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EDMUND G. BROWN JR.
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TO: ALL COUNTY WELFARE DIRECTORS Letter No.: 17-39
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 2018 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 2018 Cost of Living Adjustment (COLA) in the Statewide Automated Welfare System (SAWS). The application of the COLA to certain current beneficiary eligibility groups has not changed and is provided in this letter. Please proceed with processing the 2018 Social Security Administration (SSA) COLA in accordance with the policy of this letter.

The processing of the 2018 COLA will not affect the new Modified Adjusted Gross Income (MAGI) eligibility groups. The California Healthcare, Eligibility, Enrollment and Retention System (CalHEERS) will not run SSA COLA for MAGI beneficiaries at this time. Once 2018 federal poverty levels (FPLs) are updated in CalHEERS, the process by which the 2018 FPL updates are implemented will be the same as in 2017: SAWS will run batch eligibility back to January 1, 2018, for Non-MAGI beneficiaries; and the Department of Health Care Services (DHCS) will send a mailer to MAGI beneficiaries potentially impacted by the change to inform them of the FPL increase, and that they may request a redetermination.

This letter provides the counties with the following enclosures:

- Enclosure 1 Social Security—What's New in 2018?
- Enclosure 2: The 2018 In-Kind Support and Maintenance Values for computing Pickle eligibility.

- Enclosure 3: The effective Supplemental Security Income (SSI)/State Supplementary Payment (SSP) cash grant levels for determining Pickle eligibility from January 1, through December 31, 2018.
- Enclosure 4 The 2018 Resource Limit for both Medi-Cal and Pickle cases.
- Enclosure 5 The 2017 Pickle Disregard Computation Chart (2017 Pickle Multipliers).

Medicare Premiums for 2018

For 2018, the monthly Medicare Part A Hospital Insurance Base Premium is \$422.00, and the 45 percent Reduced Premium is \$232.00.

The 2018 Medicare Part B Premium will increase to \$130.00 on average for some 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. However most Medicare Part B enrollees will pay the full monthly premium of \$134.00 due to increased Medicare costs. Social Security will notify its beneficiaries of their 2018 Medicare Part B premium rates.

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 remains \$134.00. These premium amounts apply to most beneficiaries. However, Medicare recipients with high incomes pay more for their Medicare premiums. The county should verify the amount by asking the beneficiary to provide an award letter or similar documentation, if available. In the alternative, the county shall verify the amount with SSA or the Centers of Medicare and Medicaid Services.

Title II Retirement Survivors and Disability Insurance COLA

For 2018, the monthly Social Security and Supplemental Security Income benefits increased to 2.0 percent.

Category A 2018 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 2017 SSA gross benefit amount should be multiplied by 1.02 to compute the 2018 SSA benefit amount.

The new 2018 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.

Example for Category A

2017 gross Title II benefit amount	\$1,349.00
Multiply by COLA	<u>x1.02</u>
Total	\$1,375.98

Round down to the next lower whole dollar	\$1,375.00
2018 gross Title II benefit amount	\$1,375.00

Category B 2018 Title II Benefit Amount-Medicare Part B Premium is paid by the Applicant/Beneficiary

For individuals who have the Medicare Part B premium deducted from their Title II benefit check, follow a two-step rounding down process to determine the new benefit amount.

Two-Step Rounding Process:

Step 1 for Category B

Add the 2017 Medicare Part B premium to the net 2017 Title II benefit check to obtain the 2017 SSA gross benefit amount. Multiply this 2017 SSA gross amount by the 2018 COLA (1.02) and round the remaining cents down to the next lower \$0.10 increment to obtain the 2018 SSA gross benefit amount.

Step 2 for Category B

Subtract the 2018 Medicare Part B premium (\$134.00 in this example) from the 2018 SSA gross benefit amount and round down to the next lower whole dollar. The remainder will be the January 2018 SSA net benefit amount used to compute the SOC.

