

**DEPARTMENT OF HEALTH & HUMAN SERVICES**

Centers for Medicare & Medicaid Services

601 E. 12th St., Room 355

Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

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November 3, 2023

Michelle Baass

Director and Interim State Medicaid Director

California Department of Health Care Services

P.O. Box 997413, MS 0000

Sacramento, CA 95899-7413

Re: California State Plan Amendment (SPA) 23-0030

Dear Director Baass:

The Centers for Medicare & Medicaid Services (CMS) reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) 23-0030. This amendment proposes to end the use of the electronic Asset Verification System (AVS) to determine or redetermine Medicaid eligibility for all Aged, Blind and Disabled (ABD) program applicants and recipients effective January 1, 2024, as these individuals will no longer have a resource test per California Assembly Bill (AB) 133 (2021), which is implemented by approved SPA CA-23-0012 and effective on January 1, 2024. From that date forward, the electronic AVS will be used only to determine whether ABD applicants or recipients seeking coverage for certain Long Term Services & Supports (LTSS) made asset transfers for less than fair market value in the 5-year lookback period.

We conducted our review of your submittal according to statutory requirements in Title XIX of the Social Security Act under Section 1940. This letter is to inform you that California Medicaid SPA 23-0030 was approved on November 3, 2023, with an effective date of January 1, 2024.

If you have any questions, please contact Cheryl Young at 415-744-3598 or via email at Cheryl.Young@cms.hhs.gov.

Sincerely,

A black rectangular redaction box covers the signature area of the letter.

Digitally signed by James  
G. Scott -S

Date: 2023.11.03  
17:12:09 -05'00'

James G. Scott, Director

Division of Program Operations

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 3 — 0 0 3 0

2. STATE

CA

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT

XIX  XXI

TO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

January 1, 2024

5. FEDERAL STATUTE/REGULATION CITATION

Section 1940 of the Social Security Act

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2024 \$ 0  
b. FFY 2025 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Supplement 16 to Attachment 2.6-A pages 1-3

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Supplement 16 to Attachment 2.6-A pages 1-3

9. SUBJECT OF AMENDMENT

Elimination of Asset Verification System Requirement for all Non-Modified Adjusted Gross Income (Non-MAGI) Medi-Cal programs

10. GOVERNOR'S REVIEW (Check One)

- GOVERNOR'S OFFICE REPORTED NO COMMENT  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:

Please note: The Governor's Office does not wish to review the State Plan Amendment.

11. SIGNATURE OF STATE AGENCY OFFICIAL

[Redacted Signature]

12. TYPED NAME

Jacey Cooper

13. TITLE

State Medicaid Director

14. DATE SUBMITTED

August 11, 2023

15. RETURN TO

Department of Health Care Services  
Attn: Director's Office  
P.O. Box 997413, MS 0000  
Sacramento, CA 95899-7413

**FOR CMS USE ONLY**

16. DATE RECEIVED

August 11, 2023

17. DATE APPROVED

November 3, 2023

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL

January 1, 2024

19. SIGN

[Redacted Signature]

20. TYPED NAME OF APPROVING OFFICIAL

James G. Scott

21. TITLE OF APPROVING OFFICIAL

Director, Division of Program Operations

22. REMARKS

## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: California

## ASSET VERIFICATION SYSTEM

- 1940(a)  
of the Act
1. The agency will provide for the verification of assets for purposes of determining or redetermining Medicaid eligibility for aged blind and disabled Medicaid applicants and recipients using an Asset Verification System (AVS) that meets the following minimum requirements.
    - A. The request and response system must be electronic:
      - (1) Verification inquiries must be sent electronically via the internet or similar means from the agency to the financial institution (FI).
      - (2) The system cannot be based on mailing paper-based requests.
      - (3) The system must have the capability to accept responses electronically.
    - B. The system must be secure, based on a recognized industry standard of security (e.g., as defined by the U.S. Commerce Department's National Institute of Standards and Technology, or NIST).
    - C. The system must establish and maintain a database of FIs that participate in the agency's AVS.
    - D. Verification requests must also be sent to FIs other than those identified by applicants and recipients, based on some logic such as geographic proximity to the applicant's home address, or other reasonable factors whenever the agency determines that such requests are needed to determine or redetermine the individual's eligibility.
    - E. The verification requests must include a request for information on both open and closed accounts, going back up to 5 years as determined by the State.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
State: California

ASSET VERIFICATION SYSTEM

2. System Development

- A. The agency itself will develop an AVS.  
In 3 below, provide any additional information the agency wants to include.
- B. The agency will hire a contractor to develop an AVS.  
In 3 below, provide any additional information the agency wants to include.
- C. The agency will be joining a consortium to develop an AVS.  
In 3 below, identify the States participating in the consortium. Also, provide any other information the agency wants to include pertaining to how the consortium will implement the AVS requirements.
- D. The agency already has a system in place that meets the requirements for an acceptable AVS.  
In 3 below, describe how the existing system meets the requirements in Section 1.
- E. Other alternative note included in A—D above.  
In 3 below, describe how the existing system meets the requirements in Section 1.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
State: California

ASSET VERIFICATION SYSTEM

3. Provide the AVS implementation information requested for the implementation approach checked in Section 2, and any other information the agency may want to include.

Starting January 1, 2024, the electronic Asset Verification System (AVS) will no longer be used to determine or redetermine Medicaid eligibility for Aged Blind and Disabled (ABD) applicants and recipients, as these individuals will no longer have a resource test per California Assembly Bill (AB) 133 (2021), which is implemented by approved SPA CA-23-0012 and effective on January 1, 2024. AVS will only be used to determine whether ABD applicants or recipients seeking coverage for certain Long-Term Services & Supports (LTSS) made asset transfers for less than fair market value in the 5-year lookback period.