

## DEPARTMENT OF HEALTH SERVICES

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February 28, 1990  
90-22

TO: All County Welfare Directors  
All County Administrative Officers

SUBJECT: I. MEDICARE PART B PREMIUM AMOUNTS  
II. COMPUTATIONS OF NEW TITLE II (RSDI) COLA/BENEFIT AMOUNTS  
III. COMPUTATIONS OF PICKLE APPLICANT'S TITLE INCOME

REFERENCE: ACWD Letters 88-95 and 89-109

I. MEDICARE PART B PREMIUM AMOUNTS

This is to advise you of the Medicare Part B premium amount effective January 1, 1990. The legal amount is \$28.60. However, because of a computer problem experienced by the Social Security Administration (SSA), you may have to use the actual amount deducted (\$33.90 or \$38.10) until the SSA computer is reprogrammed. SSA has indicated that the correct Part B premium amount will be reflected in each recipient's Social Security check to be received in May 1990.

As you may be aware, Congress repealed a portion of the Medicare Catastrophic Coverage Act of 1988 (MCCA). This Act required that beneficiaries enrolled in Medicare Part B pay not only the Part B premium, but also an additional premium for catastrophic coverage if they received Part A (hospital coverage) at no cost. As you know, Social Security recipients who purchase Medicare Part B coverage may have the premium amount deducted from their Social Security check. SSA programmed its computers to reflect the January 1, 1990 cost-of-living adjustment to the Part B Premium assuming that MCCA would not be repealed. Until SSA can reprogram its system, it will charge more than it should for Part B coverage. SSA will deduct \$33.90 from recipients' Social Security checks if such recipients are enrolled in Medicare Part B and are eligible for Part A. There is a smaller group of Social Security recipients who are enrolled in Part B but not Part A; their SSA deduction is \$38.10.

Once SSA reprograms its computers, SSA will deduct the correct amount of \$28.60 in all cases of Social Security recipients enrolled in Medicare Part B. SSA will also refund overpayments made by these recipients.

To compute the share of cost of a Medi-Cal Only beneficiary who receives Social Security and who pays a Medicare Part B premium, treat as an allowable deduction from his/her income the actual amount deducted by SSA

for such premium even if, while SSA fixes the problem, such amount is higher than the legal amount. Once SSA refunds the Part B overcharges, they should be treated as a lump sum payment under Title 22, California Code of Regulations Section 50455.

The amount that the Buy-In unit will pay SSA for Medicare beneficiaries under the Buy-In program is \$28.60 effective January 1, 1990.

## II. COMPUTATION OF NEW TITLE II (RSDI) COLA/BENEFIT AMOUNT

- A. 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 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 1990 and subsequent months. (Example: The current benefit amount is \$250 multiplied by the 1990 cost of living increase, 1.047, equals \$261.75, rounding down to the nearest dollar equals \$261). This process is the same for Pickle eligibles who do not have a Medicare Part B premium deduction from their Title II benefit check.
- B. 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 Title II benefit amount as described below:

### Step 1:

Add the 1989 Medicare Part B premium \$27.00 or (\$31.90) to the net 1989 Title II benefit check to obtain the 1989 gross benefit amount. Multiply this 1989 gross amount by the 1990 cost of living increase (1.047) and round the remaining cents down to the nearest \$0.10 to obtain the 1990 gross benefit amount.

### Step 2:

Subtract the 1990 Medicare Part B premium \$28.60 (or the actual amount deducted if SSA system has not yet been reprogrammed) from the 1990 gross benefit amount and round down to the nearest dollar. The remainder will be the January 1990 net benefit amount used to compute the share of cost.

Example:

1989 net Title II benefit check	\$400.00
Plus 1989 Medicare Part B premium (for person eligible for Part A without a premium)	+ <u>31.90</u> \$431.90
1989 gross Title II benefit amount	\$431.90
Multiply by COLA	x <u>1.047</u>
1990 gross Title II benefit amount	\$452.10
Rounded down to nearest \$0.10	
	\$452.10
Subtract 1990 Medicare Part B premium	- <u>28.60</u>
Round down to nearest dollar	\$423.50
January 1990 net benefit amount	\$423.00

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 1990 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, 1990. In the past, the incorrect computation of Title II COLAs has been the source of federal quality control errors.

III. COMPUTATIONS OF PICKLE APPLICANT'S TITLE II INCOME

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:

All County Welfare Directors  
All County Administrative Officers  
Page 4

Step 1:

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

Step 2:

Multiply the 1990 gross benefit amount by the disregard multiplier for January 1990 to determine the amount of countable Title II income.

Example:

1990 gross Title II benefit amount	\$450.50
Disregard multiplier (Dec. 1988 discontinuance)	x <u>.0816</u>
Disregard amount	\$ 36.76
	\$450.50
	- <u>36.76</u>
Round down to next lowest dollar	\$413.74
Total countable income	\$413.00

If you have questions on Title II (RSDI) COLA or benefits, call Toni Bailey at (916) 324-4967, ATSS 454-4967; on Pickle issues, RaNae Dunne at (916) 324-4955, ATSS 454-4955; and regarding Medicare Part B premiums, Elena Lara at (916) 323-5861, ATSS 473-5861.

Sincerely,

ORIGINAL SIGNED BY

Frank S. Martucci, Chief  
Medi-Cal Eligibility Branch

cc: Medi-Cal Liaisons  
Medi-Cal Program Consultants

Expiration Date: February 28, 1991