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ARNOLD SCHWARZENEGGER
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November 4, 2009

TO: ALL COUNTY WELFARE DIRECTORS Letter No.: 09-50
ALL COUNTY ADMINISTRATIVE OFFICERS
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS
ALL COUNTY HEALTH EXECUTIVES
ALL COUNTY MENTAL HEALTH DIRECTORS

SUBJECT: JANUARY 2010 SOCIAL SECURITY TITLE II AND TITLE XVI COST OF
LIVING ADJUSTMENTS AND RELATED ISSUES

The purpose of this letter is to provide counties with the following information:

- Instructions for computing January 2010 Cost of Living Adjustments (COLA) for Title II Retirement, Survivor's and Disability Insurance (RSDI) benefits.
- The 2010 Medicare Part B Premiums of \$96.40. However, see (Enclosure 1) for additional information concerning 2010 Medicare Part B premiums.
- The 2010 Federal Benefits Rate (FBR).
- The 2010 In-Kind Support and Maintenance Values for computing Pickle Eligibility. (Enclosure 2)
- The 2010 Supplemental Security Income/State Supplemental Payment (SSI/SSP) cash grant levels for January 1, 2009, through December 31, 2009. (Enclosure 3)
- The 2010 Resource Limit for both Medi-Cal and Pickle cases. (Enclosure 4)

- The 2010 Pickle Disregard Computation Chart. (Enclosure 5)

I. TITLE II RSDI COLA

The Social Security Administration (SSA) has advised us that there will not be a cost of living adjustment for 2010.

Category A - 2010 Title II Benefits Amount – No Payment for Medicare Part B by Applicant/Beneficiaries

For Medi-Cal only individuals who do not pay Medicare Part B premiums 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 premiums), the current 2009 gross benefit amount should be multiplied by 1.000 to compute the 2010 benefit amount. This computation will produce the Title II benefit amount to be used in computing the Medi-Cal share-of-cost (SOC). This process is the same for Pickle eligibles who do not have Medicare Part B premiums deducted from their Title II benefit check.

Category B - 2010 Title II Benefit Amount - Medicare Part B Premiums is paid by the Applicant/Beneficiary

The 2010 Medicare Part B premium is \$96.40. See Enclosure 1 for additional details of the 2010 Medicare Part B premiums rate.

For individuals who have this premium deducted from their Title II benefit check, a two-step rounding down process must be followed to accurately determine the new benefit amount. For example:

Step 1 For Category B

Add the 2009 Medicare Part B premium (\$96.40) to the net 2009 Title II benefit check to obtain the 2009 gross benefit amount. Multiply this 2009 gross amount by the 2010 cost of living adjustment (1.000) and round the remaining cents down to the next lower \$0.10 to obtain the 2010 gross benefit amount.

Step 2 For Category B

Subtract the 2010 Medicare part B premium (\$96.40) from the 2010 gross benefit amount and round down to the next lower dollar. The remainder will be the January 2010 net benefit amount used to compute the SOC.

Example For Category B

Step 1

2009 net Title II benefit Check amount	\$1260.37
Plus 2009 Medicare part B premium	<u>+ 96.40</u>
2009 gross Title II benefit amount	\$1356.77
Multiply by COLA	<u>x 1.000</u>
Total	\$1356.77

Round down total to next lower \$0.10	\$1356.77
2010 gross Title II benefit amount	\$1356.70

Step 2

2010 gross Title II benefit amount	\$1356.70
Subtract 2010 Medicare part B premium	<u>- 96.40</u>
Total	\$ 1260.30

Round down to the next lower dollar	\$1260.30
January 2010 net Title II benefit amount	\$1260.00

Category C - 2010 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, the following computation must be followed:

Step 1

Determine the 2010 gross Title II benefit amount in the same manner as all other Medi-Cal beneficiaries with title II income (same as Step 1 in Category B above).

Step 2

Subtract the computed disregard amount from the 2010 gross Title II benefit amount. Then round down the total to the next lower dollar.

Example For Category C

Step 1

2010 gross Title II benefit amount	\$770.80
2008 disregard multiplier	<u>x 0.0548</u>
(Raw Disregard Amount)	42.24

Disregard rounded to the nearest dollar	\$ 42.00
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Step 2

2010 gross Title II benefit amount	\$770.80
Subtract rounded down disregard amount	<u>- 42.00</u>
Total	\$ 728.80

Round down to the next lower dollar amount	\$728.00
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Total countable income	\$728.00
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It should be noted, as in previous years, that 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 re-computing every Title II case subsequently identified as having an incorrect SOC solely due to the COLA, counties are authorized instead to correct the SOC the next time the budget is re-computed when an income change is reported, or at annual redetermination. Quality Control (QC) 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 cases with Title II income, including Aid to Families with Dependent Children Medically Needy cases, which contain Social Security Survivor's Benefits, must have the SOC adjusted effective January 1, 2010. In the past, the incorrect computation of Title II COLAs has been the source of federal QC errors.

