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EDMUND G. BROWN JR.
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TO: ALL COUNTY WELFARE DIRECTORS Letter No.: 16-05
ALL COUNTY WELFARE ADMINISTRATIVE OFFICERS
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS
ALL SAWS CONSORTIUM PROJECT MANAGERS
ALL COUNTY HEALTH EXECUTIVES
ALL COUNTY MENTAL HEALTH DIRECTORS ALL COUNTY MEDS
LIAISONS
ALL COUNTY PICKLE COORDINATORS

SUBJECT: January 2016 Social Security Title II and Title XVI Cost of Living Adjustments
and Related Issues

The purpose of this letter is to provide counties with guidance for processing the 2016 Cost of Living Adjustment (COLA) in the Statewide Automated Welfare System. The application of the COLA to certain current beneficiary eligibility groups has not changed and is provided in this letter. Some of the instructions in this letter are informational only, as there is no Social Security Administration (SSA) COLA for 2016.

This letter provides the counties with the following:

- Section I. Medicare Premiums for 2016
- Section II. Instructions for computing the January 2016 COLA for Title II Retirement, Survivor's, and Disability Insurance benefits
- Section III: Supplemental Security Income/State Supplemental Payment (SSI/SSP) Payment Levels
- Section IV: 2016 Resource Limits
- Section V: The 2016 Federal Benefit Rate
- Section VI: 2015 Pickle Disregard Computation Chart

Enclosures:

Enclosure 1 Social Security—What's New In 2016?

- Enclosure 2: The 2016 In-Kind Support and Maintenance Values for computing Pickle eligibility.
- Enclosure 3: The effective SSI/SSP cash grant levels for determining Pickle eligibility from January 1, through December 31, 2016.
- Enclosure 4 The 2016 Resource Limit for both Medi-Cal and Pickle cases.
- Enclosure 5 The 2015 Pickle Disregard Computation Chart

Section I. Medicare Premiums for 2016

For 2016, the monthly Medicare Part A Hospital Insurance Base Premium is \$411, and the 45 percent Reduced Premium is \$226.

The 2016, Medicare Part B Premium remains at \$104.90 for current Medicare recipients who have the premium deducted from their Social Security check, as well as for lower income Medicare beneficiaries who are not newly eligible for Medicare Part B, the same as it was in 2015.

For those who do not have the Medicare Part B premium deducted from their Social Security check, or are newly eligible for Medicare Part B, including those who were previously eligible for Medi-Cal payment of their premiums, the monthly amount is \$121.80. There are higher amounts for higher income Medicare beneficiaries. If you encounter individuals who are paying Medicare Part B premiums higher than the amounts listed above, ask for information on the amount they pay, either from Social Security or Medicare.

Section II. Title II Retirement Survivors and Disability Insurance COLA

The SSA has announced there will be no COLA for 2016.

Category A 2016 Title II Benefits Amount—No Payment for Medicare Part B by Applicant/Beneficiary

For Medi-Cal only individuals who 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 current 2015 SSA gross benefit amount should be multiplied by 1.000 to compute the 2016 SSA benefit amount. This is because there is no COLA for 2016, and using a multiplier of 1.000 in this calculation will result in no change to the SSA benefit amount. In years where there is a COLA, the current gross benefit amount is multiplied by the COLA amount to produce the next year's gross benefit amount.

The new 2016 SSA gross benefit amount is rounded down to the next lower whole dollar. This computation produces the Title II benefit amount to be used in computing the Medi-Cal Share-of-Cost (SOC). The process is the same for Pickle eligible individuals who do not have the Medicare Part B premium deducted from their Title II benefit check.

Category B 2016 Title II Benefit Amount-Medicare Part B Premium is paid by the Applicant/Beneficiary

The 2016 Medicare Part B premium is \$104.90 for those who have Medicare Part B premiums deducted from their Social Security checks. For those who are newly eligible to Medicare or those who do not have the Medicare Part B premium deducted from their Social Security check, the amount would be \$121.80.

