


MEDI-CAL 101

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BAY AREA LEGAL AID**

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HEALTH CONSUMER CENTER

- Statewide legal hotline providing free assistance on health care coverage and health access issues
 - The Health Consumer Center (HCC) also provides legal advice, brief services, and extended representation, including representation at State Fair Hearings.
 - Spanish, Mandarin, Cantonese, Korean, and Hindi speaking attorneys. All other languages accessed via a telephone interpreter service.
 - Areas of health law include Medi-Cal, Covered CA, Medicare, and private insurance.
 - All services are free and we welcome all income levels.
 - **Hotline: 1 (855) 693 - 7285. Open M-F, 9-5pm.**
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MEDI-CAL: WHAT IS IT?

- Federally & state funded health insurance program for low-income persons
- Administered by California's Department of Health Care Services (DHCS)
 - <http://www.dhcs.ca.gov/services/medi-cal>
- Eligibility is determined at the county level

ELIGIBILITY: WHO GETS MEDI-CAL?

- ✓ Programmatically-linked: *i.e.*, SSI, CalWORKs,
- ✓ Seniors
- ✓ “Expansion/Childless” adults 19-64
- ✓ Foster care, adoption assistance
- ✓ Parent/Caretaker Relatives
- ✓ Infants and children up to age 19
- ✓ Pregnant women
- ✓ Persons with disabilities
- ✓ Former foster youth to age 26
- ✓ Long term care



TYPES OF MEDI-CAL COVERAGE

- ❑ **Free, Full-Scope Medi-Cal:** no cost-sharing, responsibility to pay for services
 - Pays for medically necessary health care & treatment when using a Medi-Cal provider. \$0 out of pocket responsibility
 - Expansion Medi-Cal (138% FPL, Parent/Caretaker etc), 250% Working Disabled, Aged & Disabled Medi-Cal
- ❑ **Share of Cost (SOC):** income too high for free, full-scope Medi-Cal programs
 - Beneficiary is expected to contribute financially to the cost of their medical care
 - A SOC is assigned when a household's countable income exceeds the maximum income limit for the free, full scope Medi-Cal programs.
 - SOC applies to beneficiaries that are ineligible for expansion Medi-Cal

MEDI-CAL EXPANSION: WHAT IS MAGI?



- New methodology for determining eligibility for Medi-Cal, based on Modified Gross Adjusted Income (MAGI). MAGI is based on Adjusted Gross Income under the U.S. Tax Code PLUS any foreign income, tax-exempt interest, and Social Security Benefits.
 - Includes an across-the-board 5% disregard for all programs
 - Exempts resources (like money in savings accounts or personal property) as an eligibility factor.
 - **Calculation:** Adjusted Gross Income + Non-taxable Social Security Benefits (ex, Social Security Disability, Social Security Retirement), Tax-exempt interest, Foreign earned income & housing expenses
 - Adjusted Gross Income: Income Line 37 on IRS Form 1040, Line 4 on Form 1040EZ, Line 21 on Form 1040A
 - Common tax deductions will affect the AGI, such as student loan interest deductions, and educator expenses etc
 - Common Income Exceptions: Example, State Disability Insurance is exempt, financial assistance used to pay for tuition.

MAGI MEDI-CAL CONTINUED

Eligibility is determined by whether the applicant(s) income falls beneath the income limit for that household size.

- **Household Size: HH size is based on tax household size.**
 - Ex: Generally, tax household is the tax filer, spouse, and any dependents.
- **Self-Employment Income**
 - Counted as reportable income but only the taxpayer's net business profit (or loss), as shown on the Schedule C.
- **IHSS Income Special Rules**
 - Under MAGI based programs, IHSS wages received by IHSS providers who live in the same home with the recipient of those services are **excluded** from gross income

TRADITIONAL MEDI-CAL

- Traditional Medi-Cal programs have both income and asset requirements unlike Expansion Medi-Cal, like the 138% FPL, which does not have asset tests.
 - 250% Working Disabled, Aged, Blind, & Disabled, Medically Needy Share of Cost, & long term care.
 - Countable Income under traditional Medi-Cal is not the same as expansion MAGI. Countable income is income after all applicable deductions are made for the particular Medi-Cal program. Deductions can vary from one program to another.
- **Asset Limit**
 - Single: \$2,000/mo
 - Couple: \$3,000/mo
- **Aged, Blind, and Disabled:** full-scope Medi-Cal program for those over 65, or under 65 and have Medicare, and below the income/asset limits for the household size.
- **Medically Needy Share of Cost:** for households whose income is above the income limit threshold, they are expected to contribute financially to their medical expenses.