II. SSI/SSP PAYMENT LEVELS

The SSI/SSP payment levels in effect from January 1, 2010, through December 31, 2010, are provided on the enclosed chart (Enclosure 2 – page 16-1a to be added to your Pickle Manual). The county should use these figures in allocating income to or from the SSI/SSP recipient and the Medi-Cal Family Budget Unit effective January 1, 2009. These budget computations should be performed at the same time the Title II COLAs are being processed. These payment levels are also to be used effective January 1, 2009, for all Pickle eligibility determinations and redeterminations.

III. 2010 RESOURCE LIMITS

Effective January 2009 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. Add the 2009 Resource Limit in the Pickle Handbook, Procedures Section 15, page 15-12 (Enclosure 3).

IV. 2010 FBR

Individual	\$ 674
Couple	\$1,011

V. 2009 PICKLE DISREGARD COMPUTATION CHART

Effective January 1, 2009, the enclosed chart (Enclosure 4) is to be used when computing a Title II disregard amount for Pickle eligibles and applicants.

If you have any questions concerning the Pickle program, please contact Mr. Harold Higgins at (916) 522-9522 or by e-mail at harold.higgins@dhcs.ca.gov. Any questions concerning SOC issues should be directed to Mr. Harold Higgins or Mr. Craig Yagi at (916) 445-4062.

Original Signed By

Vivian Auble, Chief
Medi-Cal Eligibility Division

Enclosures

Centers for Medicare & Medicaid Services

Fact Sheets

Details for: CMS ANNOUNCES MEDICARE PREMIUMS, DEDUCTIBLES FOR 2010

[Return to List](#)

**For Immediate
Release:**

Friday, October 16, 2009

Contact:

CMS Office of Public Affairs
202-690-6145

CMS ANNOUNCES MEDICARE PREMIUMS, DEDUCTIBLES FOR 2010

Most Medicare beneficiaries will not see a Part B monthly premium increase as a result of a “hold harmless” provision in the current law. This allows for 73 percent of beneficiaries to be protected from an increase raising the 2010 Part B monthly premiums from \$96.40 to \$110.50. The Administration continues to urge Congressional action that would protect all beneficiaries from higher Part B premiums and eliminate the inequity of a high premium for the remaining 27 percent of beneficiaries.

By law, the Centers for Medicare & Medicaid Services (CMS) is required to announce the Part A deductibles and Part B premium amount – a notice that is published annually in the Federal Register.

Under the Medicare law, the standard premium is set to cover approximately one-fourth of the average cost of Part B services incurred by beneficiaries aged 65 and over. The remaining Part B costs are financed by Federal general revenues. This monthly premium paid by beneficiaries enrolled in Medicare Part B covers a portion of the cost of physicians’ services, outpatient hospital services, certain home health services, durable medical equipment, and other items.

In calculating the monthly Part B premium each year, the CMS Office of the Actuary includes a contingency margin to provide for possible variation between actual and projected costs. The size of the contingency margin estimated to be needed for 2010 is affected by two main factors.

First, the current law formula for physician fees, which will result in a reduction in physician fees of approximately 21 percent in 2010 and is projected to cause additional reductions in subsequent years, is one factor affecting the 2010 contingency margin. For each year from 2003 through 2009, Congress has acted to prevent physician fee reductions from occurring.

In recognition of the strong possibility of increases in Part B expenditures that would result from similar legislation to override the decreases in physician fees in 2010 or later years, it is appropriate to maintain a significantly larger Part B contingency reserve than would otherwise be necessary. The asset level projected for the end of 2009 is not adequate to accommodate this contingency.

Second, the Social Security Administration announced there would be no increase in Social Security benefits for 2010. As a result of the hold-harmless provision, the increase in the Part B premium for 2010 will be paid by only a small percentage of Part B enrollees. Most Part B enrollees will pay the same monthly premium that they paid in 2009 (\$96.40 was the 2009 standard monthly premium).

Approximately 27 percent of beneficiaries are not subject to the hold-harmless provision because they are new enrollees during the year (3 percent), they are subject to the income-related additional premium amount (5 percent), they do not have their Part B premiums withheld from social security benefit payments (19 percent), including those who qualify for both Medicare and Medicaid and have their Part B premiums paid on their behalf by Medicaid (17 percent).