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

Two-Step Rounding Process:

Step 1 for Category B

Add the 2015 Medicare Part B premium to the net 2015 Title II benefit check to obtain the 2015 SSA gross benefit amount. Multiply this 2015 SSA gross amount by the 2016 COLA (1.000) and round the remaining cents down to the next lower \$0.10 increment to obtain the 2016 SSA gross benefit amount.

Step 2 for Category B

Subtract the 2016 Medicare Part B premium (\$104.90 in this example) from the 2016 SSA gross benefit amount and round down to the next lower whole dollar. The remainder will be the January 2016 SSA net benefit amount used to compute the SOC.

Example for Category B

Step 1

2015 net Title II benefit check amount	\$1210.37
Plus 2015 Medicare Part B premium	<u>+104.90</u>
2015 gross Title II benefit amount	\$1315.27
Multiply by COLA	<u>x1.000</u>
Total	\$1315.27
Round down total to next lower increment of \$0.10	\$1315.20
2016 gross Title II benefit amount	\$1315.20

Step 2

2016 gross Title II benefit amount	\$1315.20
Subtract 2016 Medicare Part B premium	<u>-\$104.90</u>
Total	\$1210.30
Round down to the next lower whole dollar	\$1210.00
2016 net Title II benefit amount	\$1210.00

Category C 2016 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 from their Title II benefit check, the computation is as follows:

Note: Beneficiaries who were discontinued from SSI/SSP in 2015 are not eligible for Pickle in 2016. This is due to the fact that one of the prerequisites for Pickle eligibility is that the person received a Title II COLA increase in any month since SSI/SSP was discontinued.

Step 1

Determine the 2016 gross Title II benefit amount in the same manner as all other Medi-Cal beneficiaries with Title II income. (Same as Step 1 for Category B above).

If the beneficiary last received SSI in 2014, multiply the 2016 gross Title II benefit amount by the January 2014 through December 2014 disregard multiplier. Then round down to the nearest whole dollar to determine the 2016 disregard amount.

Step 2

After you have determined the Pickle disregard amount, then subtract the disregard from the 2016 gross Title II benefit amount. Then round the difference down to the next lower whole dollar amount.

Example for Category C

Determine Pickle disregard:

2016 gross Title II benefit amount	\$1230.00
2014 disregard multiplier	<u>x 0.0167</u>
Raw Disregard Amount	\$ 20.54

Disregard rounded down to the nearest whole dollar	\$20.00
2016 gross Title II benefit amount	\$1230.00
Subtract disregard	<u>-20.00</u>
Total	\$1210.00
Total countable Title II income	\$1210.00

In past years, SSA applied the COLA to the actual, rather than rounded, benefit amount. This sometimes resulted 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 computing every Title II case subsequently identified as having an incorrect SOC solely due to the COLA, counties were authorized to correct the SOC the next time the budget was recomputed when an income change is reported or at annual redetermination and were not cited with Quality Control (QC) errors. However, because there is no SSA COLA this year and because the Department of Health Care Services is in the process of determining new federal QC processes, there is no concern regarding these rounding errors this year. Once the new federal QC standards are determined, they will be added to the next SSA Title II and Title XVI COLA All County Welfare Directors Letter.

All medically needy cases with Title II income must have the SOC adjusted effective January 1, if there is a COLA increase. In years where there is a Social Security COLA, it should not be applied to the Aged and Disabled Federal Poverty Limit (FPL), Blind FPL, and Medicare Savings Programs until publication of the new FPL rates.

Section III. SSI/SSP PAYMENT LEVELS

The SSI/SSP payment levels effective January 1, 2016, are included in Enclosure 3. In some cases, the corresponding rate is the May 1, 2009 rate. SSI/SSP payment levels are available in the counties' replacement Pickle Manual page 16-1a.