Example for Category B

Step 1

2017 net Title II benefit check amount	\$1,322.64
Plus 2017 Medicare Part B premium	<u>+109.00</u>
2017 gross Title II benefit amount	\$1,431.64
Multiply by COLA	<u>x1.02</u>
Total	\$1,460.27

Round down total to next lower increment of \$0.10	\$1,460.20
2018 gross Title II benefit amount	\$1,460.20

Step 2

2018 gross Title II benefit amount	\$1,460.20
Subtract 2018 Medicare Part B premium	<u>-\$134.00</u>
Total	\$1,326.20

Round down to the next lower whole dollar	\$1,326.00
2018 net Title II benefit amount	\$1,326.00

Category C 2018 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:

Step 1

Determine the 2018 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 2017, multiply the 2018 gross Title II benefit amount by the January 2017 through December 2017, disregard multiplier. Then round down to the nearest whole dollar to determine the 2018 disregard amount.

Step 2

After you have determined the Pickle disregard amount, then subtract the disregard amount from the 2018 gross Title II benefit amount. Then round the difference down to the next lower whole dollar amount.

Example for Category C

Determine Pickle disregard:

2018 gross Title II benefit amount	\$1,460.20
2017 disregard multiplier	<u>x 0.0196</u>
Raw Disregard Amount	\$28.62
Disregard rounded down to the nearest whole dollar	\$28.00
2018 gross Title II benefit amount (rounded)	\$1,460.00
Subtract disregard	<u>-28.00</u>
Total	\$1,432.00
Total countable Title II income	\$1,432.00

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. DHCS is in the process of determining new federal QC processes, however, 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 to reflect the COLA, effective January 1, 2018. The Social Security COLA should not be applied to the Aged and Disabled FPL, Blind FPL, and Medicare Savings Programs until publication of the new FPL rates.

SSI/SSP PAYMENT LEVELS

The SSI/SSP payment levels effective January 1, 2018, are included in Enclosure 3. In some cases, the corresponding rate is the May 1, 2009, rate. For additional information about the SSI/SSP Payment Levels, see Enclosure 3, which replaces page 16-a in the Pickle Manual.

2018 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).

2018 Federal Benefit Rate

Individual	\$750
Couple	\$1,125

2017 PICKLE DISREGARD COMPUTATION CHART

Effective January 1, 2018, 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 2017.

If you have any questions concerning this document or the Pickle program, please contact Eric Sweeney at (916) 552-9487 or by email at Eric.Sweeney@dhcs.ca.gov.

Original Signed By

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Enclosures

What's New in 2018?

In 2018, the **Substantial Gainful Activity (SGA)** amount increased from **\$1,170** to **\$1,180 for non-blind individuals and from \$1,950 to \$1,970 for blind individuals.**

The monthly earnings amount that we use to determine if a month counts for the Trial Work Period month increased from **\$840** to **\$850 per month in 2018.**

In 2018, the Supplemental Security Income (SSI) Federal Benefit Rate (FBR) increased from \$735 to \$750 per month for an eligible individual and \$1,103 to \$1,125 per month for an eligible couple.

In 2018, the amount of earnings that will have no effect on eligibility or benefits for SSI beneficiaries who are students increased from \$7,200 to \$7,350 a year. The amount of earnings that we can exclude each month, until we have excluded the maximum for the year, increased from \$1,790 to \$1,820 a month.

For 2018, the monthly Medicare Part A Hospital Insurance Base Premium is \$422 and the 45 percent Reduced Premium is \$232. The Part B Supplemental Medical Insurance monthly base premium is \$134.00 (or higher depending on your income). However, most people who get Social Security benefits will pay less than this amount. This is because the Part B premium is more than the cost-of-living increase for 2018 Social Security benefits. If you pay your Part B premium through your Social Security benefit, you'll pay less (\$130 on average). Social Security will tell you the exact amount you will pay for Part B in 2018. For more information, see link for **"How much does Part B cost?": www.medicare.gov/your-medicare-costs/part-b-costs/part-b-costs.html.**