DETERMINING INCOME MAGI VS. NON-MAGI



TRADITIONAL MEDICAL CATEGORIES

- Aged, Blind, Disabled
- Medically Needy
- Long Term Care (skilled nursing facility)

MODIFIED ADJUSTED GROSS INCOME (MAGI) COUNTING RULES

- Expansion Childless adults 19-64
- Pregnant women
- Children up to age 19
- Parent/Caretaker Relative

MEDI-CAL INCOME LIMITS



Coverage Group	Income FPL	2018 Monthly Income (1 person)	2018 Annual Income (1 person)
Expansion adult, 19-64	138%	\$1,397	\$16,754
Parent/Caretaker Relative	109%	\$1,103	\$13,233
Aged, Blind, or Disabled*	100% + \$230	\$1,242	\$14,820
Working Disabled*	250%	\$2,530	\$30,350

*Non-MAGI

COUNTABLE INCOME UNDER MAGI & NON-MAGI

	MAGI Programs	Traditional non-MAGI Medi-Cal
Counted as Income?		
Social Security Disability	Y	Y
State Disability Income	N*	Y
IHSS Wages	N (wages received as a live-in provider)	N (only for IHSS wages earned on behalf of minor child and/or spouse)
Workers Compensation	N	Y
Gifts, Inheritances	N	Y
SSI	N	N

MEDI-CAL ASSET & RESOURCE RULES

Traditional Medi-Cal categories have an asset/resource limit

- **Asset Limit**
 - Single: \$2,000/mo
 - Couple: \$3,000/mo
- A house is exempt (if you live in the home) and 1 car (2 cars for a couple).
- **IRAs, KEOGHs, and other work-related pension plans:** exempt if the family member whose name it is in does not want Medi-Cal. If held in the name of a person who wants Medi-Cal and payments of principal and interest are being received, the balance is considered unavailable and it is not counted
- **Life insurance policies:** Exempt if the face value is \$1,500 or less

COUNTABLE INCOME FOR TRADITIONAL MEDI-CAL



➤ Countable Income for Medi-Cal purposes is calculated by taking monthly income minus some common deductions:

- **Medical insurance premiums**
- **Automatic \$20 deduction**
- **Any Employment Income Deductions (aka earned income)**
 - Deduct \$65 Employment Income
 - Minus any Impairment-related expenses you pay to become/remain employable (if you are disabled)
 - Minus any Income-related work expenses, i.e. transportation, uniforms, etc. (if you are blind)
 - 50% of the balance of employment income after the above deductions
 - = **countable earned income.**
 - Ex: Joe earns \$3,000 in employment a month. $3,000 - 65/2 = \$1467.5$ countable income.
 - *These rules apply to spousal employment as well.

MEDI-CAL MEDICALLY NEEDY PROGRAMS AND SHARE OF COST

A **SHARE OF COST (SOC)** is assigned when the applicant's *countable income* is over the maximum income limit for the applicable Medi-Cal programs.

What is a Share of Cost?

- It is not a monthly premium
- It functions more like a **monthly deductible, or a monthly cap** on the amount you have to pay for health services. Therefore,
 - If you do not use health services in the month, you do not pay the SOC.
 - If you do use health services in a month, you are responsible to **pay out of pocket for your health services up to the SOC amt.** After meeting the entire SOC in one month, MC will cover any expenses above your SOC in that same month.
- SOC restarts every month

CALCULATING THE SHARE OF COST

Share of Cost is Calculated by the County Office

- **Share of Cost** = Countable Income minus the Maintenance Need Level for the household
- Maintenance Need Level is set by the govt and the amt of income the govt allows a beneficiary to retain for rent, food, utilities. It is a standard level and does not take into account cost of living.
- Maintenance Need Level:
 - Single person \$600
 - Couple \$934

EXAMPLE #1

Joseph is 67, a single person, and receives \$1,600 in Social Security Retirement each month. His insurance is Medicare and he pays \$134/mo in Part B Premiums and \$60 in vision insurance. Does he qualify for free, fullscope Medi-Cal?


- No. Joseph has a SOC bc his monthly income exceeds the \$1,235/mo limit.
 - His SOC = \$846
 - Calculation:
 - \$1600
 - \$20 (automatic deduction)
 - \$134 (part B premium) & \$60 (vision)
 -
 - = \$1,386 in countable income.'
- His SOC = \$786 (\$1,386 - \$600 Maintenance Need Level)

MEETING THE SHARE OF COST

- A beneficiary is deemed to have “met” their share of cost when they have paid out of pocket for their medical expenses, up to the SOC cap.
- Example:
 - John has a \$150 share of cost for the month of June. In June, John had multiple medical appointments and prescriptions he needed. John paid \$150 out of pocket for his appointment co-pays, co-insurance, and prescriptions. John has met his SOC for June. Any medical expenses in excess of the \$150, Medi-Cal will pay for.
- Medical bills paid on behalf of other family members also count towards meeting the SOC.

