



TOBY DOUGLAS  
Director

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



EDMUND G. BROWN JR.  
Governor

December 13, 2013

TO: ALL COUNTY WELFARE DIRECTORS Letter No.: 13-25  
ALL COUNTY WELFARE ADMINISTRATIVE OFFICERS  
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS  
ALL COUNTY HEALTH EXECUTIVES  
ALL COUNTY MENTAL HEALTH DIRECTORS  
ALL COUNTY MEDS LIAISONS

SUBJECT: JANUARY 2014 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 2014 Cost of Living Adjustment (COLA) in Statewide Automated Welfare System (SAWS). The application of the COLA to certain current beneficiary eligibility groups has not changed and is provided in this letter. Please proceed with processing the 2014 COLA in accordance with current policy.

The processing of the 2014 COLA will not affect the new Modified Adjusted Gross Income (MAGI) eligibility groups as those beneficiaries found eligible for coverage during the October to December open enrollment period, whose coverage is effective January 1, 2014, will not have eligibility changes reassessed until after March 31, 2014. Counties will receive additional information on the COLA treatment for the new MAGI groups once the SAWS-California Healthcare Eligibility, Enrollment and Retention System interface is complete.

- Instructions for computing the January 2014 COLA for Title II Retirement, Survivor's and Disability Insurance benefits.
- The 2014 Medicare Part B Premium remains at \$104.90 for 2014; however, see Enclosure 1 for additional information concerning Medicare Part B premiums.
- The 2014 Federal Benefits Rate.
- The 2014 In-Kind Support and Maintenance Values for computing Pickle eligibility. (Enclosure 2)

- The effective Supplemental Security Income/State Supplemental Payment (SSI/SSP) cash grant levels for determining Pickle eligibility from January 1, 2014 through December 31, 2014. (Enclosure 3)
- The 2014 Resource Limit for both Medi-Cal and Pickle cases.
- The 2014 Pickle Disregard Computation Chart. (Enclosure 4)

**I. Title II Retirement Survivors and Disability Insurance COLA**

The Social Security Administration (SSA) has advised us that there will be a 1.5 percent COLA for 2014.

**Category A -2014 Title II Benefits Amount – No Payment for Medicare Part B by Applicant/Beneficiaries**

For Medi-Cal only individuals who do not pay Medicare Part B premiums 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 premiums), the current 2013 gross benefit amount should be multiplied by 1.015 to compute the 2014 benefit amount. This computation will produce the Title II benefit amount to be used in computing the Medi-Cal share-of-cost (SOC). This process is the same for Pickle eligible individuals who do not have Medicare Part B premiums deducted from their Title II benefit check.

**Category B -2014 Title II Benefit Amount - Medicare Part B Premiums are paid by the Applicant/Beneficiary**

The 2014 Medicare Part B premium is \$104.90. See Enclosure 1 for additional details of the 2014 Medicare Part B premiums rate.

For individuals who have this premium deducted from their Title II benefit check, a two-step rounding down process must be followed to accurately determine the new benefit amount. For example:

**Step 1 For Category B**

Add the 2013 Medicare Part B premiums to the net 2013 Title II benefit check to obtain the 2013 gross benefit amount. Multiply this 2013 gross amount by the 2014 COLA (1.015) and round the remaining cents down to the next lower \$0.10 to obtain the 2014 gross benefit amount.

**Step 2 For Category B**

Subtract the 2014 Medicare Part B premiums \$104.90 from the 2014 gross benefit amount and round down to the next lower dollar. The remainder will be the January 2014 net benefit amount used to compute the SOC.

**Example For Category B**

**Step 1**

2013 net Title II Benefit Check amount	\$1210.37
Plus 2013 Medicare Part B premiums	+104.90
2013 gross Title II benefit amount	\$1315.27
Multiply by COLA	x 1.015
Total	\$1334.99
Round down total to next lower \$0.10	\$1334.99
2014 gross Title II benefit amount	\$1334.90

**Step 2**

2014 gross Title II benefit amount	\$1334.90
Subtract 2014 Medicare Part B premiums	- 104.90
Total	\$1230.00
Round down to the next lower dollar	\$1230.00
January 2014 net Title II benefit amount	\$1230.00

**Category C -2014 Title II Benefit Amount – Pickle Applicant Pays Medicare Part B Premiums**

To determine the countable Title II income for a Pickle applicant, who has the Medicare Part B premiums deducted, the following computation must be followed:

**Step 1 Under Category C**

Determine the 2014 gross Title II benefit amount in the same manner as all other Medi-Cal beneficiaries with Title II income (same as Step 1 in Category B above).

