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February 3, 2017

Medi-Cal Eligibility Division Information Letter No.: I 17-05

TO: ALL COUNTY WELFARE DIRECTORS  
ALL COUNTY WELFARE ADMINISTRATIVE OFFICERS  
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS

SUBJECT: IMPLEMENTATION OF AN ASSET VERIFICATION PROGRAM  
TEST PILOT FOR AGED, BLIND AND DISABLED BENEFICIARIES

The purpose of this Medi-Cal Eligibility Division Information Letter is to inform the counties of a test pilot of the Asset Verification Program (AVP).

The Centers for Medicare and Medicaid Services (CMS) has mandated that California's Medicaid program, Medi-Cal, have a process in place to detect unreported assets for Aged, Blind and Disabled (ABD) applicants/beneficiaries who are not receiving Supplemental Security Income, State Supplementary Payment (SSI/SSP). The Department of Health Care Services (DHCS) is increasing its ability to locate undisclosed assets to assist Medi-Cal eligibility workers in determining eligibility for this group of beneficiaries. CMS has directed DHCS to enhance its asset detection procedures as soon as possible.

DHCS is initiating a test pilot of the AVP in order to assess vendor capability and to determine the success of the AVP in identifying unreported assets.

## Background

Federal law [Section 1940 of the Social Security Act (42 U.S.C. Section 1396w)] mandates that states have an electronic AVP that is limited to ABD applicants/beneficiaries. State law [Welfare & Institutions Code (W&I) Section 14013.5] outlines the requirements of California's program. Applicants/beneficiaries with assets verified by the Social Security Administration are not included in the AVP, therefore SSI individuals are excluded from the AVP. DHCS may perform an asset verification at application, redetermination, change in circumstance or at any time eligibility must be determined on the case.

Under the AVP, DHCS is able to obtain account balances at financial institutions. This may include accounts listed on application/redetermination forms and accounts that are not listed on the forms. Many different types of financial institutions will be contacted for account balances, including banks, savings banks, card issuers, industrial loan companies, trust companies, savings associations, building and loans, homestead associations, cooperative banks, credit unions, and consumer finance institutions, located anywhere in the United States or its territories. Account information provided can be from both open and closed accounts over the previous five years.

The AVP gives DHCS an opportunity to enhance program integrity and prevent improper payments. AVP detection will likely discover undisclosed assets that may exceed property reserve limits. This will allow for the identification of High Net Worth Individuals (HNWI) that should not be enrolled in a Non-MAGI Medi-Cal program.

### **Test Pilot Activities**

For the pilot, DHCS will search financial accounts for a maximum of 3,000 ABD beneficiaries. The financial institutions will provide the account information to DHCS, and this will include any names associated with the accounts. The account balances provided will be the account balance on the first day of the month. If there are no accounts found for a particular beneficiary, that information would be specified in the financial institutions' information.

Participating counties will perform various eligibility activities for the Medi-Cal beneficiaries selected for the pilot. The participating counties include Los Angeles County, Orange County, Riverside County, San Diego County, Nevada County, Napa County, Tulare County, Ventura County, Kern County, and San Luis Obispo County. The activities are as follows:

- DHCS will provide the participating counties (listed above) with a list of beneficiaries included in the AVP pilot and their account balances via secure email.
- Counties will perform an ex parte review of the case files to determine if the beneficiary previously reported the assets discovered by the AVP to the county.
- Counties will determine whether discrepancies exist between the AVP data and the case file information.
- Counties will determine the number of clients that would normally require contact because of the ex parte review, however counties are **not** to contact beneficiaries as a result of the pilot review.

- Counties will determine the number of beneficiaries who would most likely lose benefits because of unreported financial account balances. This is a projection, as counties will **not** terminate benefits during the pilot.
- Counties will report the results of the reviews to DHCS via secure email (template attached).

### **Timeline**

DHCS expects to request county assistance from the identified pilot counties with the ex parte reviews beginning in late January 2017. DHCS requests the return of county findings within 30 days of receipt. DHCS will compile and evaluate the findings from all participating counties. In May 2017, DHCS will meet with the AVP County Workgroup and all participating county representatives to discuss the pilot findings and receive input for the broader AVP. In the fall of 2017, DHCS expects to implement the asset verification more broadly and will eventually implement the program statewide.

Thank you for your attention to this matter. If you have any questions or comments, regarding the information in this letter, please contact Amy Rosenkranz by phone at (916) 322-4356 or by e-mail at [amy.rosenkranz@dhcs.ca.gov](mailto:amy.rosenkranz@dhcs.ca.gov).

### **ORIGINAL SIGNED BY**

Sandra Williams, Chief  
Medi-Cal Eligibility Division

Enclosure

Asset Verification Program Ex Parte Review Results

DHCS														CWD						
CIN	District	EW Code	Aid Code	First Name	Last Name	Financial Institution	Account Number	Account Type	Year	Month	Balance	Opened Date	Closed Date	Account Title	Was the AVP data reported to the county by the client (Y/N)?	Discrepancies between the case file and AVP data (Y/N)?	Would the client be contacted as a result of the review (Y/N)?	Would the client be discontinued as a result of the AVP (Y/N)?	Number of accounts not reported by the vendor	Notes
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