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EDMUND G. BROWN JR.
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TO: ALL COUNTY WELFARE DIRECTORS Letter No.: 17-02
ALL COUNTY WELFARE ADMINISTRATIVE OFFICERS
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS
ALL SAWS CONSORTIUM PROJECT MANAGERS
ALL COUNTY HEALTH EXECUTIVES
ALL COUNTY MENTAL HEALTH DIRECTORS
ALL COUNTY MEDS LIAISONS
ALL COUNTY PICKLE COORDINATORS

SUBJECT: January 2017 Social Security Title II and Title XVI Cost of Living
Adjustments and Related Issues

The purpose of this letter is to provide counties with guidance for processing the 2017 Cost of Living Adjustment (COLA) in the Statewide Automated Welfare System. The application of the COLA to certain current beneficiary eligibility groups has not changed and is described in this letter. Please proceed with processing the 2017 Social Security Administration (SSA) COLA in accordance with the policy of this letter.

The processing of the 2017 COLA will not affect the new Modified Adjusted Gross Income (MAGI) eligibility groups. The California Healthcare Eligibility, Enrollment and Retention System (CalHEERS) will not run SSA COLA for MAGI beneficiaries at this time. Once 2017 federal poverty levels (FPLs) are updated in CalHEERS, the process by which the 2017 FPL updates are implemented will be the same as in 2016: SAWS will run batch eligibility back to January 1, 2017, for Non-MAGI beneficiaries; and the Department of Health Care Services (DHCS) will send a mailer to MAGI beneficiaries potentially impacted by the change to inform them of the FPL increase, and that they may request a redetermination.

This letter provides the counties with the following enclosures:

- Enclosure 1 Social Security—What's New in 2017?
- Enclosure 2: The 2017 In-Kind Support and Maintenance Values for computing Pickle eligibility.

- Enclosure 3: The effective Supplemental Security Income (SSI) / State Supplementary Payment (SSP) cash grant levels for determining Pickle eligibility from January 1 through December 31, 2017.
- Enclosure 4: The 2017 Resource Limit for both Medi-Cal and Pickle cases.
- Enclosure 5: The 2016 Pickle Disregard Computation Chart (2016 Pickle Multipliers).

Medicare Premiums for 2017

For 2017, the monthly Medicare Part A Hospital Insurance Base Premium is \$413.00, and the 45 percent reduced premium is \$227.00.

The 2017 Medicare Part B Premium will be \$109.00 for current Medicare recipients who have the premium deducted from their Social Security check, as well as for lower income Medicare beneficiaries who are not newly eligible for Medicare Part B.

For those who do not have the Medicare Part B premium deducted from their Social Security check, or are newly eligible for Medicare Part B, including those who were previously eligible for Medi-Cal payment of their premiums, the monthly amount is \$134.00. These premium amounts apply to most beneficiaries. However, Medicare recipients with high incomes pay more for their Medicare premiums. The county should verify the amount by asking the beneficiary to provide an award letter or similar documentation, if available, in the alternative; the county shall verify the amount with SSA or the Centers for Medicare and Medicaid Services.

Title II Retirement Survivors and Disability Insurance COLA

For 2017, the monthly Social Security and Supplemental Security Income benefits increase by 0.3 percent.

Category A 2017 Title II Benefits Amount—No Payment for Medicare Part B by Applicant/Beneficiary

For Medi-Cal only individuals who do not pay the Medicare Part B premium, either because they are not eligible for Medicare or they are entitled to Buy-In (in which case the state pays the Medicare Part B premium), the current 2016 SSA gross benefit amount should be multiplied by 1.003 to compute the 2017 gross SSA benefit amount.

The new 2017 SSA gross benefit amount is rounded down to the next lower whole dollar. This computation produces the Title II benefit amount to be used in computing the Medi-Cal Share-of-Cost (SOC). The process is the same for Pickle eligible individuals who do not have the Medicare Part B premium deducted from their Title II benefit check.

