

DATE: April 28, 2025

TO: ALL COUNTY WELFARE DIRECTORS Letter No.:25-09
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: 1902(e)(14)(A) WAIVERS AND FLEXIBILITIES AFTER THE END OF
THE CONTINUOUS COVERAGE UNWINDING

The purpose of this All County Welfare Director's Letter (ACWDL) is for Department of Health Care Services (DHCS) to instruct counties of sunseting of certain continuous coverage unwinding-related waivers and flexibilities effective June 30, 2025.

Note: This letter is contingent upon approval of the final 2025-2026 Governor's Budget which is not expected to occur until sometime after June 15, 2025.

This letter supersedes the instructions provided in [MEDIL I 24-03](#) and [ACWDL 24-06](#). This letter obsoletes [ACWDL 22-17](#).

Background

Throughout the Continuous Coverage Requirement Period and the Continuous Coverage Unwinding, DHCS implemented several measures to reduce the administrative burdens required by counties and members for annual redeterminations and maximize coverage during these time periods. These measures included 17 flexibilities approved by the Centers for Medicare and Medicaid Services (CMS) under 1902(e)(14)(A) waivers, among other permissible adjustments.

DHCS issued [MEDIL I 24-03](#) to extend all waivers and flexibilities until December 31, 2024, and provided further instruction in [ACWDL 24-06](#).

In April 2024, CMS published the [Eligibility and Enrollment Final Rule Part 2](#) ("89 Federal Register 22780: Medicaid Program; Streamlining the Medicaid, Children's Health Insurance Program, and Basic Health Program Application, Eligibility Determination, Enrollment, and Renewal Processes") that made several federal unwinding flexibilities and waivers permanent with varied effective dates. For California, this means making the following federal flexibilities and waivers permanent:

- Suspend the requirement to apply for other benefits ([ACWDL 24-19](#), [25-03](#))
 - *Final rule effective date of June 2025*

- Use managed care plans and all available outreach modalities (phone call, email, text) to contact enrollees when renewal forms are mailed and when they should have received them by mail ([ACWDL 25-06](#)).
 - *Final rule effective date of December 2025*
- Partnering with National Change of Address (NCOA) Database and United States Postal Service (USPS) In-State Forwarding Address to Update Beneficiary Contact Information (NCOA and/or USPS Contact Updates ([Medi-Cal Eligibility Division Letter \(MEDIL\) I 22-45](#)), [ACWDL 25-06](#)).
 - *Final rule effective date of December 2025*
- Partnering with PACE Organizations to Update Beneficiary Contact Information. ([MEDIL I 22-45](#)).
 - *Final rule effective date of December 2025*

The waivers and flexibilities above are considered permanent and will not sunset. DHCS will issue further guidance in a future policy letter.

Discontinuance of 1902(e)(14)(A) Waivers and Flexibilities

On November 14, 2024, CMS issued Centers for Medicaid and Children's Health Insurance Program Services (CMCS) Informational Bulletin (CIB) ("[Use of Unwinding-Related Strategies to Support Long-Term Improvements to State Medicaid Eligibility and Enrollment Processes](#)") that outlines opportunities for states to make certain unwinding federal flexibilities and waivers permanent under state option, and which flexibilities will sunset after June 30, 2025.

The following continuous coverage unwinding flexibilities and waivers in California will sunset effective June 30, 2025. The corresponding letters or guidance are referenced that are now superseded by guidance in this letter and are obsolete as of June 30, 2025:

- Zero Income waiver ([MEDIL I 23-21E](#))
- 100 percent Federal Poverty Level (FPL) waiver ([MEDIL I 23-40](#))
- Stable Income waiver ([MEDIL I 23-42](#))
- Reasonable Compatibility Threshold Increase ([ACWDL 22-17](#))
 - *Note: DHCS will also update the [Modified Adjusted Gross Income \(MAGI\) Verification Plan](#) to reflect the elimination of the reasonable compatibility threshold.*
- Renew Medi-Cal for individuals for whom information from the Asset Verification System (AVS) is not returned or is not returned within a reasonable timeframe ([MEDIL I 23-19](#))

