STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY GEORGE DEUKMEJIAN, *Governor*

DEPARTMENT OF HEALTH SERVICES
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August 31, 1990
Letter No.: 90-76

TO: All County Welfare Directors
All County Administrative Officers
All County MEDS Coordinators

SUBJECT: SNEEDE V. KIZER: IMPLEMENTATION

The Department is nearing completion of the procedures for determining eligibility for Sneede class members. This letter provides counties with information to begin planning for the changes which are necessary to meet the January 1, 1991 implementation date specified on the attached implementation plan.

The primary purpose of this letter is to advise counties to immediately begin development of those procedure changes and related EDP system changes necessary to track eligibility and issue Record of Health Care Costs - Share of Cost forms (MC 177s) for Sneede eligibles by the February 1, 1991 operational date. Most of the ongoing case processing procedure changes affect all counties. One of the changes affects only those counties with automated budgeting systems.

A secondary purpose is to share with counties an overview of some draft procedures for determining eligibility. A third purpose is to advise counties to begin considering long-term changes they may wish to make to simplify their ongoing Sneede operations (e.g., automating Sneede share of cost calculations) as they are working on the immediate necessary changes. In the near future, DHS will request that counties identify and provide cost estimates for any long-term changes for which they will need additional funding. The approximate time frame for providing these estimates will be February 15, 1991 so that funding can be obtained for Fiscal Year 91-92. DHS will then secure federal approval for those changes at the Departmental level so that counties can submit a Cost Benefit Analysis/Implementation Plan (CBA/IP) instead of each county having to do a separate advance planning document.

A mock training session will be held on September 5, 1990 in Sacramento. Counties are encouraged to come to this session to identify potential problem areas which we may not have been able to foresee. Actual county training will be held from September 18, 1990 through October 19, 1990. Specific details on the training schedule and sites will be forthcoming. We would like to thank the counties who participated in the initial brainstorming session and review of the draft procedures for their valuable input.

Background:

Under the U.S. District Court's order dated January 5, 1990, the Department is prohibited from including the income and resources belonging to persons other than a spouse or natural/adoptive parent when determining Medi-Cal eligibility and share of cost for anyone applying for or receiving Medi-Cal benefits.

The specific class members identified in this lawsuit are:

- a stepparent and his/her stepchild(ren);
- an unmarried couple with mutual child(ren);
- a child with his/her own income or resources;
- a caretaker relative who wants Medi-Cal and who chooses to be in the same Medi-Cal family budget unit (MFBU) with the children for whom care is provided.

As indicated on the implementation plan, on or about January 15, 1991, the Department will release approximately 700,000 mailers to beneficiaries in certain AFDC-MN/MI aid codes who received Medi-Cal-only between May 1, 1988 and May 23, 1990. The mailers will contain a few questions to determine whether the beneficiary is a class member. The county procedures will contain instructions on the time frames to redetermine the self-identified cases under the Sneede procedures. Furthermore, as instructed on May 24, 1990, counties are to continue to flag new cases which they have identified as being subject to Sneede. The counties will begin to redetermine the flagged cases no later than January 2, 1991.

To ensure that allocation of income and property occurs only from spouse to spouse and parent to natural/adopted child, multiple mini budget units may be established within a single Medi-Cal family. However, of the cases which meet the Sneede criteria, only those cases which have a share of cost or are property-ineligible under current regular Medi-Cal rules will have to have Sneede procedures applied. That is, an MFBU which contains one of the class members described above AND has a share of cost or is property ineligible will be broken down into mini budget units to prevent inappropriate grouping of family members for financial determinations. Therefore, when mini budget units are established, one or more of these mini budget units may have no share of cost, or have shares of cost in different amounts, or be ineligible due to excess property.

The rules for determining allocation of income and property, maintenance need levels, and property limits are significantly different from existing rules. These rules and the criteria for determining when mini budget units are to be

established will be contained in the procedures. Enclosed is a chart of the maintenance need income levels for the Sneede mini budget units.

Changes to Ongoing Case Processing Procedures:

DHS expects that once a family has been split into the mini budget units and their shares of cost have been determined, county processing and reporting of eligibility will occur in essentially the same manner as currently. The main difference will be that a single family will have multiple mini budget units, i.e., there will be multiple FBUs when MC 177s are created and when eligibility is reported to MEDS.

There are three procedural changes that are necessary for the February 1, 1991 operational date. There are three additional changes that counties may wish to consider to simplify their processing but those changes are not required.

These three required changes are as follows:

1. Identification of responsible relatives

   The reporting of services on the MC 177 has one requirement for Sneede that is different from existing rules and requires a change in how some ineligible members are identified on MC 177s. Under existing rules, where an individual's full income is included in the share of cost calculation for two different MFBU's, (e.g., a minor parent who shows as an ineligible (IE) person on his/her child's MC 177), the full amount billed to the minor parent for his/her services may be reported on both MC 177s.

