

## DEPARTMENT OF HEALTH SERVICES

714/744 P STREET  
ACRAMENTO, CA 95814



November 30, 1987

TO: All County Welfare Directors  
All County Administrative Officers

Letter: 87 - 72

SUBJECT: JANUARY 1988 SOCIAL SECURITY TITLE II  
AND TITLE XVI COST OF LIVING ADJUSTMENTS  
(COLA) AND RELATED ISSUES

This letter is to provide you with the following:

- o Instructions for computing the January 1988 COLA for Title II (Retirement, Survivor's and Disability Insurance) benefits.
- o 1988 SSI/SSP cash grant levels.
- o The 1988 resource limit for both Medi-Cal and Pickle cases.
- o 1988 Pickle Disregard Computation Chart.
- o 1988 Medicare Part B Premium Increase to \$24.80.
- o The Federal Benefit Rate (FBR) to be used when determining Pickle Eligibility.
- o 1988 ISM Values for computing Pickle eligibility - pages for update of the Pickle Manual (Attachment 3).

Title II (RSDI) COLA

The Social Security Administration (SSA) has advised us that effective January 1, 1988 the Title II COLA is 4.2 percent. This percent increase applies to all Title II beneficiaries. Therefore, in all Medi-Cal only cases with Title II income, the current benefit amount should be multiplied by 1.042 to compute the 1988 benefit amount. If we are notified that the COLA will not take effect January 1, 1988, or that the COLA will not be 4.2 we will advise you immediately.

For Medi-Cal only individuals who do not pay Medicare Part B premiums either because they are not eligible for Medicare or because they are entitled to Buy-In (in which case the state pays the Medicare Part B premium), the new benefit amount is rounded down to the nearest dollar. This computation will produce the Title II benefit amount to be used in computing the Medi-Cal

share of cost for January 1988 and subsequent months. (Example: The current benefit amount is \$210; multiplying by 1.042 equals \$218.82; rounding down to the nearest dollar equals \$218.) This process is the same for Pickle eligibles who do not have a Medicare Part B premium deduction from their Title II benefit check.

For individuals who have their Medicare Part B premium deducted from their Title II benefit check a two step rounding down process must be followed to accurately determine the new benefit amount.

Step 1:

Add the 1987 Medicare Part B premium (\$17.90) to the net 1987 Title II benefit check to obtain the 1987 gross benefit amount. Multiply this 1987 gross amount by the 1988 Cost of Living increase (1.042) and round the remaining cents down to the nearest \$0.10 to obtain the 1988 gross benefit amount.

Step 2:

Subtract the 1988 Medicare Part B premium \$24.80 from the 1988 gross benefit amount and round down to the nearest dollar. The remainder will be the January 1988 net benefit amount used to compute the share of cost.

Example:

1987 net Title II benefit check	\$400.00
Plus 1987 Medicare Part B premium	<u>+17.90</u>
1987 gross Title II benefit amount	417.90
Multiply by COLA	<u>x1.042</u>
1988 gross Title II benefit amount	435.40
Subtract 1988 Medicare Part B premium	<u>- 24.80</u>
Round down to nearest dollar	<u>\$410.60</u>
January 1988 net benefit amount	\$410.00

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:

Same as Step 1 described above for all other Medi-Cal beneficiaries with Title II income.

Step 2:

Multiply the 1988 gross benefit amount by the Disregard Multiplier for January 1988 to determine the amount of countable Title II income.

Example:

1988 gross Title II benefit amount	\$435.45
Disregard Multiplier (Dec. 1987 discontinuance)	<u>x.0403</u>
Disregard amount	\$ 17.55
	\$435.40
	<u>- 17.55</u>
Round down to next lowest dollar	\$417.85
Total countable income	\$417.00

It should be noted, as in previous years, the SSA applies the COLA to the actual, rather than the rounded benefit amount. This may result in a \$1.00 discrepancy in the Title II benefits for some beneficiaries and a \$1.00 understated share of cost.

In order to avoid the unnecessary expense of recomputing every Title II case subsequently identified as having an incorrect share of cost solely due to the COLA, counties are authorized instead to correct the share of cost the next time the budget is recomputed, when an income change is reported, or at the annual redetermination. Quality control errors are not cited when the discrepancy between the budgeted income amount and the actual income received by the beneficiary is less than \$5.00.

The Notice of Action you use should advise the beneficiary to contact his/her eligibility worker if the amount of Title II income computed by the county is different from the amount actually received in the January, 1988 check.

All cases with Title II income, including AFDC Medically Needy cases which contain Social Security Survivor's Benefits, must have the share of cost adjusted effective January 1, 1988. In the past, the incorrect computation of Title II COLAs has been the source of federal quality control (QC) errors.

#### SSI/SSP Payment Levels

The SSI/SSP payment levels in effect from January 1, 1988 through December 31, 1988 are provided on the attached chart (Attachment 1). The county should use these figures in allocating income to or from the SSI/SSP recipient and the Medi-Cal MFBU effective January 1, 1988. 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, 1988 for all Pickle eligibility determinations and redeterminations.

#### 1988 Resource Limits

Effective January, 1988 the resource limit for both Medi-Cal only and Pickle eligibles is increased to \$1,900 for one person and \$2,850 for two. For Medi-Cal only the following also applies, as reflected in Title 22, CAC, Section 50420 and in Procedures Section 9.

