STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY GEORGE DEUKMEJIAN, *Governor*

DEPARTMENT OF HEALTH SERVICES
714/744 P STREET
RAMENTO, CA 95814

November 27, 1989

TO: All County Welfare Directors
All County Administrative Officers

Letter No.: 89-98

SUBJECT: MEDICARE INDICATOR EXPANSION

The purpose of this letter is to provide information on expanded Medicare Coding for the Medi-Cal card and MEDS. Medicare Coding on MEDS is generated from the State Buy-In, BENDEX, and the Alien Information Reporting Systems. Counties will not be able to directly input or change the Medicare Coding on the MEDS Medicare Status Line. However, if a coding error is detected, workers should detail the problem on the State Buy-In Problem Report Form (DHS 6166) and send it to the Medicare Buy-In Unit. Implementation for the expanded coding is tentatively scheduled for December 3, 1989.

BACKGROUND:

The current Medicare Coding on the Medi-Cal card is either:

- Blank - Not on Medicare Part B Buy-In (MEDS Medicare Code: Blank/00 or 09).
- 2 - Medicare Part B Buy-In covered or over 65 and not identified as alien, so presumed Medicare Part B eligible. (MEDS Medicare Code: 02 or 07).

Currently the following codes are used for Medicare Buy-In Coding on the MEDS MEDICARE STATUS LINE:

- Blank/00 Not-entitled to Medicare Part B Buy-In.
- 02 On Part B Buy-In
- 07 Presumed eligible for Medicare Part B Buy-In (over 65 and not identified as alien).
- 09 Alien not eligible for Medicare Part B Buy-In (over 65 and has not met 5 year residency requirement).

Neither MEDS nor the Medi-Cal Card currently shows entitlement to Medicare Part A, Hospital Insurance.

NEW MEDICARE CODING:

In order to assure proper utilization of Medicare by Medi-Cal eligibles, the MEDS Medicare Status Line will be expanded to show Medicare Part A and Part B entitlement information as well as whether a premium is required and who pays the premium. The Medi-Cal card will reflect Part A and B eligibility only.

The expanded Medicare coding on the card will alert providers to the type of Medicare coverage for which the recipient is eligible. Prior to the expansion of the Medicare coding, providers were required to bill Medicare whenever the "2" indicator appeared on the Medi-Cal card. This indicator did not tell the providers what type of coverage was available (Part A and/or Part B). With this change in Medicare coding, providers will be aware of the recipients' coverage and can now determine if Medicare should be billed prior to billing Medi-Cal. For example, if the recipients' Medi-Cal card shows an indicator of "1" (Part A only), a hospital will know it must bill Medicare for acute services.

Hand Typed Cards:

In those rare instances where counties are required to hand type an MC301 Medi-Cal card, the following procedures should be followed. If the beneficiary is over 65 years of age, and not identified as an alien, Medicare eligibility is presumed. Use a Medicare indicator of "2". If the beneficiary has proof of eligibility from Medicare for both Part A and Part B, use a Medicare indicator of "3".

Please refer to attachments I and II for codes to be used on the card and on MEDS. Providers will be notified of these changes in their November 1989 and December 1989 provider bulletins.

If you have any questions please contact Dupon Yee at (916) 739-3208.

Sincerely,

Original signed by

Frank S. Martucci, Chief
Medi-Cal Eligibility Branch

Enclosure

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants

Expiration Date: November 27, 1990

NEW MEDI-CAL CARD & MEDS MEDICARE CODING

Enclosure 1

MEDS CODES (2 digits)			MEDI-CAL CARD CODES (1 digit)
First Digit = Part A (Hospital Coverage)		Second Digit = Part B (Medical Coverage)	Blank – Not Entitled
Blank/0	No Medicare Part A	Blank/0 No Medicare Part B	1 Part A only
1	Paid by Beneficiary	1 Paid by Beneficiary	2 Part B only
2	Paid by State	2 Paid by State	3 Part A and Part B
3	Free	3 Not Applicable	
4	Not Applicable	4 Paid by Other Entity	
5	BI Reject, Bendex Eligible	5 BI Reject, Bendex Eligible	
6	BI Reject, Presumed Eligible	6 BI Reject, Presumed Eligible	
7	Presumed Eligible	7 Presumed Eligible	
8	BI Reject, Not Presumed Eligible	8 BI Reject, Not Presumed Eligible	
9	Alien	9 Alien	

BI Reject – Buy-In accretion rejected.
Bendex Eligible – Bendex File indicates Medicare entitlement.

