



WILL LIGHTBOURNE
DIRECTOR

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



GAVIN NEWSOM
GOVERNOR

DATE: November 17, 2020

TO: ALL COUNTY WELFARE DIRECTORS Letter No.: 20-23
ALL COUNTY ADMINISTRATIVE OFFICERS
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS
ALL COUNTY HEALTH EXECUTIVES
ALL COUNTY MENTAL HEALTH DIRECTORS

SUBJECT: 2021 Medicare Premiums and Social Security Title II Cost of Living
Adjustments (Reference: ACWDL, [20-01](#))

Effective January 1, 2021, this letter revises the Medicare premium amounts to be used in determining eligibility and the cost of Medicare premiums and the Social Security Title II benefit amount adjustments. The Statewide Automated Welfare Systems (SAWS) will make programming changes for the 2021 Medicare premium amounts and Social Security Title II adjustments in December 2020 for the January 2021 benefit month.

Medicare Part A and B Premiums

	<u>Medicare Part A</u>	
	2020	2021
Premium	\$458	\$471
Reduced premium	\$252	\$259
<u>Inpatient care deductible</u>		
Days 1 – 60	\$1,408	\$1,484
Days 61 – 90	\$352	\$371
Days 91 – 150	\$704	\$742
<u>Skilled Nursing Facility deductible</u>		
Days 1 – 20	N/A	N/A
Days 21 – 100	\$176	\$185.50

Medicare Part B

	2020	2021
Premium	\$144.60	\$148.50
Annual Deductible	\$198	\$203

The Social Security Administration (SSA) has advised DHCS that there is 1.3 percent cost of living adjustment (COLA) for Social Security benefits in 2021. Because of this COLA, some Medicare beneficiaries, who were “held harmless” against Medicare Part B premium increases in prior years will see an increase in their 2021 monthly Medicare Part B premium. The Medicare premium increase will be based on the amount of the individual’s COLA increase.

2021 Social Security Title II Benefit Amount

Medicare Part B Premium is Not Paid by Applicant/Beneficiary

For individuals who only have Medi-Cal and 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 2020 SSA gross benefit amount should be multiplied by 1.3 percent or 1.013 to compute the 2021 SSA benefit amount.

To calculate the new benefit amount after the 2021 COLA, multiply the 2020 SSA gross benefit amount by the 2021 COLA 1.013 and round the remaining cents down to the next lower whole dollar to obtain the 2021 SSA gross benefit amount. This computation produces the Title II benefit amount to be used in calculating the Medi-Cal Share-of-Cost (SOC).

Example:

2020 gross Title II benefit check amount:	\$1,408.00
Multiply by COLA:	<u>x 1.013</u>
Total:	\$1,426.30
Round down total to next lower whole dollar:	\$1,426.00
2021 gross Title II benefit amount:	\$1,426.00

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 the two-step rounding down process to accurately determine the new benefit amount.

Two-Step Rounding Process:

- Step 1:

Add the 2020 Medicare Part B premium to the net 2020 Title II benefit check to obtain the 2020 SSA gross benefit amount. Multiply this 2020 SSA gross amount by the 2021 COLA 1.013 and round the remaining cents down to the next lower \$0.10 increment to obtain the 2021 SSA gross benefit amount.

- Step 2:

Subtract the 2021 Medicare Part B premium (\$148.50 in this example) from the 2021 SSA gross benefit amount and round down to the next lower whole dollar. The remainder will be the January 2021 SSA net benefit amount used to calculate the share of cost.

Example:

Step 1:

2020 net Title II benefit check amount:	\$1,426.00
Plus 2020 Medicare Part B premium:	<u>+\$144.60</u>
2020 gross Title II benefit amount:	\$1,570.60
Multiply by COLA:	<u>x 1.013</u>
Total:	\$1,1591.02
Round down total to next lower increment of \$0.10:	\$1,591.00
2021 gross Title II benefit amount:	\$1,591.00

Step 2:

2020 gross Title II benefit amount:	\$1591.00
Subtract 2021 Medicare Part B premium:	<u>-\$148.50</u>
Total:	\$1,442.50

Round down to the next lower whole dollar:	\$1,442.00
2021 net Title II benefit amount:	\$1,442.00

The link below provides more information on the Medicare Part A and B premiums:

<https://www.cms.gov/newsroom/fact-sheets/2021-medicare-parts-b-premiums-and-deductibles>

Processing the 2021 SSA COLA for Non-MAGI Eligibility Groups

The 2021 SSA COLA will be disregarded from the eligibility determination for the Aged and Disabled Federal Poverty Level (FPL), Blind FPL, and Medicare Savings Programs (MSP) until the 2021 FPL rates take effect on April 1, 2021 (see WIC § 14005.40(f)). All medically needy cases with Title II income must have the SOC adjusted to reflect the COLA, effective January 1, 2021. DHCS would also like to remind counties to assess beneficiaries for Pickle, Disabled Adult Child (DAC), Disabled Widower (DW) programs as they are on the Mega Mandatory list per [ACWDL 17-03](#).

Please Note: per MEDILs [I 20-07](#), [I 20-08](#), [I 20-18](#), [I 20-25](#), and [I 20-26](#), counties must defer discontinuances and other negative actions based on the COVID-19 PHE. This ACWDL details policy and guidance for eligibility changes but counties shall not apply changes to eligibility that would result in a negative action until after the PHE is lifted. The county shall continue to process determinations or redeterminations for those individuals who would gain access to health care coverage and resolve barriers related to access to care.

MSP 2021 Property Limits

In previous years, the Department released the MSP property limits in this annual All County Welfare Directors Letter (ACWDL). In order to provide the counties and SAWS with the Medicare premiums and allocation amounts in a timely manner, the Department will release the MSP property limits in a separate ACWDL when they are available.

If you have questions regarding this letter, please contact Teresa Jones at (916) 345 - 8151 or by email at Teresa.Jones@dhcs.ca.gov.

Original Signed By

Linda Nguyen, Chief
Policy Development Branch
Medi-Cal Eligibility Division