

Medi-Cal Program Guide Special Notice (SN) 13-09, Addendum I

August 8, 2014

Subject HEALTH CARE REFORM (HCR) MEDI-CAL

Effective Upon Receipt

Reference MEDIL # I 14-16, 14-23, 14-31

Purpose To inform staff of the following:

- the order of evaluation for the new ACA Coverage Groups
- the interim process for pregnancy reported after Modified Adjusted Gross Income (MAGI) Medi-Cal has been approved
- Children's aid codes M5/ M6 and P5/ P6
- Household (HH) composition
- E-verified information
- the reasonable compatibility standard for income verifications

Background The Affordable Care Act (ACA) became law on March 23, 2010. The new law enacted comprehensive health insurance reform through the expansion of Medi-Cal, creation of the Health Insurance Exchange and new regulations for health insurance plans.

The Department of Health Care Services (DHCS) has been providing guidance on new policies and interim procedures to expedite application processing and minimize negative impacts to current Medi-Cal beneficiaries.

**ACA and
MAGI
Hierarchy**

ACA created three new groups by the consolidation and elimination of several pre-ACA programs such as 1931b, asset waiver, income disregard, and pregnancy services. A new Adult Group program was also created and the Former Foster Care Children's (FFCC) program was extended to age 26. [Desk Aid 63](#) provides an overview of Pre-ACA Medi-Cal programs and the new ACA Medi-Cal groups.

Although deprivation is eliminated, **linkage is still a requirement**. To qualify, applicants must have linkage to a program based on hierarchy.

The ACA hierarchy is:

1. FFCC
2. ACA Children’s followed by Optional Targeted Low Income Children (OTLIC)
3. Parent/ Caretaker Relatives
4. Pregnant Women
5. New Adult

- The ACA hierarchy principles are explained in [Desk Aid 74](#).
- For MAGI group FPLs and aid codes refer to [Desk Aid 57](#).
- For MAGI Medi-Cal hierarchy examples refer to [Desk Aid 65](#).

Pregnancy Changes in Circumstance Workaround

At application, a pregnant woman cannot be found eligible for the New Adult group due to the fact that she is pregnant. If the pregnant woman is not linked to the FFCC, Children’s program or the Parents/ Caretaker Relative group, then she is determined eligible for Medi-Cal on the basis of being pregnant and is placed in the applicable Pregnant Women’s Group.

If a woman is eligible to the Adult group or Parent/ Caretaker group and later reports that she is now pregnant, and there are no other changes that would make her ineligible for the coverage group she is in, the woman will remain in her current coverage group aid code.

Current CalHEERS functionality is moving pregnant women out of coverage in the new adult group and the parent/ caretaker relative group and placing these women into the pregnancy coverage group.

Until further notice, staff will:

- Not accept any transactions from CalHEERS that move the women from the Adult Group or the Parent/ Caretaker Relative group.
- Not enter pregnancy in CalWIN under the “Collect Pregnancy Details” screen.
- Document the change and the due date in case comments.

[Desk Aid 66](#) provides table on ACA coverage group for Pregnant Women.

Children’s aid codes M5/M6 and P5/P6

Children between the age of 6 and 19 may qualify for either the Expansion Child group or the ACA Child group depending on their current health insurance coverage status.

The following table describes when each aid codes is assigned:

Description	FPL	Level of Benefits	Aid Code	Reason
Expansion	0-	Full	M5	Uninsured and Insured

Child 6-19	108%	Restricted	M6	
ACA Child 6-19	Above 108-133%	Full	M5	Uninsured
		Restricted	M6	
ACA Child 6-19	Above 108-133%	Full	P5	Insured- Children with other health coverage such as Medicare, Tricare, employer sponsored health insurance, or private health insurance
		Restricted	P6	

HH Composition

MAGI is the new methodology for how income is counted and how HH composition and family size are determined.

In every HH:

- every individual will have his/her own HH determination
- HH size may vary
- HH composition also includes step-parent, if in the tax HH, and siblings (biological, adopted, step)
- tax filing status is for the current filing year
- special rules for married couples and pregnant women apply

The MAGI Medi-Cal HH construction is based on whether the individual is a:

1. Tax Filer
2. Tax Dependent, or
3. Non-Tax Filer

[Desk Aid 67](#) provides guidance to determine each individual’s HH composition.

[Desk Aid 68](#) provides examples of HH composition.

Rules for married couples:

Special rules for married couples depend on their tax filing status and whether they live with their spouse.

Rules for married couples filing taxes:

If the married couple files ...	then information from both spouses is ...
<i>Married/ <u>Jointly</u> and is living together or apart,</i>	required.
<i>Married/ <u>Separately</u> and is living together ,</i>	required.
<i>Married/ <u>Separately</u> and is living</i>	not required.

apart,	
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Rules for married couples not expected to file taxes (non-filers):

If married couple is not required to file taxes (non-tax filers) and ...	then information from both spouses is ...
lives together	required
does not live together	not required

Rules for pregnant women:

- A pregnant woman is counted as one plus the number of children she is expected to deliver.
- HH size for another individual whose HH includes a pregnant woman includes the pregnant woman plus the number of her expected children.

Note: HH Composition for Non-MAGI applicants follow pre-ACA rules.

E-Verified Information

CalHEERS interfaces with the Federal Data Services Hub to verify information. The Hub verifies client’s attestation from various agencies as follows:

Verification	Electronic Data Source
Income	Internal Revenue Service
Residency	Franchise Tax Board and MEDS
Citizenship/ Identity	Social Security Administration
Immigration/LPR Status	Department of Homeland Security
Incarceration	Department of Justice
<ul style="list-style-type: none"> • Applicants do not need to submit paper verification for information that is e-verified. • Paper verification is required if the information is not e-verified, is not “reasonably compatible” or the <i>ex parte</i> review is unsuccessful. 	

Reasonable Compatibility Standard for Income Verifications

CalHEERS applies the *reasonable compatibility* standard when electronically verifying reported income information.

Income reported on Application	Electronically Verified Income	
	<i>At or below program income standard</i>	<i>Above program income standard</i>

<i>At or below program income standard</i>	Reasonably compatible; determine eligible	Not reasonably compatible; request additional information
<i>Above program income standard</i>	Reasonably compatible; deny Medi-Cal eligibility/ refer to CC	Reasonably compatible; deny Medi-Cal eligibility/ refer to CC

Additionally, if the income information is reasonably compatible, staff must continue with the eligibility determination without requesting additional documentation.

Automation Impact No Impact

Forms Impact No Impact

ACCESS Impact No Impact

Imaging Impact No Impact

PA (CalFresh or CalWORKs) Program Impact No Impact

Quality Control (QC) Impact Upon resumption of desk reviews, Quality Control (QC) will cite the appropriate error on any case that does not comply with the requirements outlined in this SN.

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