MEDS/Medi-Cal Card Cross-Reference Chart

Medi-Cal Card Codes / MEDS: Medicare Part A (first digit)	MEDS: Medicare Part B (second digit) 0	1	2	4	5	6	7	8	9
0	–	2	2	2	2	2	2	–	–
1	1	3	3	3	3	3	3	1	–
2	1	3	3	3	3	3	3	1	–
3	1	3	3	3	3	3	3	1	–
5	1	3	3	3	3	3	3	1	–
6	1	3	3	3	3	3	3	1	–
7	1	3	3	3	3	3	3	1	–
8	–	2	2	2	2	2	2	–	–
9	–	–	–	–	–	–	–	–	–

A dash indicates a blank on the Medi-Cal card.

MEDICARE CODING ON MEDS AND THE MEDI-CAL CARD

Cross Reference Table of MEDS Coding to Card Coding

MEDS (2 digits)	Medi-Cal Card (1 digit)
00, 08	Blank
80, 88	Blank
99	Blank
10, 18	1
20, 28	1
30, 38	1
50, 58	1
60, 68	1
70, 78	1
01, 02, 04, 05, 06, 07	2
81, 82, 84, 85, 86, 87	2
11, 12, 14, 15, 16, 17	3
21, 22, 24, 25, 26, 27	3
31, 32, 34, 35, 36, 37	3
51, 52, 54, 55, 56, 57	3
61, 62, 64, 65, 66, 67	3
71, 72, 74, 75, 76, 77	3

STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY GEORGE DEUKMEJIAN, *Governor*

DEPARTMENT OF HEALTH SERVICES
714/744 P STREET
P.O. BOX 942732
SACRAMENTO, CA 94234-7320

November 27, 1989

TO: All County Welfare Directors
All County Administrative Officers

Letter No.: 89-99

SUBJECT: LYNCH V. RANK ANNUAL STUFFER

As required by the Permanent Injunction in the Lynch v. Rank lawsuit the enclosed stuffer will be sent with the December 1989 month of eligibility Medi-Cal cards.

In past years, the plaintiffs' attorneys in this case have received complaints that beneficiaries receiving this stuffer were unable to secure, through the county welfare department (CWD), answers to their questions.

Please ensure that all persons in your CWD who may be contacted by someone receiving this stuffer are familiar with the procedures that you have established for processing Lynch v. Rank (Pickle) Medi-Cal applications.

Thank you for your assistance. If you have any questions please contact RaNae M. Dunne at (916) 324-4955/ATSS 454-4955.

Sincerely,

Original signed by

Frank S. Martucci, Chief
Medi-Cal Eligibility Branch

Enclosure

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants

Expiration Date: December 31, 1990

PICKLE AMENDMENT
IMPORTANT NOTICE REGARDING YOUR MEDI-CAL ELIGIBILITY

You may be eligible for Medi-Cal benefits without a share of cost, if you qualify under the Pickle Amendment. To qualify, ALL of the following conditions must apply to you.

1. You currently receive Social Security benefits; and,

2. You were eligible for and received RSDI and Title XVI, Supplemental Security Income/State Supplementary Payment (SSI/SSP) benefits simultaneously in any month after April 1977; and,

3. You no longer receive SSI/SSP benefits.

If you believe that you are eligible for Medi-Cal under the Pickle Amendment, you should immediately contact your county welfare department eligibility worker.

ENMIENDA DE LEY, PICKLE

AVISO IMPORTANTE

Si califica bajo la Enmienda de Ley, Pickle, es posible que califique para los beneficios de Medi-Cal sin tener que pagar una parte del costo. Para calificar, TODAS las siguientes condiciones a continuación deben aplicar a usted:

1. Actualmente recibe los beneficios del Seguro Soical; y,

2. Fue elegible para y recibió, simultaneamente, los beneficios del Seguro para Jubilación, Sobrevivientes & Incapacidad (RSDI) y Seguridad de Ingreso Suplemental/Programa Suplementario del Estado (SSI/SSP) proveniente del Título XVI, en cualquier mes a partir de abril de 1977; y

3. Ya no recibe los beneficios SSI/SSP.

Si cree que sea elegible para Medi-Cal bajo la Enmienda de Ley, Pickle, póngase en contacto con el trabajador de elegibilidad del departamento de bienestar de su condado.

STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY GEORGE DEUKMEJIAN, *Governor*

DEPARTMENT OF HEALTH SERVICES
714/744 P STREET
P.O. BOX 942732
SACRAMENTO, CA 94234-7320

OCTOBER 5, 1989

TO: All County Welfare Directors
All County Administrative Officers

Letter No.: 89-85

SUBJECT: ADVANCE COPY OF PROCEDURES SECTION 9-M - CASH PAYMENTS FOR MEDICAL AND SOCIAL SERVICES

The purpose of this letter is to forward to you an advance copy of Procedures Section 9-M for treating certain cash payments received for medical or social services. This change is being made because the Supplemental Security Income/State Supplemental Program allows the same treatment and the federal Social Security Act requires that the Medi-Cal program may be no more restrictive than the cash assistance program. These procedures shall be effective September 1, 1989. Corresponding changes to Title 22, California Code of Regulations are in process. The printed versions of the regulations and procedures shall be forwarded to you as soon as possible.

If you have any questions on this issue please call Sharyl Shanen at ATSS 8-454-4956 or (916) 324-4956.

Sincerely

Original signed by

Frank S. Martucci, Chief
Medi-Cal Eligibility Branch

cc: Medi-Cal Policy Liaisons
Medi-Cal Program Consultants

Enclosures

EXPIRATION DATE: October 5, 1990

Certain cash payments received for medical or social services shall be exempt as resources in the calendar month following the month of receipt (the second month). The reason for this resource exemption in the month following receipt (the second month) is to ensure that the cash payments will be available for the use intended by the providing agency even if the beneficiary is unable for some reason to pay for the medical or social services in the month the cash payment was received. Please note that there is no need to pursue the exemption of these payments if the MFBU would be within the property limits anyway should the payments be included in the property reserve. The Department does not expect that many cases will be affected by this change.

GENERAL

1. Any cash payment intended to pay for a medical or social service provided by a governmental medical or social services organization is exempt for one calendar month following the month of receipt.

2. Any cash from a nongovernmental medical or social services organization is exempt for one calendar month following the month of receipt when:

   a. The cash is to pay for a medical or social service already received by the individual and approved by the organization; or

   b. The cash is a payment restricted to the future purchase of a medical or social service.

3. This change does not apply to cash from any agency or insurance policy which pays a flat rate benefit to the recipient without regard to the actual expenses, incentive payments, or remuneration for sheltered employment.

4. This policy does not apply to cash payments received as reimbursements for medical or social services for which the beneficiary has already paid. In addition, please note that this policy change regarding treatment of these payments in the month following their receipt does not affect how you currently are treating them in the month of receipt. Continue, in the month of receipt, to treat these payments in accordance with Title 22, California Code of Regulations (CCR) pertaining to income and property. Then, if the payment is or will be retained in the following month, the county must determine whether its inclusion in the property reserve results in excess property in the following (or second) month. If the property limit is not exceeded, there is nothing more for the county to do. If, however, the property limit is or will be exceeded, the county must determine whether the cash is, in fact, a payment for a specific medical or social service or a

reimbursement, and if a payment, exempt it as a resource in the month following its receipt.

For purposes of this exemption, the following definitions apply. Medical services are those services which are directed toward diagnostic, preventive, therapeutic, or palliative treatment of a medical condition and which are performed, directed, or supervised by a State licensed health professional.

A social service is any service (other than medical) which is intended to assist a handicapped or socially disadvantaged individual to function in society on a level comparable to that of an individual who does not have such a handicap or disadvantage.

Payments for medical or social services may be provided by either a governmental or nongovernmental entity/program.

Governmental Medical or Social Service Programs

Examples of governmental agencies/programs making cash payments for a medical and/or social service (other than remuneration for sheltered employment and incentive payments which are addressed below) are California Children's Services, programs under the Lanterman Developmental Disabilities Services Act of 1976, Department of Vocational Rehabilitation programs, etc. (Payment from a governmental program which is disbursed by a nongovernmental agency is considered a payment from a governmental program for purposes of this section.)