Example for Category A

2016 gross Title II benefit amount	\$1230.00
Multiply by COLA	<u>x1.003</u>
Total	\$1233.69
Round down to the next lower whole dollar	\$1233.00
2017 gross Title II benefit amount	\$1233.00

Category B 2017 Title II Benefit Amount-Medicare Part B Premium is paid by the Applicant/Beneficiary

For individuals who have the Medicare Part B premium deducted from their Title II benefit check, follow a two-step rounding down process to determine the new benefit amount.

Two-Step Rounding Process:

Step 1 for Category B

Add the 2016 Medicare Part B premium to the net 2016 Title II benefit check to obtain the 2016 SSA gross benefit amount. Multiply this 2016 SSA gross amount by the 2017 COLA (1.003) and round the remaining cents down to the next lower \$0.10 increment to obtain the 2017 SSA gross benefit amount.

Step 2 for Category B

Subtract the 2017 Medicare Part B premium (\$109.00 in this example) from the 2017 SSA gross benefit amount and round down to the next lower whole dollar. The remainder will be the January 2017 SSA net benefit amount used to compute the SOC.

Example for Category B

Step 1

2016 net Title II benefit check amount	\$1210.37
Plus 2016 Medicare Part B premium	<u>+104.90</u>
2016 gross Title II benefit amount	\$1315.27
Multiply by COLA	<u>x1.003</u>
Total	\$1319.22

Round down total to next lower increment of \$0.10	\$1319.20
2017 gross Title II benefit amount	\$1319.20

Step 2

2017 gross Title II benefit amount	\$1319.20
Subtract 2017 Medicare Part B premium	<u>-\$109.00</u>
Total	\$1210.20

Round down to the next lower whole dollar	\$1210.00
2017 net Title II benefit amount	\$1210.00

Category C 2017 Title II Benefit Amount – Pickle Applicant Pays Medicare Part B Premium

To determine the countable Title II income for a Pickle applicant who has the Medicare Part B premium deducted from their Title II benefit check, the computation is as follows:

Step 1

Determine the 2017 gross Title II benefit amount in the same manner as all other Medi-Cal beneficiaries with Title II income. (Same as Step 1 for Category B above).

If the beneficiary last received SSI in 2016, multiply the 2017 gross Title II benefit amount by the January 2016 through December 2016, disregard multiplier. Then round down to the nearest whole dollar to determine the 2017, disregard amount.

Step 2

After you have determined the Pickle disregard amount, then subtract the disregard from the 2017 gross Title II benefit amount. Then round the difference down to the next lower whole dollar amount.

Example for Category C

Determine Pickle disregard:

2017 gross Title II benefit amount	\$1230.00
2016 disregard multiplier	<u>x 0.0030</u>
Raw Disregard Amount	\$3.69

Disregard rounded down to the nearest whole dollar \$3.00

2017 gross Title II benefit amount	\$1230.00
Subtract disregard	<u>-3.00</u>
Total	\$1227.00
Total countable Title II income	\$1227.00

In past years, SSA applied the COLA to the actual, rather than rounded, benefit amount. This sometimes resulted in a \$1 discrepancy in Title II benefits for some beneficiaries and, therefore, a \$1 understated SOC. In order to avoid the unnecessary expense of computing every Title II case subsequently identified as having an incorrect SOC solely due to the COLA, counties were authorized to correct the SOC the next time the budget was recomputed, when an income change is reported or at annual redetermination and were not cited with Quality Control (QC) errors. DHCS is in the process of determining new federal QC processes, however, there is no concern regarding these rounding errors this year. Once the new federal QC standards are determined, they will be added to the next SSA Title II and Title XVI COLA All County Welfare Directors Letter.

All medically needy cases with Title II income must have the SOC adjusted to reflect the COLA, effective January 1, 2017. The Social Security COLA should not be applied to the Aged and Disabled FPL, Blind FPL, and Medicare Savings Programs until publication of the new FPL rates.