As required in the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), beginning in 2007 the Part B premium a beneficiary pays each month is based on his or her annual income. Specifically, if a beneficiary's "modified adjusted gross income" is greater than the legislated threshold amounts (\$85,000 in 2010 for a beneficiary filing an individual income tax return or married and filing a separate return, and \$170,000 for a beneficiary filing a joint tax return) the beneficiary is responsible for a larger portion of the estimated total cost of Part B benefit coverage. In addition to the standard 25 percent premium, such beneficiaries now pay an income-related monthly adjustment amount. These income-related Part B premiums were phased-in over three years, beginning in 2007. About 5 percent of current Part B enrollees are expected to be subject to the

higher premium amounts

The 2010 Part B monthly premium rates to be paid by beneficiaries who file an individual tax return (including those who are single, head of household, qualifying widow(er) with dependent child, or married filing separately who lived apart from their spouse for the entire taxable year), or who file a joint tax return are:

Beneficiaries who file an individual tax return with income:	Beneficiaries who file a joint tax return with income:	Income-related monthly adjustment amount	Total monthly premium amount
Less than or equal to \$85,000	Less than or equal to \$170,000	\$0.00	\$110.50
Greater than \$85,000 and less than or equal to \$107,000	Greater than \$170,000 and less than or equal to \$214,000	\$44.20	\$154.70
Greater than \$107,000 and less than or equal to \$160,000	Greater than \$214,000 and less than or equal to \$320,000	\$110.50	\$221.00
Greater than \$160,000 and less than or equal to \$214,000	Greater than \$320,000 and less than or equal to \$428,000	\$176.80	\$287.30
Greater than \$214,000	Greater than \$428,000	\$243.10	\$353.60

In addition, the monthly premium rates to be paid by beneficiaries who are married, but file a separate return from their spouse and lived with their spouse at any time during the taxable year are:

Beneficiaries who are married but file a separate tax return from their spouse:	Income-related monthly adjustment amount	Total monthly premium amount
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Less than or equal to \$85,000	\$0.00	\$110.50
Greater than \$85,000 and less than or equal to \$129,000	\$176.80	\$287.30
Greater than \$129,000	\$243.10	\$353.60

Part B Deductible

The Part B deductible was increased to \$110 in 2005 and, as a result of the Medicare Modernization Act, is currently indexed to the annual percentage increase in the Part B actuarial rate for aged beneficiaries. In 2010, the Part B deductible will be \$155.

Part A Premium and Deductible

Today, CMS is also announcing the Part A deductible and premium for 2010. Medicare Part A pays for inpatient hospital, skilled nursing facility, hospice, and certain home health care services. The \$1,100 deductible for 2010, paid by the beneficiary when admitted as a hospital inpatient, is an increase of \$32 from \$1,068 in 2009. Beneficiaries must pay an additional \$275 per day for days 61 through 90 in 2010, and \$550 for lifetime reserve days. The corresponding amounts in 2009 are \$267 and \$534, respectively. Daily coinsurance for the 21st through 100th day in a skilled nursing facility will be \$137.50 in 2010, up from \$133.50 in 2009.

Approximately 99 percent of Medicare beneficiaries do not have to pay a premium for Part A services because they have at least 40 quarters of Medicare-covered employment (or are the spouse or widow(er) of such a person). However, other seniors and certain people under age 65 with disabilities who have fewer than 30 quarters of coverage may obtain Part A coverage by paying a monthly premium set according to a statutory formula. This premium will be \$461 per month for 2010, an increase of \$18 from 2009. A reduced premium applies in the case of individuals with 30 to 39 quarters of

coverage, who will pay a premium of \$254 in 2010, compared to \$244 in 2009.

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P I C K L E H A N D B O O K

2010 ISM VALUES FOR
COMPUTING PICKLE ELIGIBILITY

	<u>Individual</u>	<u>Couple</u>
VTR (not rebuttable)**	\$224.66	\$337.00
PMV (rebuttable)***	\$244.66	\$357.00

The VTR is the payment level to be used in situations 1, 2, and 3 below. The PMV is the unearned income amount to be added in other situations. The following chart provides the method that must be used for determining Pickle eligibility for individuals and couples in various living arrangements.

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

Continued on next page

P I C K L E H A N D B O O K

is not contributed, add PMV.