   Under Sneede, the rules will be different when a parent is in a mini budget unit different from his/her child. Rather than the full amount of income being counted in each mini budget unit, an allocated amount of income will be used. Therefore, the full amount billed to a parent for the medical expense of that parent may not be used more than once. That is, although the amount for a service billed to a parent may be used only on the MC 177 for his/her mini budget unit or may be divided among the MC 177s for his/her mini budget unit and the mini budget units containing his/her children, the total reported for that service on all MC 177s may not exceed the amount billed to that parent for that service. In order to allow providers to determine which rule applies to a particular beneficiary, these parents whose income is allocated and who are reported on a child's MC 177 must be identified with an "RR" (responsible relative) in lieu of the "IE".

2. New Notices of Action

DHS expects that there will be several Notices of Action unique to Sneede eligibles. Counties that issue automated Notices of Action will need to plan on adding additional notices. Information on the specific Notices of Action will be forwarded to counties as soon as it becomes available.

3. Override of automated share of cost systems:

Based on previous Sneede discussions with county staff, DHS expects that initially all counties will determine the share of cost for Sneede manually. Therefore, to meet the February 1, 1991 deadline, counties whose EDP systems include the automated share of cost determinations must be able to override the automated calculation and accept a share of cost amount reported by the eligibility worker.

There are three optional changes described below which counties may want to consider:

1. Status Reports

Counties may want to consider whether there is a way to suppress extra status reports from being sent to a family when the family consists of several mini budget units. Since DHS expects that Sneede families will get multiple status reports from at least some of the counties, we plan to work with counties to develop a notice explaining to beneficiaries how to deal with multiple copies of status reports if they receive them.

2. MC 177s

Counties may want to consider sending multiple MC 177s in a single envelope when they are all for the same Sneede family if that can be easily accommodated.

3. Revision of FBU field

Based on sample cases reviewed by DHS staff, it is expected that a Sneede family would not consist of more than six budget units (e.g., mini budget units plus 185 percent case plus 133 percent case) with three being the average size. However, should counties wish to revise their FBU field to allow use of an alpha character to simplify

processing of Sneede cases, MEDS will accept alpha FBUs. This is also an optional county change, but it may provide a way to facilitate the previous two optional changes by using a specific range of alpha FBUs to identify Sneede budget units.

Changes To All Eligibility Determinations Related to Excluded Children and Stepparents. Information on other changes will be contained in the Sneede procedures.

We are revising the definition of an excluded child. The definition is expanded to include a child who does not wish to apply for Medi-Cal or for whom information and/or verification of income and property, if appropriate, is not provided. As provided in current regulations, excluded children are not used to link parents to Medi-Cal and are not included in the MFBU.

There will no longer be an excluded stepparent unit. If only the separate child(ren) of one parent wishes to receive Medi-Cal, the parent's income or property is allocated to each of the persons for whom he/she is responsible (i.e., the parent, the parent's spouse, the parent's separate children, and the couple's mutual children). In this situation, only the parent and his/her separate child who is applying for Medi-Cal will be in the MFBU. The parent will be an ineligible member of that MFBU. The county will consider only that portion of the parent's income which was allocated to himself/herself and to the separate child applying for Medi-Cal. If the separate child has his/her own income, the county will apply Sneede procedures to that MFBU.

Effects of Sneede on Eligibility Determinations for the 133, 185, and 200 Percent Programs (Subject to Change):

To determine eligibility under one of the special zero share of cost programs, the county will determine eligibility for each potential eligible beneficiary separately.

The following are some examples of such eligibility determinations after Sneede procedures have been applied to the share of cost determination and the pregnant woman and/or child under 6 years old has a share of cost.

For a married pregnant woman, the county will consider the full net nonexempt income of her and her spouse (do not include the income of a child). This amount will be compared to the federal poverty level for a family which consists of everyone in the MFBU. For an unmarried pregnant woman, the

county will consider only her full net nonexempt income. This amount will be compared to the federal poverty level for a family which consists of herself and all of her children.

In the case of a pregnant minor living at home with her parents, the pregnant minor and her unborn will be considered as eligible members of her parents' MFBU. The full income of the pregnant minor and her parents will be compared to the federal poverty level for a family which consists of the pregnant minor, her unborn, her parents and all of the other children in the MFBU for whom her parents are responsible. After the minor mother delivers her baby, a second MFBU will be established for the baby; the minor mother will be listed as an ineligible member of this MFBU. To determine eligibility under the special zero share of cost program for the baby in the second MFBU, consider the full net nonexempt income of the baby and the minor mother and compare it to the federal poverty level for a family which consists of the minor mother and her baby.

In the case of an MFBU which contains a pregnant minor with income, siblings, and a caretaker relative, consider only the full net nonexempt income of the pregnant minor. Compare this income to the federal poverty level for a family which consists of the pregnant minor, her unborn, and other siblings in the pregnant minor's MFBU but do <u>not</u> include the caretaker relative. After the minor mother delivers her baby, the county will establish a second MFBU which will consist of the baby and the minor mother as an ineligible member regardless of whether the minor mother has income. The minor mother will continue to be an eligible member of the caretaker relative's MFBU. To determine the baby's eligibility under the special zero share of cost program, the county will consider the baby's and the minor mother's full net nonexempt income and compare it to the federal poverty level for a family which consists of the minor mother and her baby.