SSI/SSP Payment Levels

The SSI/SSP payment levels, effective January 1, 2017, are included in Enclosure 3. In some cases, the corresponding rate is the May 1, 2009 rate. Enclosure 3 replaces page 16-a in the Pickle Manual.

2017 Resource Limits

The resource limit for both Medi-Cal only and Pickle eligibility will remain the same (\$2,000 for one person and \$3,000 for two persons).

Section V. 2017 Federal Benefit Rate

Individual	\$735
Couple	\$1,103

2016 Pickle Disregard Computation Chart

Effective January 1, 2017, use the enclosed chart (Enclosure 5) when computing a Title II disregard amount for Pickle eligibles and applicants. The COLA disregard relates to individuals who were terminated from SSI/SSP in December 2016.

If you have any questions concerning the Pickle program, please contact Bonnie Tran at (916) 552-9675 or by e-mail at Bonnie.Tran@dhcs.ca.gov.

Original Signed By

Sandra Williams, Chief
Medi-Cal Eligibility Division

Enclosures (5)

SOCIAL SECURITY—What's New in 2017?

We increased the Substantial Gainful Activity (SGA) amount for individuals with disabilities, other than blindness, from \$1,130 to \$1,170 for 2017.

The SGA amount for individuals who are blind is \$1,950 for 2017.

The monthly earnings amount that we use to determine if a month counts for the Trial Work Period month is \$840 per month in 2017.

For 2017, the Supplemental Security Income (SSI) Federal Benefit Rate (FBR) is \$735 per month for an eligible individual and \$1,103 per month for an eligible couple for 2017.

For 2017, the amount of earnings that will have no effect on eligibility or benefits for SSI beneficiaries who are students has increased from \$7,180 to \$7,200 a year. The amount of earnings that we can exclude each month, until we have excluded the maximum for the year, has increased from \$1,780 to \$1,790 a month.

For 2017, the monthly **Medicare Part A Hospital Insurance Base Premium** is **\$413** and the **45 percent Reduced Premium** is **\$227**. The **standard Part B premium amount is \$134.00** (or higher depending on your income). However, most people who get Social Security benefits will pay less than this amount. This is because the Part B premium increased more than the cost-of-living increase for 2017 Social Security benefits. If you pay your Part B premium through your Social Security benefit, you'll pay less (\$109 on average). Social Security will tell you the exact amount you will pay for Part B in 2017. For more information, see [How much does Part B cost?](#)

<https://www.ssa.gov/redbook/newfor2017.htm>

PICKLE**HANDBOOK**

2017 ISM VALUES FOR COMPUTING PICKLE ELIGIBILITY

<http://policy.ssa.gov/poms.nsf/lnx/0500835901>

	<u>Individual</u>	<u>Couple</u>
VTR (not rebuttable)*	\$245.00	\$367.66
PMV (rebuttable)**	\$265.00	\$387.66

The VTR is the payment level to use in situations 1, 2, and 3 below. The PMV is the unearned income amount to add in other situations. The following chart provides the method to use for determining Pickle eligibility for individuals and couples in various living arrangements.

**HOUSEHOLD SITUATION
(LIVING ARRANGEMENT)****PRINCIPLE**

- | | |
|--|---|
| 1. Living in household of another throughout a month and receiving both food and shelter from someone in the household. | Reduce the applicable payment level by one-third the Federal Benefit Rate (FBR). Use the VTR. |
| 2. Living in household of another who is providing both food and shelter and also receiving ISM from a third party. | Reduce the FBR payment level by one-third (VTR). Exclude third party ISM. |
| 3. Living with a responsible relative (deemor) who lives in the household of another and the householder is not a responsible relative but is supplying both food and shelter. | Add VTR from the householder to deemed income from the responsible relative and add to other unearned income. |
| 4. Living in own household (ownership or rental liability) and receiving ISM from someone outside the household. | Add PMV to other unearned income. |
| 5. Living in non-institutional care* situation or group home and receiving ISM from someone outside the household. | Add PMV to other unearned income. |
| 6. Living with a responsible relative (deemor) who lives in the household of another and the householder is not a responsible relative but is supplying food or shelter. | Add PMV from the householder to deemed income from the responsible relative and add to other unearned income. |