Treatment of Payments from Governmental Medical or Social Service Programs:

Assume that when a governmental medical or social service program provides a cash payment for medical or social services, the payment may be used for such items only and is therefore exempt if retained in the month following its receipt.

Obtain evidence from the individual that the source of the cash is a governmental medical or social services program (e.g., program identification card, notice, or award letter) and then retain such verification in the case file.

If an applicant or beneficiary indicates he/she received a medical or social service payment from a governmental program which is not obviously a medical or social services program, (for example, when the agency provides other unrelated services as well), obtain verification from the applicant/beneficiary as to the fundamental purpose of the program. If the purpose is to provide medical or social service assistance, the payments are exempt as resources in the month following their receipt. (For purposes of this exemption, an intervening vendor is not considered the direct provider of the cash.)

NOTE: If it is unclear that the total amount of the payment is specifically for a medical or social service and that it may include some regular income, you need to verify how much of the cash payment is specifically for a medical or social service. For example, a Workers Compensation payment may include

regular monthly income plus an additional amount for transportation to and from a medical facility and funds to pay for a medical examination or treatment. The portion of the payment for transportation and the examination would be exempt in the month following its receipt. In the case of a lump sum payment under Title 22, CCR, Section 50455, only those portions for payment (not reimbursement) of medical and social services would be included in this exemption.

Nongovernmental Medical or Social Services Organizations

Examples of nongovernmental medical or social services organizations (including medical and liability insurers) which may make cash payments for medical or social services are the American Red Cross, Easter Seals, Shriners, etc. Payments from such organizations may be for services which were already received by the individual and approved by the organization but for which payment has not yet been made. Other payments may be restricted to the future purchase of a medical or social service. In either event, the payments for specific medical or social services are exempt as resources in the month following their receipt.

Treatment of Payments from Nongovernmental Medical or Social Service Programs:

If the individual alleges (or evidence indicates) the receipt of amounts in excess of the medical or social services expenses incurred, count the excess cash received as unearned income in the month of receipt.

Furthermore, because these organizations may also make payments for other purposes as well, you cannot assume that cash payments provided by a nongovernmental medical or social service organization can only be for medical or social service purposes. The purpose of the payment must be determined and only those payments for specific medical or social services can be exempt resources in the month following their receipt.

Document in the file that the cash is provided by a nongovernmental medical or social service organization. Obtain from the applicant or beneficiary, verification from the agency as to the purpose of the cash payment (e.g., that it is a payment for a service received and approved by the agency or it is restricted to the future purchase of a specific medical or social service) and that the providing program requires follow-up to verify that the funds were spent for the purpose given (e.g., the provider contacts the vendor or requests a receipt).

EXCEPTIONS

It should be noted that this exemption does not apply to cash payments made to reimburse the beneficiary for services already paid. Such reimbursements are to provide for a return of income or resources expended by the beneficiary and since the individual already paid for the services, there is no reason to allow an additional month to pay for the services. Therefore, these payments are to be counted in the month of receipt and the month following, in accordance with Articles 9 and 10 of Title 22 pertaining to income and property.

In addition, this exemption does not apply to:

1. Rumuneration for work or for activities performed as a participant in a program conducted by a sheltered workshop or work activities center.

2. Incentive payments to encourage individuals to utilize specified facilities or to participate in specified medical or social service programs unless these payments are restricted as to their use and are not a reimbursement. (To the extent that the incentive payment is restricted for payment of a medical or social service and is not a reimbursement, it shall be exempt in the month following the month of its receipt.)

3. Cash from any agency or insurance policy which pays a flat rate benefit to the recipient <u>without</u> <u>regard</u> to the actual charges or expenses incurred. Examples of these types of agencies or insurance policies are per diem Unemployment Insurance benefits; Workers Compensation benefits; monthly Social Security and Vocational Rehabilitation benefits meant for income rather than for a specific medical and social service; per diem hospitalization or disability insurance, or cancer or dismemberment policies.

These exceptions shall be treated as usual in accordance with regulations pertaining to income and property.