Section IV. 2016 RESOURCE LIMITS

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 persons).

Section V. 2016 Federal Benefit Rate

Individual	\$733
Couple	\$1,100

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Section VI. 2015 PICKLE DISREGARD COMPUTATION CHART

Effective January 1, 2016, use the enclosed chart (Enclosure 5) when computing a Title II disregard amount for Pickle eligibles and applicants. The COLA disregard relates to individuals who were terminated from SSI/SSP in December 2015.

If you have any questions concerning the Pickle program, please contact Brooke Hennessy at (916) 552-9487 or by e-mail at Brooke.Hennessy@dhcs.ca.gov.

Original Signed By

Sandra Williams, Chief
Medi-Cal Eligibility Division

Enclosures (5)

SOCIAL SECURITY—What's New in 2016?

We increased the Substantial Gainful Activity (SGA) amount for individuals with disabilities, other than blindness, from \$1,090 to \$1,130 for 2016.

The SGA amount for individuals who are blind is \$1,820. The amount is unchanged from 2015.

The monthly earnings amount that we use to determine if a month counts for the Trial Work Period month is \$810 per month in 2016.

For 2016, the Supplemental Security Income (SSI) Federal Benefit Rate (FBR) is \$733 per month for an eligible individual and \$1,100 per month for an eligible couple. The amounts are unchanged from 2015.

For 2016, the amount of earnings that will have no effect on eligibility or benefits for SSI beneficiaries who are students is unchanged from 2015. For 2016, the monthly amount is \$1,780, and the yearly maximum is \$7,180.

For 2016, the monthly Medicare Part A Hospital Insurance Base Premium is \$411 and the 45 percent Reduced Premium is \$226. The Part B Supplemental Medical Insurance monthly Base Premium is \$104.90, the same as it was in 2015.

<https://www.ssa.gov/redbook/newfor2016.htm>

PICKLE**HANDBOOK****2016 ISM VALUES FOR COMPUTING PICKLE ELIGIBILITY**

<http://policy.ssa.gov/poms.nsf/lnx/0500835901>

	<u>Individual</u>	<u>Couple</u>
VTR (not rebuttable)*	\$244.33	\$366.67
PMV (rebuttable)**	\$264.33	\$386.67

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

**HOUSEHOLD SITUATION
(LIVING ARRANGEMENT)****PRINCIPLE**

- | | |
|--|---|
| 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. |

Continued on next page

PICKLE**HANDBOOK**

- | | |
|---|---|
| 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 is not contributed, add PMV. |
| 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.)

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

- * VTR – Value of One-Third Reduction
 ** PMV – Presumed Maximum Value

PICKLE HANDBOOK

SSI/SSP
SECTION 16--PAYMENT STANDARDS
EFFECTIVE JAN 1, 2016
(Rates used may be May 1, 2009 rates)

	Independent Living Arrangement			Household of Another with In-Kind Room and Board (R&B)			NMOHC ²					
	TOTAL	SSI	SSP	TOTAL	SSI	SSP	Household of Relative with In-Kind R&B			Nonmedical B&C Licensed Facility/Household of Relative Without In-Kind R&B		
							TOTAL	SSI	SSP	TOTAL	SSI	SSP
INDIVIDUAL: AGED OR DISABLED without cooking facilities (RMA) ¹ BLIND	\$889.40	\$733.00	\$156.40	\$658.67			\$895.67	\$488.67	\$407.00	\$1,145.00	\$733.00	\$412.00
	\$973.40	\$733.00	\$240.40									
BLIND	\$944.40	\$733.00	\$211.40	\$739.67			\$895.67	\$488.67	\$407.00	\$1,145.00	\$733.00	\$412.00
DISABLED MINOR - living with parent(s) - living with non- parent relative/ guardian	\$796.40	\$733.00	\$ 63.40	\$555.50	\$488.67	\$ 66.83	\$895.67	\$488.67	\$407.00	\$1,145.00	\$733.00	\$412.00