Continued on next page

PICKLE**HANDBOOK**

- | | |
|---|---|
| 7. Living in household of another and sharing partial or total household expenses. | If pro rata share is contributed, we use the SSI/SSP payment level for a person in an "independent living arrangement." If pro rata share is not contributed, add PMV. |
| 8. One member of an eligible couple lives in the household of another and receives both food and shelter from the householder while the second member lives in his/her home or a non-medical institution. | One-sixth of the FBR for a couple for the person living in the household of another. (VTR-not rebuttable.)

One-sixth of the FBR for a couple for the person living in his/her own household. (VTR-not rebuttable.) |
| 9. If the non-institutionalized spouse lives in any other situation. | One-sixth of the FBR for a couple plus \$10. |
| 10. Paying less than Current Market Rental Value (CMRV) for shelter. (See page 1-2.) | Add PMV unless criteria for earned/unearned income is met (see ISM). |

- * VTR – Value of One-Third Reduction
 ** PMV – Presumed Maximum Value

PICKLE HANDBOOK

SSI/SSP
SECTION 16--PAYMENT STANDARDS
EFFECTIVE JAN 1, 2017
(Rates used may be May 1, 2009 rates)

	Independent Living Arrangement			Household of Another with In-Kind Room and Board (R&B)			NMOHC ²					
	TOTAL	SSI	SSP	TOTAL	SSI	SSP	Household of Relative with In-Kind R&B			Nonmedical B&C Licensed Facility/Household of Relative Without In-Kind R&B		
							TOTAL	SSI	SSP	TOTAL	SSI	SSP
INDIVIDUAL: AGED OR DISABLED without cooking facilities (RMA) ¹ BLIND	\$895.72	\$735.00	\$160.72	\$658.67			\$908.23	\$490.00	\$418.23	\$1,158.37	\$735.00	\$423.37
	\$982.04	\$735.00	\$247.04									
BLIND	\$952.23	\$735.00	\$217.23	\$739.67			\$908.23	\$490.00	\$418.23	\$1,158.37	\$735.00	\$423.37
DISABLED MINOR - living with parent(s) - living with non- parent relative/ guardian	\$800.15	\$735.00	\$ 65.15	\$558.67	\$490.00	\$ 68.67	\$908.23	\$490.00	\$418.23			
										\$1,158.37	\$735.00	\$423.37

	Independent Living Arrangement			Household of Another with In-Kind Room and Board (R&B)			NMOHC ²					
	TOTAL	SSI	SSP	TOTAL	SSI	SSP	Household of Relative with In-Kind R&B			Nonmedical B&C Licensed Facility/Household of Relative Without In-Kind R&B		
							TOTAL	SSI	SSP	TOTAL	SSI	SSP
COUPLE: AGED OR DISABLED - per couple - without cooking facilities (RMA) ¹ BLIND - per couple BLIND/AGED OR DISABLED - per couple	\$1,524.00			\$1,233.33			\$1,809.86	\$735.34	\$1,074.52	\$2,316.74	\$1,103.00	\$1,213.74
	\$1,692.00											
	\$1,751.00			\$1,460.00			\$1,809.86	\$735.34	\$1,074.52	\$2,316.74	\$1,103.00	\$1,213.74
	\$1,666.00			\$1,374.00			\$1,809.86	\$735.34	\$1,074.52	\$2,316.74	\$1,103.00	\$1,213.74

NONMEDICAL BOARD AND CARE				FEDERAL BENEFIT RATE (FBR)			
TOTAL:		\$1,158.37					
Board and Room		\$ 498.00					INDIVIDUAL:
Care and Supervision Minimum	\$ 427.00		Maximum \$ 528.00				Aged, Blind, or Disabled
Personal and Incidental Needs Maximum	\$ 233.00		Minimum \$ 133.00				\$735.00
Title XIX Medical Facility		Individual \$51.00	Couple \$102.00				COUPLE:
							Aged, Blind, or Disabled
							\$1,103.00

* Independent living arrangement for a disabled minor means living in the home of his/her parents. Household of another is used if both the disabled minor and his/her parents live in the household of someone else, i.e., grandparents, etc.

