

DEPARTMENT OF HEALTH SERVICES

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November 25, 1998



All-Plan Letter 98-09

- TO:**
- County Organized Health Systems
 - Geographic Managed Care Plans
 - Prepaid Health Plans
 - Primary Case Management Plans
 - Two-Plan Model Plans

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*pm***SUBJECT: AID CODE 38**

The purpose of this letter is to provide information to contracting health plans about Aid Code 38, how it is being used, and its impact on health plans due to county welfare department eligibility redeterminations for persons in this aid code category beginning January 1999. Aid Code 38 beneficiaries are to start receiving eligibility redetermination documents December 1, 1998, which means Medi-Cal coverage and plan disenrollments may begin effective January 1, 1999, for some beneficiaries.

Because Aid Code 38 redeterminations will significantly affect plan enrollment, we are providing this information to you in advance of an upcoming All-Plan Letter regarding aid codes that you will soon receive. (This upcoming letter will describe recent changes in eligibility aid codes, the rates associated with new aid codes, and the anticipated dates each new aid code will be used in managed care counties, including Aid Code 38.)

Aid Code 38 Background

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 (Public Law 104-193) established a new mandatory coverage group under Section 1931(b) of the Social Security Act. This section required that Medi-Cal services be provided to low-income families who meet the provisions of the July 16, 1996, Aid to Families with Dependent Children (AFDC) State Plan requirements for income, resources and parental deprivation, with the exception that PRWORA modified the requirements for establishing deprivation due to unemployment.

Section 161 of AB 1542 (Chapter 270, Statutes of 1996) established the California Work Opportunity and Responsibility to Kids (CalWORKs) program and

provided that it was to be implemented January 1, 1998. This law also required that the Department of Health Services extend eligibility for Medi-Cal services to all recipients of aid under CalWORKs.

In order to establish requirements for the Section 193 1 (b) group, the July 16, 1996, AFDC provisions were modified, as of January 1, 1998, to align the Section 1931(b) program with CalWORKs. The resulting changes in AFDC rules and eligibility requirements were outlined in the Department's All-County Letter 98-0943, "New Section 1931(b) Mandatory Coverage Group," dated September 30, 1998 (enclosed). Due to the delay in implementation, counties were required to place individuals discontinued from CalWORKs or Transitional Medi-Cal (TMC) into Aid Code 38.

Beginning January 1, 1999, counties are required to begin reevaluating (back to 1/1/98) families or members of families whose eligibility ended under CalWORKs Section 1931(b), or TMC to determine whether they continued to be eligible for Section 193 1(b)-only coverage. If they do not, then they must be reevaluated for other Medi-Cal programs.

Effect of Aid Code 38 Redeterminations on Plan Enrollment

Since January 1, 1998, county welfare departments have not made redeterminations for Medi-Cal eligibility following CalWORKs discontinuance. Rather, those individuals discontinued from cash assistance were put in Aid Code 38 pending a 193 1 (b) Medi-Cal determination.

County welfare directors have been requested by the Department to begin 1931(b) eligibility determinations as of January 1, 1999, and to complete these redeterminations by April 30, 1999. Once counties have identified individuals who will continue to be eligible for Medi-Cal, the MEDS system will assign appropriate aid codes to those enrolled in managed care plans so that no interruption of enrollment occurs for these members.

The Department estimates that a large number of beneficiaries in Aid Code 38 will not be determined eligible for Medi-Cal and will be disenrolled from your plan. As of November 1998, 294,000 individuals were assigned to Aid Code 38, so the decrease in Medi-Cal members in your plan due to these redeterminations may be significant. Historical data indicate that approximately 150,000 beneficiaries were assigned to Aid Code 38 prior to January 1, 1998, when all CalWORKs discontinuances were transferred to this aid code category.

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The number of beneficiaries whose eligibility for continuing Medi-Cal coverage is determined in a specific month will vary from county to county. Consequently, some health plans will experience a decrease in membership more quickly than other plans, depending on the county in which members reside. The MED 990 Report sent to plans each month will show the number of Aid Code 38 members currently enrolled in your health plan.

Even though CalWORKs was effective January 1, 1998, the new Section 193 1 (b) provisions also were effective on January 1, 1998, and implementation was delayed until January 1, 1999, no one will be discontinued retroactively. We want to assure health plans that the Department will not adjust capitation payments to take back payments for members who will be receiving 10-day notice of discontinuances effective the following month.

How Plans Can Help Members Continue Their Medi-Cal Coverage

Plans are strongly encouraged to educate members regarding the importance of their prompt cooperation with their county welfare department's eligibility redetermination in order to maintain their health coverage through a Medi-Cal managed plan. Members should also be encouraged to ask their county caseworker whether they are eligible for Transitional Medi-Cal.

Transitional Medi-Cal (TMC) is available to individuals who lose cash aid or Medi-Cal eligibility due to higher earnings. TMC is only available to those principal wage earners or caretaker relatives (as defined by Medi-Cal) and their children who are terminated for an increase in earnings from employment, and to those terminated because a spouse returned to the home. Parents, caretaker relatives and children who meet the requirements for TMC may continue no-cost Medi-Cal coverage for up to 12 months. Parents and caretaker relatives may be eligible for up to 24 months of TMC.

The Medi-Cal Managed Care Division will expedite approval of proposed letters from health plans to beneficiaries which are intended to educate your Aid Code 38 members about the availability of continued health coverage. To assist us in giving special handling to these letters or other related forms of communication, please indicate in your transmittal letter that the material is regarding Aid Code 38 members. We appreciate this assistance.

Inclusion of New Aid Codes in Contract

New aid codes will be retroactively amended into plan contracts. In the interim, plans will be capitated for new aid codes as if the aid code changes were already contracted. Rates will remain the same.

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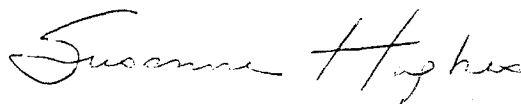
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Aid Code 38 is only one of several aid codes scheduled for change. If you have questions about aid code changes after reviewing the related All-Plan Letter that you will soon receive, please contact your contract manager.

If you wish further information on Aid Code 38, please contact Ken Wagstaff at (916) 323-3051, or me at (916) 323-3416.

Sincerely,



Susanne M. Hughes

Acting Chief

Medi-Cal Managed Care Division

Enclosure