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TO: ALL COUNTY WELFARE DIRECTORS Letter No: 18-27
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 2019 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 2019 Cost of Living Adjustment (COLA) in the 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 2019 Social Security Administration (SSA) COLA in accordance with the policy of this letter.

The processing of the 2019 COLA will not affect the 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 2019 federal poverty levels (FPLs) are updated in CalHEERS, the process by which the 2019 FPL updates are implemented will be the same as in 2018. SAWS will run batch eligibility back to January 1, 2019, 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 backdated to January 1, 2019.

This letter provides the counties with the following enclosures:

- Enclosure 1: Social Security—What's New in 2019?
- Enclosure 2: The 2019 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, 2019.
- Enclosure 4: The 2019 Resource Limit for Both Medi-Cal and Pickle Cases.
- Enclosure 5: The 2018 Pickle Disregard Computation Chart (2018 Pickle Multipliers).

Medicare Premiums for 2019

For 2019, the monthly Medicare Part A Hospital Insurance Base Premium is \$437.00, and the 45 percent Reduced Premium is \$240.00 for individuals who had at least 30 quarters of coverage or were married to someone with at least 30 quarters of coverage.

The 2019 standard Medicare Part B Premium will be \$135.50 (up from \$134.00 in 2018). An estimated 2 million Medicare beneficiaries (about 3.5%) will pay less than the full Part B standard monthly premium amount in 2019 due to the statutory hold harmless provision, which limits certain beneficiaries' increase in their Part B premium to be no greater than the increase in their Social Security benefits.

Medicare recipients with higher 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.

Title II Retirement, Survivors, and Disability Insurance COLA

The SSA has advised DHCS that there will be a 2.8 percent COLA for 2019.

Category A: 2019 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 2018 SSA gross benefit amount should be multiplied by 2.8 percent or 1.028 to compute the 2019 SSA benefit amount.

The new 2019 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

2018 gross Title II benefit amount:	\$1,349.00
Multiply by COLA:	<u>x 1.028</u>
<u>Total:</u>	\$1,386.77
Round down to the next lower whole dollar:	\$1,386.00
2019 gross Title II benefit amount:	\$1,386.00

Category B: 2019 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 accurately determine the new benefit amount.

Two-Step Rounding Process:

- Step 1 for Category B:

Add the 2018 Medicare Part B premium to the net 2018 Title II benefit check to obtain the 2018 SSA gross benefit amount. Multiply this 2018 SSA gross amount by the 2019 COLA (1.028) and round the remaining cents down to the next lower \$0.10 increment to obtain the 2019 SSA gross benefit amount.

- Step 2 for Category B:

Subtract the 2019 Medicare Part B premium (\$135.50 in this example) from the 2019 SSA gross benefit amount and round down to the next lower whole dollar. The remainder will be the January 2019 SSA net benefit amount used to compute the SOC.

Example for Category B

Step 1:

2018 net Title II benefit check amount:	\$1,322.64
Plus 2018 Medicare Part B premium:	<u>+\$134.00</u>
2018 gross Title II benefit amount:	\$1,456.64
Multiply by COLA:	<u>x 1.028</u>
Total:	\$1,497.43
Round down total to next lower increment of \$0.10:	\$1,497.40
2019 gross Title II benefit amount:	\$1,497.40

Step 2:

2019 gross Title II benefit amount:	\$1,497.40
Subtract 2018 Medicare Part B premium:	<u>-\$135.50</u>
Total:	\$1,361.90
Round down to the next lower whole dollar:	\$1,361.00
2019 net Title II benefit amount:	\$1,361.00

Category C: 2019 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 2019 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 2018, multiply the 2019 gross Title II benefit amount by the January 2018 through December 2018, disregard multiplier. Then round down to the nearest whole dollar to determine the 2019, disregard amount.

- Step 2:

After you have determined the Pickle disregard amount, then subtract the disregard amount from the 2019 gross Title II benefit amount. Then round the difference down to the next lower whole dollar amount.

Example for Category C:

Determine Pickle disregard:

2019 gross Title II benefit amount:	\$1,497.40
2018 disregard multiplier:	<u>x 0.0272</u>
Raw Disregard Amount:	\$40.73
Disregard rounded down to the nearest whole dollar:	\$40.00

2019 gross Title II benefit amount:	\$1,497.40
Subtract disregard:	<u>-\$40.00</u>
Total:	\$1,457.40

Total countable Title II income: \$1,457.40

As in previous years, the 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 to correct the SOC the next time the budget is recomputed when an income change is reported or at annual redetermination. Quality Control 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 to reflect the COLA, effective January 1, 2019. 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, 2019, 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. Use the January 1, 2019 rates when determining eligibility for

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Disabled Adult Child, Disabled Window/Widower, 250 Percent Working Disabled, and the Aged and Disabled Federal Poverty Level programs.

2019 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).

2019 Federal Benefits Rate

Individual: \$771.00
Couple: \$1,157.00

2018 Pickle Disregard Computation Chart

Effective January 1, 2019, 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 2018. The chart is titled with the year 2018 because the COLA disregard relates to individuals who were terminated from SSI/SSP in 2018.