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| 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.) |
| 9. If the non-institutionalized spouse lives in any other situation. | One-sixth of the FBR for a couple for the person living in his/her own household. (VTR-not rebuttable.) |
| 10. Paying less than Current Market Rental Value (CMRV) for shelter. (See page 1-2.) | One-sixth of the FBR for a couple plus \$10. |
| | Add PMV unless criteria for earned/unearned income are met (see ISM). |

PICKLE HANDBOOK

SSI/SSP
SECTION 16--PAYMENT STANDARDS
EFFECTIVE MAY 1, 2009

	Independent Living			Household of Another with In-Kind Room and Board			Independent Living Arrangement Without Cooking Facilities (RMA) ^{1/}			Nonmedical Board and Care Licensed Facility/ Household of Relative Without In-Kind Room & Board		
	Total	SSI (FBR)	SSP	Total	SSI (FBR)	SSP	Total	SSI (FBR)	SSP	Total	SSI (FBR)	SSP
INDIVIDUAL:												
Aged or Disabled	870.00	674.00	196.00	658.67	449.34	209.33	856.34	449.34	407.00	1,086.00	674.00	412.00
Blind	935.00	674.00	261.00	739.67	449.34	209.33				1,086.00	674.00	412.00
Disabled Minor*	756.00	674.00	82.00	532.67	449.34	83.33				1,086.00	674.00	412.00
NMOHC ^{2/}				856.34	449.34	407.00						
COUPLE: (amount per couple)												
Both are: Aged or Disabled	1,524.00	1,011.00	513.00	1,233.33	674.00	559.00	1,719.66	674.00	1045.66	2,172.00	1,011.00	1,161.00
Both Are Blind	1,751.00	1,011.00	740.00	1,460.00	674.00	786.00				2,172.00	1,011.00	1,161.00
One is Blind, One is Aged or Disabled	1,666.00	1,011.00	655.00	1,374.00	674.00	700.00				2,172.00	1,011.00	1,161.00
NMOHC^{2/} amount per Couple				1,719.66	674.00	1,045.66						
NONMEDICAL BOARD AND CARE							FEDERAL BENEFIT RATE (FBR)					
			<u>Minimum</u>	<u>Maximum</u>								
TOTAL:			\$1,086.00	\$1,086.00			INDIVIDUAL:					
Board and Room			466.00	466.00			Aged, Blind, or Disabled \$674.00					
Care and Supervision			400.00	495.00			COUPLE:					
Personal and Incidental Needs			220.00 max	125.00 min			Aged, Blind, or Disabled \$1,011.00					
Title XIX Medical Facility			Individual \$50.00	Couple \$100.00								
<p>* Independent living arrangement for a disabled minor means living in the home of his/her parents. Household of another is used if both the disabled minor and his/her parents live in the household of someone else, i.e., grandparents, etc.</p> <p>^{1/} RMA – Restaurant Meals Allowance - \$84 Individual; \$168 Couple</p> <p>^{2/} NMOCH^{2/} – Nonmedical out-of-home care living in household of relative or guarding with In-Kind Room and Board.</p>												

P I C K L E H A N D B O O K

RESOURCE ELIGIBILITY
2010 Resource Limits
\$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 MC 210, SAWS 2 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.

Clarification1. 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.)

11/5/2009

Enclosure 5

October 26, 2009

2009 Pickle Multipliers

Date of Last SSI	Cost of Living Amount	Multiplier
1/09 through 12/09	1.000	0.0000
1/08 through 12/08	1.058	0.0548
1/07 through 12/07	1.023	0.0761
1/06 through 12/06	1.033	0.1056
1/05 through 12/05	1.041	0.1408
1/04 through 12/04	1.027	0.1634
1/03 through 12/03	1.021	0.1806
1/02 through 12/02	1.014	0.1919
1/01 through 12/01	1.026	0.2124
1/00 through 12/00	1.035	0.2390
1/99 through 12/99	1.024	0.2569
1/98 through 12/98	1.013	0.2664
1/97 through 12/97	1.021	0.2815
1/96 through 12/96	1.029	0.3017
1/95 through 12/95	1.026	0.3194
1/94 through 12/94	1.028	0.3380
1/93 through 12/93	1.026	0.3548
1/92 through 12/92	1.030	0.3735
1/91 through 12/91	1.037	0.3959
1/90 through 12/90	1.054	0.4268
1/89 through 12/89	1.047	0.4526
1/88 through 12/88	1.040	0.4736
1/87 through 12/87	1.042	0.4948
1/86 through 12/86	1.013	0.5013
1/85 through 12/85	1.031	0.5163
1/84 through 12/84	1.035	0.5327
7/82 through 12/83	1.035	0.5485
7/81 through 06/82	1.074	0.5796
7/80 through 06/81	1.112	0.6219
7/79 through 06/80	1.143	0.6692
7/78 through 06/79	1.099	0.6990
7/77 through 06/78	1.065	0.7174
4/77 through 06/77	1.059	0.7331