**

Enclosure 3

Notice Date: _____
Case Number: _____
Worker Name: _____
Worker ID Number: _____
Worker Telephone Number: _____
Office Hours: _____

DISCONTINUANCE NOTICE FOR:

[Insert Name\(s\) Here](#)

When you were incarcerated, your Medi-Cal benefits were suspended. Your suspension has been stopped based on your eligibility for inmate Medi-Cal limited to coverage of acute inpatient hospital services provided off the grounds of the correctional facility. Your eligibility to receive inmate Medi-Cal acute inpatient hospital services will begin on _____.

If you are released from jail or prison in less than a year and are still eligible for suspension of benefits, the county will evaluate your case and your prior Medi-Cal benefits will be restored if you are still eligible.

You can call or write your eligibility worker right away if you have any questions about this action or if the information in the notice is not correct. You can appeal this removal of suspension. The back of this page explains how to request a hearing.

DO NOT THROW AWAY YOUR BENEFITS IDENTIFICATION CARD

If you already have a plastic Benefits Identification Card, do not throw it away. You can use it again if you become eligible for Medi-Cal.

The authority for this notice is Welfare and Institutions Code sections 14011.10, 14005.37, 14053.7, 14053.8 and California Code of Regulations, title 22, section 50179.