Number of Persons	Property Limit
3	3,000
4	3,150
5	3,300
6	3,450
7	3,600
8	3,750
9	3,900
10 or more	4,050
<u>1988 Federal Benefit Rate (FBR)</u>	
Individual	\$354
Couple	\$532

All County Welfare Directors  
All County Administrative Officers  
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1988 Pickle Disregard Computation Chart

Effective January 1, 1988 the attached chart (Attachment 2) is to be used when computing a Title II disregard amount for Pickle eligibles and applicants. The 1988 Disregard Computation Worksheet (DHS 7029) will be available to be ordered from the DHS Warehouse by December 27, 1987.

Any questions concerning this letter should be directed to RaNae Dunne at (916) 324-4955/ATSS 454-4955.

Sincerely,

Original signed by

Frank S. Martucci, Chief  
Medi-Cal Eligibility Branch

Attachment

cc: Medi-Cal Liaisons  
Medi-Cal Program Consultants

Expiration Date: December 31, 1988

SSI/SSP PAYMENT STANDARDS  
JANUARY 1, 1988 - DECEMBER 31, 1988

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SSI/SSP

	Independent Living Arrangement			Household of Another			Independent Living Arrangement Without Cooking Facilities			Nonmedical Board and Care		
	Total	SSI (FBR)	SSP	Total	SSI (FBR)	SSP	Total	SSI (FBR)	SSP	Total	SSI (FBR)	SSP

INDIVIDUAL:

Aged or Disabled	575	354	221	457	236	221	637	354	283	648	354	294
Blind	643	354	289	525	236	289	...	...	...	648	354	294
Disabled Minor	456	354	102	338	236	102	...	...	...	648	354	294

COUPLE:

ed or Disabled												
-Per Couple	1,066	532	534	888.67	354.67	534	1,190	532	658	1,296	532	764
-Per Person	533	266	267	444.34	177.34	267	595	266	329	648	266	382

BLIND:

-Per Couple	1,253	532	721	1,075.67	354.67	721	...	...	...	1,296	532	764
-Per Person	626.50	266	360.50	537.84	177.34	360.50	...	...	...	648	266	382

BLIND/AGED OR  
DISABLED

-Per Couple	1,182	532	650	1,004.67	354.67	650	...	...	...	1,296	532	764
-Per Person	591	266	325	502.34	177.34	325	...	...	...	648	266	382

1988  
Department of Health Services  
Current Year  
Pickle Persons Title II Disregard Computation Chart

Last SSI/SSP Check Received Between	Multiplier
1/87 and 12/87	0.0403
1/86 and 12/86	0.0526
1/85 and 12/85	0.0811
1/84 and 12/84	0.1122
7/82 and 12/83	0.1422
7/81 and 6/82	0.2013
7/80 and 6/81	0.2818
7/79 and 6/80	0.3716
7/78 and 6/79	0.4282
7/77 and 6/78	0.4631
4/77 and 6/77	0.4930

Instructions  
for  
Current Year  
Title II Disregard Computation Chart

This chart replaces and supersedes all previous Title II Disregard Computation charts. With this chart the disregard computation process is a one step process instead of the two step process previously required. The steps to be taken to use this chart are outlined below.

1. Determine the current benefit amount.
2. Determine when the last SSI/SSP check was received.
3. Multiply the current benefit amount by the multiplier for the time period the last SSI/SSP check was received.
4. The result is the amount to be disregarded.

1988 ISM VALUES FOR  
COMPUTING PICKLE ELIGIBILITY

	<u>Individual</u>	<u>Couple</u>
VTR (not rebuttable)	\$457	\$888.67
PMV (rebuttable)	\$138	\$197.33

The VTR is the payment level to be used in situations 1 and 2 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</u> <u>(LIVING ARRANGEMENT)</u>	<u>Principle</u>
1. Living in household of another throughout a month and receiving food and shelter from someone in the household.	Reduce the applicable payment level by one-third (VTR). The VTR is the same as the payment level for a person "Living in the Household of Another".
2. Living in household of another who is providing food and shelter and also receiving ISM from a third party.	Reduce the applicable payment level by one-third (VTR). Exclude third party ISM.
3. Living in own household (ownership or rental liability) and receiving ISM from someone outside the household.	Add Presumed Maximum Value (PMV) to other unearned income.
4. Living in non-institutional care* situation or group home and receiving ISM from someone outside the household.	Add Presumed Maximum Value (PMV) to other unearned income.
5. Living in household of another and receiving ISM from someone outside the household.	Add PMV.
6. Living in a household where deeming applies and receiving ISM from someone other than a responsible relative.	Add PMV. Add determined value to deemed income.

All non-medical institutions including those for education or vocational training. Also, see page 3 of ISM section.



7. Living in household of another and sharing partial or total household expenses.

If pro rate share is contributed we use the SSI/SSP payment level for a person in an "Independent Living Arrangement". If pro rate 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.

1/6 of the FBR for a couple for the person living in his/her own household. (VTR) not rebuttable.

1/6 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.

1/6 of the FBR for a couple plus \$10.

10. Paying less than current market rental value for shelter.

Add PMV unless criteria for earned/unearned income is met. (See ISM)