SHARE OF COST STRATEGIES

COMMON STRATEGIES

- Using unpaid bills
 - Medical expenses paid on behalf of another family member
 - 250% Working Disabled Program
 - Supplemental medical insurance
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SUPPLEMENTAL MEDICAL INSURANCE

- **Medical Insurance premiums** are a common way to reduce someone's countable income to at or below the free Aged & Disabled limit (\$1,242 for single person in 2018). Paid monthly premiums for supplemental insurance (vision, dental, medigap) can be deducted from the household's countable income.
- Premiums paid on behalf of other immediate family members count too (spouse, children etc).

EXAMPLE #4: MEDICAL INS PREMIUMS

➤ John and Jane are married and live together. John and Jane are both 65 years old. John receives \$900 in SSA and Jane gets \$1,000 in SSA. John and Jane pay \$268 combined in Medicare Part C premiums. Are John and Jane eligible for free, full scope A&D Medi-Cal? The maximum income limit for a household of 2 is \$1,664/mo.

Answer: Yes.

- $\$900 + \$1,000 = \$1,900$
- \$1900 minus
 - - \$20 deduction
 - - \$268 medical insurance premiums
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= \$1,612 in countable income
- $\$1,612 > \$1,664$ max. income for a couple

250% WORKING DISABLED PROGRAM

Alternatives to SOC:

- **250% Working Disabled Medi-Cal Program** provides full-scope Medi-Cal with a **monthly premium** to working disabled individuals with countable income below 250% of the federal poverty level.
- **Criteria:**
 - **1) Disabled** – either SSA or Medi-Cal must have given a determination of disability
 - **2) Minimal employment** - beneficiary must engage in some sort of minimal employment. Medi-Cal has not set out minimum hours, wages etc to qualify. Common jobs have been babysitting grandchildren, filling our forms, gardening etc.
- Under 250% WDP, all disability income is exempt. The monthly premium is on a sliding scale and determined by the non-exempt income. The lowest monthly premium is \$20.
- 250% WDP also allows the beneficiary to save employment income, in a separate bank account, in excess of the regular Medi-Cal \$2,000 asset limit.

STRATEGIES

- **Group health services** into as few months as possible so that you only have to pay out-of-pocket for health services during as few months as possible. Medi-Cal will pick up any health service expenses that exceed the SOC in those months.
- Use **unpaid medical bills to meet the SOC**. The bills can be for the individual themselves or their family members. You can combine unpaid bills into one month. Contact the county MC worker to apply this strategy.
- Ex: Joseph has a \$500 Share of Cost. In February, Joseph got a \$600 hospital bill he did not pay. Joseph showed the unpaid bill to his county Medi-Cal worker for the month of March. The bill, bc it is over Joseph's SOC, will cover his March SOC and \$100 of it will go towards a future month – April. Joseph doesn't have to prove that he has paid on the bill, only that he is obligated to pay. Joseph must keep in mind that the bill itself still needs to be reckoned with the provider.


STATE FAIR HEARINGS

APPEAL RIGHTS

If you disagree with a county's action (example, termination or share of cost), you have rights:

- Request a [State Fair Hearing](#) and appeal the county action
 - Beneficiary has 90 days from date of the Notice of Action to appeal a county action
 - If you are appealing a managed care plan decision (denial of medical treatment, diff appeal deadlines apply).
- [Aid Paid Pending](#): if an appeal is submitted before the county action goes into effect, Medi-Cal benefits will continue as is until you receive a final State Fair Hearing decision.
- Example: John receives a Notice of Action dated August 5, 2018 that his Medi-Cal benefits will terminate on August 31, 2018. John appeals the county's proposed termination on August 12, 2018. Because John appealed before the termination occurred, he will receive Aid Paid Pending and his Medi-Cal will not terminate pending the appeal outcome.

State Fair Hearings

- **State Fair Hearings (“SFH”)** are before by an Administrative Law Judge who makes a judgment based on testimony, facts, and the applicable Medi-Cal regulations.
 - SFHs are usually informal. An attorney is not required and beneficiaries can represent themselves at a SFH.
 - The beneficiariary has the right to present their case, provide oral testimony, and to submit relevant documents to support their case.
 - The county also has the opportunity to attend and provide a statement of their case.
 - After the SFH decision is released, 30 day deadline to request a rehearing if the beneficiary disagrees with the SFH decision.
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WHERE TO APPLY?

ONLINE

- <https://www.coveredca.com/apply/> - Download application or fill out online
- <https://www.mybenefitscalwin.org/>

IN PERSON

- 1440 Harrison or 1235 Mission Street, San Francisco (M-F, 8am - 5pm)

BY MAIL or FAX

- Human Services Agency
PO BOX 7988
San Francisco, CA 94120
- Fax: (415) 355-2432

HELP!

Health Consumer Center Hotline: 1 (855) 693-7285

✧ Monday – Fridays, open from 9am to 5pm