If you have any questions, or if we can provide further information, please contact Sara McDonald, by phone at (916) 345-8061 or by email at Sara.McDonald@dhcs.ca.gov.

Original Signed By

Karen Chang, Branch Chief
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Enclosures (5)

What's New in 2019?

In 2019, the **Substantial Gainful Activity (SGA)** amount increased from **\$1,180** to **\$1,220 for non-blind individuals** and from **\$1,970** to **\$2,040 for blind individuals**.

The monthly earnings amount that we use to determine if a month counts for the Trial Work Period month increased from **\$850** to **\$880 per month in 2019**.

In 2019, the Supplemental Security Income (SSI) Federal Benefit Rate (FBR) increased from \$750 to \$771 per month for an eligible individual and \$1,125 to \$1,157 per month for an eligible couple.

In 2019, the amount of earnings that will have no effect on eligibility or benefits for SSI beneficiaries who are students increased from \$7,350 to \$7,550 a year. The amount of earnings that we can exclude each month, until we have excluded the maximum for the year, increased from \$1,820 to \$1,870 a month.

For 2019, the monthly Medicare Part A Hospital Insurance Base Premium is \$437 and the 45 percent Reduced Premium is \$240. The Part B Supplemental Medical Insurance monthly base premium is \$135.50 (or higher depending on your income). For more information, see link for "**How much does Part B cost?**" <http://www.medicare.gov/your-medicare-costs/part-b-costs/part-b-costs.html>

Individuals receiving Social Security Disability Insurance (SSDI) and their representative payees may use *my* Social Security to report wages online. Beginning June 2018, individuals receiving SSI, their representative payees, and the spouse, parent(s), or sponsor of someone receiving SSI could also use *my* Social Security to report wages online.

SSI recipients can still use the automated toll-free SSI Telephone Wage Reporting system or the free SSI Mobile Wage Reporting smartphone app to report wages.

<https://www.ssa.gov/redbook/newfor2019.htm>

PICKLE HANDBOOK

2019 ISM VALUES FOR COMPUTING PICKLE ELIGIBILITY

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

	<u>Individual</u>	<u>Couple</u>
VTR (not rebuttable)*	\$257.00	\$385.66
PMV (rebuttable)**	\$277.00	\$405.66

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.

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

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



SSI/SSP**PAYMENT STANDARDS EFFECTIVE JANUARY 1, 2019**

(Rates used may be May 1, 2009 rates)

INDIVIDUAL

	Independent Living Arrangement	Reduced Needs	Non-Medical Out-of-Home Care (NMOHC)	
AGED or DISABLED	Residing in Own Household	Household of Another With In-Kind Room & Board	Household of Relative With In-Kind Room & Board	Licensed Facility or Household of Relative Without In-Kind Room & Board
SSI	\$771.00	\$514.00	\$514.00	\$771.00
SSP	\$160.72	\$164.24	\$418.23	\$423.37
Total	\$931.72	\$678.24	\$932.23	\$1,194.37

	Independent Living Arrangement	Reduced Needs	Non-Medical Out-of-Home Care (NMOHC)	
AGED or DISABLED without cooking facilities (RMA) ¹	Residing in Own Household	Household of Another With In-Kind Room & Board	Household of Relative With In-Kind Room & Board	Licensed Facility or Household of Relative Without In-Kind Room & Board
SSI	\$771.00	N/A	N/A	N/A
SSP	\$247.04	N/A	N/A	N/A
Total	\$1018.04	N/A	N/A	N/A

INDIVIDUAL (cont'd)

	Independent Living Arrangement	Reduced Needs	Non-Medical Out-of-Home Care (NMOHC)	
BLIND	Residing in Own Household	Household of Another With In-Kind Room & Board	Household of Relative With In-Kind Room & Board	Licensed Facility or Household of Relative Without In-Kind Room & Board
SSI	\$771.00	N/A	\$514.00	\$771.00
SSP	\$217.23	N/A	\$418.23	\$423.37
Total	\$988.23	\$739.67*	\$932.23	\$1,194.37

	Independent Living Arrangement	Reduced Needs	Non-Medical Out-of-Home Care (NMOHC)	
DISABLED MINOR	Residing in Own Household	Household of Another With In-Kind Room & Board	Household of Relative With In-Kind Room & Board	Licensed Facility or Household of Relative Without In-Kind Room & Board
SSI	\$771.00	\$514.00	\$514.00	\$771.00
SSP	\$65.15	\$68.67	\$418.23	\$423.37
Total	\$836.15	\$582.67	\$932.23	\$1,194.37

COUPLE

	Independent Living Arrangement	Reduced Needs	Non-Medical Out-of-Home Care (NMOHC)	
AGED or DISABLED (Per Couple)	Residing in Own Household	Household of Another With In-Kind Room & Board	Household of Relative With In-Kind Room & Board	Licensed Facility or Household of Relative Without In-Kind Room & Board
SSI	\$1,157.00	N/A	\$771.34	\$1,157.00
SSP	\$407.14	N/A	\$1,074.52	\$1,231.74
Total	\$1,564.14	\$1,233.30*	\$1,845.86	\$2,388.74