<https://www.ssa.gov/redbook/newfor2018.htm>

PICKLE**HANDBOOK**

2018 ISM VALUES FOR COMPUTING PICKLE ELIGIBILITY

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

	<u>Individual</u>	<u>Couple</u>
VTR (not rebuttable)*	\$250.00	\$375.33
PMV (rebuttable)**	\$270.00	\$395.33

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. |

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PICKLE**HANDBOOK**

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|---|---|
| 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

SSI/SSP

PAYMENT STANDARDS EFFECTIVE JAN 1, 2018

(Rates used may be May 1, 2009 rates)

Individual

AGED OR DISABLED without cooking facilities	Independent Living Arrangement	Reduced Needs Household of Another with In Kind Room and Board (R&B)	Household of Relative with In Kind R&B (NMOHC)	Nonmedical B&C Licensed Facility/Household of Relative Without In Kind R&B (NMOHC)
SSI	\$750.00	\$500.00	\$500.00	\$750.00
SSP	\$160.72	\$164.24	\$418.23	\$423.37
Total	\$910.72	\$664.24	\$918.23	\$1,713.37

AGED OR DISABLED Restaurant Meals Allowance	Independent Living Arrangement	Reduced Needs Household of Another with In Kind Room and Board (R&B)	Household of Relative with In Kind R&B (NMOHC)	Nonmedical B&C Licensed Facility/Household of Relative Without In Kind R&B (NMOHC)
SSI	\$750.00	N/A	N/A	N/A
SSP	\$247.04	N/A	N/A	N/A
Total	\$997.04	N/A	N/A	N/A

AGED OR DISABLED Blind	Independent Living Arrangement	Reduced Needs Household of Another with In Kind Room and Board (R&B)	Household of Relative with In Kind R&B (NMOHC)	Nonmedical B&C Licensed Facility/Household of Relative Without In Kind R&B (NMOHC)
SSI	\$750.00	N/A	\$500.00	\$750.00
SSP	\$217.23	N/A	\$418.23	\$423.37
Total	\$967.23	\$739.67	\$918.23	\$1,173.37

DISABLED MINOR Living With Parents	Independent Living Arrangement	Reduced Needs Household of Another with In Kind Room and Board (R&B)	Household of Relative with In Kind R&B (NMOHC)	Nonmedical B&C Licensed Facility/Household of Relative Without In Kind R&B (NMOHC)
SSI	\$750.00	\$500.00	N/A	N/A
SSP	\$65.15	\$68.67	N/A	N/A
Total	\$815.15	\$568.67	N/A	N/A

DISABLED MINOR living with non-parent relative/guardian	Independent Living Arrangement	Reduced Needs Household of Another with In Kind Room and Board (R&B)	Household of Relative with In Kind R&B (NMOHC)	Nonmedical B&C Licensed Facility/Household of Relative Without In Kind R&B (NMOHC)
SSI	N/A	N/A	\$500.00	\$750.00
SSP	N/A	N/A	\$418.23	\$423.37
Total	N/A	N/A	\$918.23	\$1,173.37

Couple

AGED OR DISABLED Per Couple	Independent Living Arrangement	Reduced Needs Household of Another with In Kind Room and Board (R&B)	Household of Relative with In Kind R&B (NMOHC)	Nonmedical B&C Licensed Facility/Household of Relative Without In Kind R&B (NMOHC)
SSI	\$1,250.00	N/A	\$750.00	\$1,125.00
SSP	\$407.14	N/A	\$1,074.52	\$1,221.74
Total	\$1,532.14	\$1,233.33	\$1,824.52	\$2,346.74

AGED OR DISABLED Without Cooking Facilities (Per Couple)	Independent Living Arrangement	Reduced Needs Household of Another with In Kind Room and Board (R&B)	Household of Relative with In Kind R&B (NMOHC)	Nonmedical B&C Licensed Facility/Household of Relative Without In Kind R&B (NMOHC)
SSI	\$1,125.00	N/A	N/A	N/A
SSP	\$579.77	N/A	N/A	N/A
Total	\$1,704.77	N/A	N/A	N/A

