STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY

GEORGE DEUKMEJIAN, Governor

DEPARTMENT OF HEALTH SERVICES
714/744 P STREET
SACRAMENTO, CA 95814

September 30, 1985

TO: All County Welfare Directors
County Administrative Officers

Letter No. 85-68

CHANGES IN MEDI-CAL DISABILITY STATUS

Reference: All County Welfare Directors Letters 85-31 and 85-33

In All County Welfare Directors (ACWD) Letter 85-31 we reminded counties that Medi-Cal eligibility for disabled medically needy beneficiaries must be discontinued if a subsequent Supplemental Security Income (SSI) or Title II application is denied due to lack of disability. This discontinuance from Medi-Cal was due to cessation of disability based on the SSI denial. Due to recent litigation (Lopez v. Heckler) and federal law changes this procedure has been modified.

Prior to issuance of the court order in Lopez v. Heckler and the enactment by Congress of the Social Security Disability Benefits Reform Act of 1984 (DBRA), this discontinuance procedure was proper. Under the previous disability reexamination process, the (reexamination) case was developed by the Disability Evaluation Division (DED) in the same manner as an initial evaluation. The medical evidence required was identical to the evidence required during initial development, medical improvement was not an issue and the burden of proving continued disability was on the beneficiary. Thus, the evaluation performed pursuant to an SSI application met the criteria of a disability reexamination and was used as a basis to discontinue disability-based Medi-Cal.

However, the Ninth Circuit court order in Lopez v. Heckler and the DBRA specifically prohibited discontinuance of disability status unless substantial evidence indicated medical improvement in the beneficiary's condition. Thus, the burden of proof shifted from the beneficiary to the Social Security Administration (or, for disability based Medi-Cal cases, DED). Under the Lopez order and DBRA, it is no longer appropriate to discontinue Medi-Cal where a later SSI application is denied based on lack of disability unless medical improvement has been substantiated. Therefore, effective immediately, any individual who is granted Medi-Cal based on disability and who is subsequently denied SSI or Title II due to lack of disability must be referred to DED for a reexamination to determine if medical improvement has occurred. If DED determines that the beneficiary is no longer disabled, the beneficiary should be discontinued unless other linkage exists.

Medi-Cal Eligibility Procedures Manual Section 4A has been updated to incorporate this change and will be released under separate cover.

If you have any questions, please contact Toni Bailey at (916) 324-4953.

Sincerely,

Original signed by

Doris Z. Soderberg, Chief
Medi-Cal Eligibility Branch

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants

Expiration Date: January 1, 1986