	Independent Living Arrangement	Reduced Needs	Non-Medical Out-of-Home Care (NMOHC)	
AGED or DISABLED Without Cooking Facilities (RMA)	Residing in Own Household	Household of Another With In-Kind Room & Board	Household of Relative With In-Kind Room & Board	Licensed Facility or Household of Relative Without In-Kind Room & Board
SSI	\$1,157.00	N/A	N/A	N/A
SSP	\$579.77	N/A	N/A	N/A
Total	\$1,736.77	N/A	N/A	N/A

COUPLE (cont'd)

	Independent Living Arrangement	Reduced Needs	Non-Medical Out-of-Home Care (NMOHC)	
BLIND (Per Couple)	Residing in Own Household	Household of Another With In-Kind Room & Board	Household of Relative With In-Kind Room & Board	Licensed Facility or Household of Relative Without In-Kind Room & Board
SSI	N/A	N/A	\$771.34	\$1,157.00
SSP	N/A	N/A	\$1,074.52	\$1,231.74
Total	\$1,751.00*	\$1,460.00*	\$1,845.86	\$2,388.74

	Independent Living Arrangement	Reduced Needs	Non-Medical Out-of-Home Care (NMOHC)	
BLIND/AGED or DISABLED (Per Couple)	Residing in Own Household	Household of Another With In-Kind Room & Board	Household of Relative With In-Kind Room & Board	Licensed Facility or Household of Relative Without In-Kind Room & Board
SSI	N/A	N/A	\$771.34	\$1,157.00
SSP	N/A	N/A	\$1,074.52	\$1,231.74
Total	\$1,666.00*	\$1,374.00*	\$1,845.86	\$2,388.74

NON-MEDICAL OUT-OF-HOME CARE COSTS

Room and Board	Care and Supervision	Personal and Incidental Needs	Title XIX Medical Facility
\$514.37	Minimum \$439.00	Minimum \$136.00	Individual \$51.00
N/A	Maximum \$544.00	Maximum \$241.00	Couple \$102.00

FEDERAL BENEFIT RATE (FBR)

Aged, Blind, Disabled	FBR
INDIVIDUAL	\$771.00
COUPLE	\$1,157.00

¹ Restaurant Meals Allowance – RMA amounts are included in the total

* Denotes May 1, 2009 rate used

PICKLE HANDBOOK

RESOURCE ELIGIBILITY

2019 Resource Limit
\$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 Single Streamlined Application (SSApp), SAWS 2 Plus, MC 604 IPS, 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.)

**2018
Pickle Multipliers**

Date of Last SSI	Cost of Living Amount	Multiplier
1/18 through 12/18	1.028	0.0272
1/17 through 12/17	1.020	0.0463
1/16 through 12/16	1.003	0.0492
1/15 through 12/15	1.000	0.0492
1/14 through 12/14	1.017	0.0651
1/13 through 12/13	1.015	0.0789
1/12 through 12/12	1.017	0.0943
1/11 through 12/11	1.036	0.1257
1/10 through 12/10	1.000	0.1257
1/09 through 12/09	1.000	0.1257
1/08 through 12/08	1.058	0.1737
1/07 through 12/07	1.023	0.1923
1/06 through 12/06	1.033	0.2181
1/05 through 12/05	1.041	0.2489
1/04 through 12/04	1.027	0.2686
1/03 through 12/03	1.021	0.2836
1/02 through 12/02	1.014	0.2935
1/01 through 12/01	1.026	0.3114
1/00 through 12/00	1.035	0.3347
1/99 through 12/99	1.024	0.3503
1/98 through 12/98	1.013	0.3587
1/97 through 12/97	1.021	0.3718
1/96 through 12/96	1.029	0.3895
1/95 through 12/95	1.026	0.4050
1/94 through 12/94	1.028	0.4212
1/93 through 12/93	1.026	0.4359
1/92 through 12/92	1.030	0.4523
1/91 through 12/91	1.037	0.4719
1/90 through 12/90	1.054	0.4989
1/89 through 12/89	1.047	0.5214
1/88 through 12/88	1.040	0.5398
1/87 through 12/87	1.042	0.5584
1/86 through 12/86	1.013	0.5640
1/85 through 12/85	1.031	0.5771

**2018
Pickle Multipliers**

Date of Last SSI	Cost of Living Amount	Multiplier
1/84 through 12/84	1.035	0.5914
7/82 through 12/83	1.035	0.6053
7/81 through 06/82	1.074	0.6325
7/80 through 06/81	1.112	0.6695
7/79 through 06/80	1.143	0.7108
7/78 through 06/79	1.099	0.7369
7/77 through 06/78	1.065	0.7529
4/77 through 6/77	1.059	0.7667