1/ RMA – Restaurant Meals Allowance - \$84 Individual; \$168 Couple

2/ NMOCH² – Nonmedical out-of-home care living in household of relative or guardian with In-Kind Room and Board

P I C K L E H A N D B O O K

Enclosure 4

RESOURCE ELIGIBILITY
2017 Resource Limits
\$2,000--Individual
\$3,000--Couple

Pickle persons must be within the resource limit at 12:01 a.m. on the FIRST DAY OF THE MONTH for which eligibility is being determined. If a person is not eligible on the first, he/she is not eligible for the ENTIRE MONTH.

Using information from the MC 210, SAWS 2 or MC 210B, complete the Pickle Resource Worksheet (DHS 7037) to determine resource eligibility. Instructions for completion of the DHS 7037 are attached to the form.

Refer to the following for determining resource eligibility.

- Resource Charts
- Life estate and remainder interest tables.

Clarification

1. Possible Pickle Person Living With a Spouse

If both members of the couple are eligible, apply the resource limit for two persons and consider the resources of BOTH spouses (whether owned separately or jointly).

2. Possible Pickle Child

Allow the parents all of the resource exclusions for which they would be eligible if they were the applicants. Consider only the resources of the parent and his/her spouse. This includes, but is not limited to home, household goods, personal effects, automobile, etc.

After the exclusions are applied, the remaining countable resources are deemed to the possible Pickle child. Where there is more than one possible Pickle child, the resources are deemed among those children:

Example

There are two possible Pickle children and \$500 in parental resources must be deemed to them. Deem \$250 to each child.

3. If applicant is ineligible as a possible Pickle person due to excess resources:

(Continued next page.)

2016 Pickle Multipliers

Date of Last SSI	Cost of Living Amount	Multiplier
1/16 through 12/16	1.003	0.0030
1/15 through 12/15	1.000	0.0030
1/14 through 12/14	1.017	0.0197
1/13 through 12/13	1.015	0.0341
1/12 through 12/12	1.017	0.0503
1/11 through 12/11	1.036	0.0833
1/10 through 12/10	1.000	0.0833
1/09 through 12/09	1.000	0.0833
1/08 through 12/08	1.058	0.1335
1/07 through 12/07	1.023	0.1530
1/06 through 12/06	1.033	0.1801
1/05 through 12/05	1.041	0.2124
1/04 through 12/04	1.027	0.2331
1/03 through 12/03	1.021	0.2489
1/02 through 12/02	1.014	0.2592
1/01 through 12/01	1.026	0.2780
1/00 through 12/00	1.035	0.3024
1/99 through 12/99	1.024	0.3188
1/98 through 12/98	1.013	0.3275
1/97 through 12/97	1.021	0.3413
1/96 through 12/96	1.029	0.3599
1/95 through 12/95	1.026	0.3761
1/94 through 12/94	1.028	0.3931
1/93 through 12/93	1.026	0.4085
1/92 through 12/92	1.030	0.4257
1/91 through 12/91	1.037	0.4462
1/90 through 12/90	1.054	0.4746
1/89 through 12/89	1.047	0.4982
1/88 through 12/88	1.040	0.5175
1/87 through 12/87	1.042	0.5369
1/86 through 12/86	1.013	0.5429
1/85 through 12/85	1.031	0.5566
1/84 through 12/84	1.035	0.5716
7/82 through 12/83	1.035	0.5861
7/81 through 06/82	1.074	0.6146
7/80 through 06/81	1.112	0.6534
7/79 through 06/80	1.143	0.6968
7/78 through 06/79	1.099	0.7241
7/77 through 06/78	1.065	0.7409
4/77 through 6/77	1.059	0.7554