AGED OR DISABLED Blind (Per Couple)	Independent Living Arrangement	Reduced Needs Household of Another with In Kind Room and Board (R&B)	Household of Relative with In Kind R&B (NMOHC)	Nonmedical B&C Licensed Facility/Household of Relative Without In Kind R&B (NMOHC)
SSI	N/A	N/A	\$750.00	\$1,125.00
SSP	N/A	N/A	\$1,074.52	\$1,221.74
Total	\$1,751.00	\$1,460.00	\$1,824.52	\$2,346.74

AGED OR DISABLED Blind/Aged or Disabled (Per Couple)	Independent Living Arrangement	Reduced Needs Household of Another with In Kind Room and Board (R&B)	Household of Relative with In Kind R&B (NMOHC)	Nonmedical B&C Licensed Facility/Household of Relative Without In Kind R&B (NMOHC)
SSI	N/A	N/A	\$750.00	\$1,125.00
SSP	N/A	N/A	\$1,074.52	\$1,221.74
Total	\$1,666.00	\$1,374.00	\$1,824.52	\$2,346.74

Non-Medical Board and Care

Room and Board	Care and Supervision	Personal and Incidental Needs	Title XIX Medical Facility
\$505.37	Minimum \$431.00	Minimum \$134.00	Individual \$51.00
N/A	Maximum \$534.00	Maximum \$237.00	Couple \$102.00

Federal Benefit Rate (FBR)

Aged, Blind, Disabled	FBR
INDIVIDUAL	\$750.00
COUPLE	\$1,125.00

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

RESOURCE ELIGIBILITY
 2018 Resource Limit
 \$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.)

2017 Pickle Multipliers

Date of Last SSI	Cost of Living Amount	Multiplier
1/17 through 12/17	1.020	0.0196
1/16 through 12/16	1.003	0.0225
1/15 through 12/15	1.000	0.0225
1/14 through 12/14	1.017	0.0389
1/13 through 12/13	1.015	0.0531
1/12 through 12/12	1.017	0.0689
1/11 through 12/11	1.036	0.1013
1/10 through 12/10	1.000	0.1013
1/09 through 12/09	1.000	0.1013
1/08 through 12/08	1.058	0.1505
1/07 through 12/07	1.023	0.1696
1/06 through 12/06	1.033	0.1962
1/05 through 12/05	1.041	0.2278
1/04 through 12/04	1.027	0.2481
1/03 through 12/03	1.021	0.2636
1/02 through 12/02	1.014	0.2738
1/01 through 12/01	1.026	0.2922
1/00 through 12/00	1.035	0.3161
1/99 through 12/99	1.024	0.3321
1/98 through 12/98	1.013	0.3407
1/97 through 12/97	1.021	0.3543
1/96 through 12/96	1.029	0.3725
1/95 through 12/95	1.026	0.3884
1/94 through 12/94	1.028	0.4050
1/93 through 12/93	1.026	0.4201
1/92 through 12/92	1.030	0.4370
1/91 through 12/91	1.037	0.4571
1/90 through 12/90	1.054	0.4849
1/89 through 12/89	1.047	0.5080
1/88 through 12/88	1.040	0.5269
1/87 through 12/87	1.042	0.5460
1/86 through 12/86	1.013	0.5518
1/85 through 12/85	1.031	0.5653
1/84 through 12/84	1.035	0.5800
7/82 through 12/83	1.035	0.5942
7/81 through 06/82	1.074	0.6222
7/80 through 06/81	1.112	0.6602
7/79 through 06/80	1.143	0.7027
7/78 through 06/79	1.099	0.7295
7/77 through 06/78	1.065	0.7460
4/77 through 6/77	1.059	0.7602