- *Note: The Non-MAGI asset elimination described in [ACWDL 22-25](#) is still in effect. The waiver described in this letter was for a short time period during the unwinding period where assets were still a required part of eligibility determinations.*
- Renew Medi-Cal eligibility without regard to the asset test for Non-MAGI beneficiaries who are subject to an asset test (prior to January 1, 2024). ([MEDIL I 23-19](#))
 - *Note: The Non-MAGI asset elimination described in [ACWDL 22-25](#) is still in effect. The waiver described in this letter was for a short time period during the unwinding period where assets were still a required part of eligibility determinations.*
- Suspend the requirement to cooperate with the agency (per [ACWDL 20-04](#)) in establishing the identity of a child's parents and in obtaining medical support. ([MEDIL 23-44](#))
- Expanded flexibilities permitting an applicant or Medi-Cal member to provide a reasonable explanation on why their self-attested information did not align with electronic verification sources in order to complete the Medi-Cal eligibility determination without requiring an income verification.
 - *The waiver described in this letter allowed for much greater administrative discretion for counties when accepting reasonable explanations during the unwinding period. The Reasonable Explanation policy described in [ACWDL 22-22](#) is still in effect, but the additional flexibility as provided to counties during the unwinding period is ending.*
- Extended timeframe for Medi-Cal beneficiaries to request a State Fair Hearing from 90 to 120 days. ([MEDIL I 23-26](#))
 - *Effective July 1, 2025, the timeframe will revert back to 90 days for individuals with decisions made July 1 or onward. For individuals with decisions made prior to July 1, the extended time frame will still apply. Counties must review the date the application or action took place to determine the appropriate timeframe.*
- Extended timeframe to take final administrative action on Fair Hearing Requests from 90 to 120 days. ([MEDIL I 23-26](#))
 - *Effective July 1, 2025, the timeframe will revert back to 90 days for hearings that have occurred after the effective date.*
- 90-day Cure Period related waiver to allow for greater flexibility during the 90-day period after discontinuance.
 - *Counties should continue to follow the 90-day cure process outlined in [MEDIL I 14-60](#) and [ACWDL 22-33](#) until DHCS issues updated guidance.*

- Renew Medi-Cal members through ex parte even after a renewal packet is sent to a Medi-Cal member. ([MEDIL I 23-49](#))
 - *DHCS will be issuing separate guidance regarding the future usage of this flexibility.*
- Renew eligibility if able to do so based on available information, and establish a new eligibility period whenever contact is made with hard-to-reach populations. ([MEDIL I 23-40](#))
 - *DHCS will be issuing separate guidance regarding the future usage of this flexibility.*

Effective June 30, 2025, counties are to cease applying the terminated waivers described in this letter for individuals with the renewal date of July 1, 2025 and onward. Counties may continue to manually apply the waivers for individuals who have a renewal date **prior** to July 2025 when processing outstanding renewals. If manually applied, counties are to document in the case narrative which waiver was utilized.

All automatic income waiver logic programmed into CalHEERS and CalSAWS (Zero income waiver, 100% FPL or below waiver, and stable income waiver) will end on April 30, 2025 to prepare for July 2025 annual renewals. The Reasonable Compatibility waiver will end in CalHEERS on June 30, 2025.

Counties are to resume normal business operations in processing annual redeterminations and renewals following guidance outlined in [ACWDL 14-18](#), [ACWDL 14-32](#), [ACWDL 14-35](#), [ACWDL 14-38](#), [MEDIL I 14-60](#) and [ACWDL 22-33](#).

County questions regarding policy guidance should be sent to:
MCED-Policy@dhcs.ca.gov.

Original Signed By

Sarah Crow, Chief
Medi-Cal Eligibility Division