**Step 2 Under Category C**

Determine the Pickle disregard and subtract from the 2014 gross Title II benefit amount, then round the difference down to the next lower dollar amount.

**Example For Category C**

**Determine Pickle disregard:**

2014 gross Title II benefit amount	\$1230.00
2013 disregard multiplier	x 0.0148
(Raw Disregard Amount)	\$ 18.20
Disregard rounded to the nearest dollar	\$ 18.00

**Subtract disregard from gross income**

2014 gross Title II benefit amount	\$1230.00
Subtract rounded down disregard amount	- 18.00
Total	\$1212.00
Round down to the next lower dollar amount	\$1212.00
Total countable income	\$1212.00

It should be noted, as in previous years, that SSA applies the COLA to the actual, rather than rounded, benefit amount. This may result 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 are authorized instead to correct the SOC the next time the budget is recomputed when an income change is reported or at annual redetermination. Quality Control (QC) errors are not cited when the discrepancy between the budgeted income amount and the actual income amount received by the beneficiary is less than \$400.

All medically needy cases with Title II income must have the SOC adjusted effective January 1, 2014. In the past, the incorrect computation of Title II COLAs has been the source of federal QC errors. The 2014 Social Security COLA would not apply to the Aged and Disabled Federal Poverty Level (FPL) and FPL-Blind programs, Medicare Savings Programs, the 200 Percent Pregnant Women and Infants, or the Children's FPL programs. These cases should not have the SSA COLA applied until the 2014 FPL rates have been published.

**II. SSI/SSP PAYMENT LEVELS**

Effective January 1, 2014, rates used may be May 1, 2009 rates. SSI/SSP payment levels are available in your Pickle Manual page 16-1a. Use the January 1, 2014 rates when determining eligibility for Disabled Adult Child, Disabled Window, 250 Percent Working Disabled, and the Aged and Disabled Federal Poverty Level programs.

**III. 2014 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).

**IV. 2014 Federal Benefits Rate**

Individual	\$ 721
Couple	\$1,082

**V. 2013 PICKLE DISREGARD COMPUTATION CHART**

Effective January 1, 2014, the enclosed chart (Enclosure 4) is to be used when computing a Title II disregard amount for Pickle eligibles and applicants. The reason the chart is titled 2013 is because the COLA disregard relates to individuals who were terminated from SSI/SSP in 2013.

If you have any questions concerning the Pickle program or SOC issues, please contact Leslie Benson at (916) 327-0407 or by e-mail at [Leslie.Benson@dhcs.ca.gov](mailto:Leslie.Benson@dhcs.ca.gov).

**Original Signed By**

Tara Naisbitt, Chief  
Medi-Cal Eligibility Division

Enclosures

## Social Security

Official Social Security Website

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### What's New In 2014?

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We increased the Substantial Gainful Activity (SGA) amount for individuals with disabilities, other than blindness, from \$1,040 to \$1,070 for 2014.

We increased the SGA amount for individuals who are blind from \$1,740 to \$1,800 for 2014.

The monthly earnings amount that we use to determine if a month counts for the Trial Work Period month is \$770 per month in 2014.

We increased the Supplemental Security Income (SSI) Federal Benefit Rates (FBR) from \$710 to \$721 per month for an eligible individual and from \$1,066 to \$1,082 per month for an eligible couple for 2014.

For 2014, the amount of earnings that will have no effect on eligibility or benefits for SSI beneficiaries who are students has increased from \$6,960 to \$7,060 a year. The amount of earnings that we can exclude each month, until we have excluded the maximum for the year, has increased from \$1,730 to \$1,750 a month.

For 2014, the monthly Medicare Part A Hospital Insurance Base Premium is \$426 and the 45 percent Reduced Premium is \$234. The Part B Supplemental Medical Insurance monthly Base Premium is \$104.90, the same as it was in 2013.

Enclosure 1

<http://www.socialsecurity.gov/redbook/newfor2014.htm>

11/13/2013

## PICKLE HANDBOOK

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### 2014 ISM VALUES FOR COMPUTING PICKLE ELIGIBILITY

	<u>Individual</u>	<u>Couple</u>
VTR (not rebuttable)**	\$240.33	\$360.67
PMV (rebuttable)***	\$260.33	\$380.67

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

	<u>HOUSEHOLD SITUATION (LIVING ARRANGEMENT)</u>	<u>PRINCIPLE</u>
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.		
7.	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.