For a child under six years old, the county will consider the full net nonexempt income of the child and his/her natural or adoptive parents (do not include the income of a stepparent, his parent's unmarried partner, or any other children). This amount will be compared to the federal poverty level for a family which consists of everyone in the MFBU except his parent's unmarried partner and the unmarried partner's separate children.

In the case of a child under six years old living with a caretaker relative, consider only the income of the child under 6 years old. Compare the child's income to the federal poverty level for a family which consists of the child under six years old and all of his/her siblings in the MFBU (do not include the caretaker relative).

In all situations if there is more than one potentially eligible person, determine each person's eligibility to the special zero share of cost program separately. For example, assume two siblings ages two and five live with a caretaker relative and that each child has income. Under Sneede, each child will be in his/her own mini budget unit. Assume that each child has a share of cost so that eligibility must be determined under the special zero share of cost program. To determine each child's eligibility, only use the income of that child and compare it to the appropriate federal poverty level for that child and his/her siblings.

Summary:

Again, this letter is not intended to provide specific procedures on how to determine eligibility for a Sneede class member. The intent is to provide enough information for the counties to begin working immediately on ongoing case processing procedure changes and related EDP system changes needed to track eligibility and issue MC 177s for Sneede class members.

Reporting Potential Difficulties:

Because we are implementating a court order, it is essential that the counties advise us in writing by September 15, 1990 of any anticipated problems in meeting the February 1, 1991 deadline. The letter must indicate the reasons and the estimated completion date.

If there are any policy questions, please contact Yvonne Lee at (916) 324-4954/ATSS: 454-4954, or Marlene Ratner at (916) 324-4957/ATSS: 454-4957. If there are any systems questions, please contact Shirley Deasy at (916) 445-1969/ATSS: 485-1969.

Sincerely,

ORIGINAL SIGNED BY

Frank S. Martucci, Chief
Medi-Cal Eligibility Branch

Enclosures

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants

Expiration Date: 12/31/91

Enclosure

SNEEDE WORK PLAN
8/09/90

	ACTION	TARGET COMPLETION DATE	STATUS
1.	Mailer to MEDS with approved language.	4/2/90	Completed
2.	Mailer composed in final by DSS.	4/17/90	Completed
3.	Develop media campaign.	1/15/91	In progress
4.	Coordinate printing & distribution of posters.		
5.	Develop county procedures. (Send via ACWDL)	8/10/90	In progress
6.	Develop notices of action and worksheets.	8/10/90	In progress
7.	Develop claiming & reporting procedures. (Send via ACWDL)		
8.	Mock training session.	9/5/90	
9.	Conduct county training.	9/18/90 - 10/19/90	
10.	Print mailer & envelopes (state printing office)	10/15/90	
11.	Data Systems Branch to develop program to identify & print labels for mailers.	10/15/90	
12.	Counties train eligibility workers.	10/20/90 - 12/31/90	
13.	Process mailers in two phases.	12/15/90 01/15/91	
14.	Begin implementation in counties.	1/2/91	
15.	Send out all mailers.	1/15/91	
16.	Counties ready to issue multiple MC 177S.	2/1/91	
17.	Media campaign begins.	3/1/91	

SNEEDE V. KIZER

MAINTENANCE NEED INCOME LEVELS (MNIL)
01/01/90 - 06/30/91*

I. MNIL for Adults - No Born Children In Mini Budget Unit

Person Type	Amount
Single Parent	$ 600
Single Parent with an unborn	$ 750
Married Couple	$ 934 for two adults
Married Couple with an unborn	$ 934
Unmarried Couple	$ 600 for each unmarried partner

II. MNIL for Mini Budget Unit Which Contains Parent(s) and Child(ren) (May Include An Unborn)

Allow the full standard (non-Sneede) MNIL for the mini budget unit based upon the number of persons in the mini budget unit.

III. MNIL for Caretaker Relative Household (Caretaker in the same Medi-Cal family budget unit (MFBU) with the children for whom care is provided)

Each mini budget unit in this type of caretaker relative household will receive the full standard (non-Sneede) MNIL based upon the number of persons in each MBU. If there is a pregnant minor in the caretaker relative's MFBU, include the unborn in the pregnant minor's MBU.

IV. MNIL for Mini Budget Unit Which Contains Only Children Living With Natural/Adoptive Parent(s) - Do Not Include An Unborn of the Parent But May Include A Pregnant Minor's Unborn)

No. of children in MBU	Child has 1 parent	Child has 2 parents
1	$ 375	$ 312
2	$ 623	$ 550
3	$ 825	$ 756
4	$ 1008	$ 945
5	$ 1181	$ 1108
6	$ 1329	$ 1269
7	$ 1481	$ 1420
8	$ 1623	$ 1568
9	$ 1763	$ 1615

*The maintenance need income levels are adjusted annually in July.