	Independent Living Arrangement			Household of Another with In-Kind Room and Board (R&B)			NMOHC ²					
	TOTAL	SSI	SSP	TOTAL	SSI	SSP	Household of Relative with In-Kind R&B			Nonmedical B&C Licensed Facility/Household of Relative Without In-Kind R&B		
							TOTAL	SSI	SSP	TOTAL	SSI	SSP
COUPLE: AGED OR DISABLED - per couple - without cooking facilities (RMA) ¹ BLIND - per couple BLIND/AGED OR DISABLED - per couple	\$1,524.00			\$1,233.33			\$1,779.00	\$733.34	\$1,045.66	\$2,290.00	\$1,100.00	\$1,190.00
	\$1,692.00											
	\$1,751.00			\$1,460.00			\$1,779.00	\$733.34	\$1,045.66	\$2,290.00	\$1,100.00	\$1,190.00
	\$1,666.00			\$1,374.00			\$1,779.00	\$733.34	\$1,045.66	\$2,290.00	\$1,100.00	\$1,190.00

NONMEDICAL BOARD AND CARE				FEDERAL BENEFIT RATE (FBR)				
TOTAL:			\$1,145.00				INDIVIDUAL:	
Board and Room			\$ 492.00				Aged, Blind, or Disabled	\$733.00
Care and Supervision Minimum		\$ 422.00		Maximum \$	522.00		COUPLE:	
Personal and Incidental Needs Maximum	\$ 231.00			Minimum \$	131.00		Aged, Blind, or Disabled	\$1,100.00
Title XIX Medical Facility		Individual		Couple				
		\$50.00		\$100.00				

* 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.

^{1/} RMA – Restaurant Meals Allowance - \$84 Individual; \$168 Couple

^{2/} NMOCH² – Nonmedical out-of-home care living in household of relative or guardian with In-Kind Room and Board

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

Enclosure 4

RESOURCE ELIGIBILITY
2016 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.

Clarification

1. 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.)

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2015 Pickle Multipliers

Date of Last SSI	Cost of Living Amount	Multiplier
1/15 through 12/15	1.000	0.0000
1/14 through 12/14	1.017	0.0167
1/13 through 12/13	1.015	0.0312
1/12 through 12/12	1.017	0.0474
1/11 through 12/11	1.036	0.0805
1/10 through 12/10	1.000	0.0805
1/09 through 12/09	1.000	0.0805
1/08 through 12/08	1.058	0.1309
1/07 through 12/07	1.023	0.1505
1/06 through 12/06	1.033	0.1776
1/05 through 12/05	1.041	0.2100
1/04 through 12/04	1.027	0.2308
1/03 through 12/03	1.021	0.2466
1/02 through 12/02	1.014	0.2570
1/01 through 12/01	1.026	0.2758
1/00 through 12/00	1.035	0.3003
1/99 through 12/99	1.024	0.3167
1/98 through 12/98	1.013	0.3255
1/97 through 12/97	1.021	0.3394
1/96 through 12/96	1.029	0.3580
1/95 through 12/95	1.026	0.3743
1/94 through 12/94	1.028	0.3913
1/93 through 12/93	1.026	0.4067
1/92 through 12/92	1.030	0.4240
1/91 through 12/91	1.037	0.4446
1/90 through 12/90	1.054	0.4730
1/89 through 12/89	1.047	0.4967
1/88 through 12/88	1.040	0.5160
1/87 through 12/87	1.042	0.5355
1/86 through 12/86	1.013	0.5415
1/85 through 12/85	1.031	0.5553
1/84 through 12/84	1.035	0.5703
7/82 through 12/83	1.035	0.5848
7/81 through 06/82	1.074	0.6135
7/80 through 06/81	1.112	0.6524
7/79 through 06/80	1.143	0.6959
7/78 through 06/79	1.099	0.7233
7/77 through 06/78	1.065	0.7402