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## PICKLE HANDBOOK

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| 8.  | 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.)<br><br>One-sixth of the FBR for a couple for the person living in his/her own household. (VTR-not rebuttable.) |
|     | 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 are met (see ISM).   |

PICKLE HANDBOOK

SSI/SSP  
SECTION 16--PAYMENT STANDARDS  
EFFECTIVE JAN 1, 2014 (Rates used may be May 1, 2009 rates)

	Independent Living			Household of Another with In-Kind Room and Board			Independent Living Arrangement Without Cooking Facilities (RMA) <sup>1/</sup>			Nonmedical Board and Care Licensed Facility/ Household of Relative Without In-Kind Room & Board		
	Total	SSI (FBR)	SSP	Total	SSI (FBR)	SSP	Total	SSI (FBR)	SSP	Total	SSI (FBR)	SSP
<b>INDIVIDUAL:</b>												
Aged or Disabled	877.40	721.00	156.40	658.67			961.40	674.00	280.00	1,133.00	721.00	412.00
Blind	935.00			739.67						1,133.00	721.00	412.00
Disabled Minor*	784.40	721.00	63.40	547.50	480.67	66.83				1,133.00	721.00	412.00
NMOHC <sup>2/</sup>				887.67	480.67	407.00						
<b>COUPLE:</b> (amount per couple)												
Both are: Aged or Disabled	1,524.00			1,233.33			1692.00	674.00	1045.66	2,266.00	1,082.00	1,184.00
Both Are Blind	1,751.00			1,460.00						2,266.00	1,082.00	1,184.00
One is Blind, One is Aged or Disabled	1,666.00			1,374.00						2,266.00	1,082.00	1,184.00
NMOHC <sup>2/</sup> amount per Couple				1,767.00	721.34	1045.66						
<b>NONMEDICAL BOARD AND CARE</b>						<b>FEDERAL BENEFIT RATE (FBR)</b>						
		<u>Minimum</u>		<u>Maximum</u>								
<b>TOTAL:</b>		\$1,133.00		\$1,133.00								
Board and Room		487.00		487.00								
Care and Supervision		417.00		516.00								
Personal and Incidental Needs		130.00		229.00								
Title XIX Medical Facility			Individual	Couple								
			\$50.00	\$100.00								
<p>* 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.</p> <p><sup>1/</sup> RMA – Restaurant Meals Allowance - \$84 Individual; \$168 Couple</p> <p><sup>2/</sup> NMOHC<sup>2/</sup> – Nonmedical out-of-home care living in household of relative or guardian with In-Kind Room and Board</p>												

Enclosure 4

November 15,2013

## 2013 Pickle Multipliers

<b>Date of Last SSI</b>	<b>Cost of Living Amount</b>	<b>Multiplier</b>
<b>1/13 through 12/13</b>	<b>1.015</b>	<b>0.0148</b>
1/12 through 12/12	1.017	0.0312
1/11 through 12/11	1.036	0.0649
1/10 through 12/10	1.000	0.0649
1/09 through 12/09	1.000	0.0649
1/08 through 12/08	1.058	0.1162
1/07 through 12/07	1.023	0.1360
1/06 through 12/06	1.033	0.1636
1/05 through 12/05	1.041	0.1966
1/04 through 12/04	1.027	0.2177
1/03 through 12/03	1.021	0.2338
1/02 through 12/02	1.014	0.2444
1/01 through 12/01	1.026	0.2635
1/00 through 12/00	1.035	0.2884
1/99 through 12/99	1.024	0.3051
1/98 through 12/98	1.013	0.3140
1/97 through 12/97	1.021	0.3281
1/96 through 12/96	1.029	0.3471
1/95 through 12/95	1.026	0.3636
1/94 through 12/94	1.028	0.3809
1/93 through 12/93	1.026	0.3966
1/92 through 12/92	1.030	0.4142
1/91 through 12/91	1.037	0.4351
1/90 through 12/90	1.054	0.4641
1/89 through 12/89	1.047	0.4881
1/88 through 12/88	1.040	0.5078
1/87 through 12/87	1.042	0.5276
1/86 through 12/86	1.013	0.5337
1/85 through 12/85	1.031	0.5477
1/84 through 12/84	1.035	0.5630
7/82 through 12/83	1.035	0.5778
7/81 through 06/82	1.074	0.6069
7/80 through 06/81	1.112	0.6465
7/79 through 06/80	1.143	0.6907
7/78 through 06/79	1.099	0.7186
7/77 through 06/78	1.065	0.7357
4/77 through 06/77	1.059	0.7505