

DMA ADMINISTRATIVE LETTER NO. 15-01, RSDI COLA

DATE: NOVEMBER 10, 2000

Subject: Social Security Cost-Of-Living Adjustment

**Distribution: County Directors of Social Services
Medicaid Supervisors
Medicaid Eligibility Staff**

I. SOCIAL SECURITY CHANGES DUE TO COLA ADJUSTMENT

A. RSDI/SSI

Recipients of RSDI and/or SSI will receive a 3.5% cost of living increase in the January 2001 payment.

B. SSI Federal Benefit Rates (FBR)

The FBR will increase to the following maximums effective 1/1/2001:

	<u>Individual</u>	<u>Couple</u>	<u>Essential Person</u>
Full FBR	\$530	\$796	\$266
1/3 Reduced Income Limit	\$353	\$530	

C. Medicare - Deductibles, Coinsurance and Premiums effective 1/1/2001.

1. Hospital Insurance - Part A
 - a. Deductible - \$792.00 per Benefit Period.
 - b. Coinsurance
 - (1) 61st - 90th day - \$198.00 per day.
 - (2) Lifetime reserve days - \$396.00 per day.
 - (3) Skilled Nursing Facility - \$99.00 per day for the 21st - 100th day per benefit period.

- c. Part A Premium - \$300.00 per month (paid by individuals ineligible for "free" Medicare A)
- 2. Medical Insurance - Part B
 - a. Deductible - \$100.00 per year
 - b. Monthly Premium - \$50.00

II. RECIPIENT NOTICE OF COLA

Insert to Medicaid ID Cards - TIMELY NOTICE

MAF, HSF, MAABD non-SSI cases authorized as of the November regular run (November 15) will be sent the following notice with the December 2000 Medicaid card. This insert serves as the timely notice for authorized cases:

NOTICE TO MEDICAID RECIPIENTS

If you receive a Social Security check, your check may go up in January 2001. This increase could affect your Medicaid by giving you a deductible, a patient monthly liability, or by increasing the deductible or patient monthly liability you now have. Medicaid regulations require that income from Social Security be counted when determining Medicaid eligibility (MA-2250 and MA-3260 in the Medicaid Eligibility Manual).

Social Services in your county will notify you of the exact change, if any, this action will have on your Medicaid by January 1st. Be on the lookout for your notice. You may appeal the way social services determined your deductible or patient monthly liability within 60 days from the date of notice.

December 2000

Division of Medical Assistance

III. CASES NOT AFFECTED BY THE RSDI COLA

The following cases are not affected by the COLA and will not be updated.

A. MQB (Medicaid Classes Q, B, or E)

The COLA will not be applied to ongoing and pending MQB cases until April or May 2001. This is due to the federally mandated COLA passalong for Qualified Medicare Beneficiaries. The MQB COLA update will be in conjunction with the MQB income level increases. Instructions will be issued prior to the effective dates.

B. MAABD Categorically Needy (PLA)

The COLA also will not be applied to MAABD Categorically Needy PLA until April or May 2001 when the income limit is increased. Federal law mandates COLA passalong for Categorically Needy cases just as it does for MQB.

NOTE: This group includes Categorically Needy cases with Medicaid classes N, Q (dually eligible) and alien class G.

C. MAF-N, MAF-C, and HSF-N

Because of continuous eligibility for children, the COLA will not apply to MAF-N and MAF-C cases when the only individual(s) active on the case are children. These cases will be identified at the individual level where "C" is displayed in the family status field for all individuals on the case.

D. MPW, MIC, MRF, MSB, and IAS

E. NC Health Choice (MIC Classes J, K, S and L)

F. SSI Cases

IV. CASES AFFECTED BY THE AUTOMATED RECALCULATION OF RSDI

The recalculation of RSDI will be automated for all counties. EIS will recalculate the RSDI amount on the night of November 27.

A. The following cases will have an automated RSDI recalculation:

1. MAA, MAB, MAD with Medicaid class B, M, and P.
2. MAF-M and P.
3. MAF-C and MAF-N with an individual coded in Family Status as P, I, S, and O.
4. HSF-M and P cases with RSDI.
5. Long Term Care cases (Non-SSI)

All Long Term Care cases that are in balance (total countable monthly income minus the maintenance amount equals the PML) will have an automated recalculation, even those with incomes at or below 100% of poverty. The passalong of the RSDI COLA for Categorically Needy cases is applicable only to PLA.

B. The following cases will not have an automated recalculation of RSDI.

Cases with certification periods with through dates 12/31/00 or earlier.

V. AUTOMATED RECALCULATION

A. Computer generated profiles with the RSDI amount updated by the 3.5% increase will be mailed to counties during the first week in December.

These profiles will display Form ID 1111111B, indicating that the change was made at the State Office.

1. RSDI Amount, Total Net Unearned Income, and Total Countable Monthly Income
 - a. The RSDI amount on file will be multiplied by 3.5% and rounded down to the nearest dollar.
 - b. If an amount is present in the Total Net Unearned Income field and/or the Total Countable Monthly Income field of the case, it will be increased by the difference between the old RSDI amount and the new RSDI amount.
2. Patient Monthly Liability (PML)

EIS will update the PML amount for LTC cases that are in balance. (See IV. A. 5., above.) The system will also send the DMA-5016 and DSS-8110A. See VI.F below.

B. After November 27, 2000, DO NOT KEY a change in income for any case which has RSDI until the new RSDI amount is verified.

Verify the new amount by receipt of the updated profile or by viewing updated RSDI information in the EIS Case Data screen.

C. Reports From Automated Updates

Each county will receive reports to assist with revising cases due to the RSDI COLA. These reports will also be available in NCXPTR. Counties will receive a Broadcast Message when the reports are available in NCXPTR. The report name as it is listed in NCXPTR is listed in parenthesis beside each report below. Recompute deductibles and PML following instructions in VI., below.

1. EIS Reports

The following reports will be issued by EIS during the first week of December:

- a. SSA Mass Revision Audit Report (DHREJ SSA MASS RVISION AUDIT RPT)

This report is for authorized cases only and lists all cases in which RSDI has been automatically updated by EIS. It does not include MQB or MAABD Categorically needy cases or cases with SSI (SSI Indicator = "Y"). The report will list the old and new RSDI amounts, old and new PML amounts and the new total countable monthly income.

- b. Potential New Deductible Cases, Cases Eligible for Program Transfer, or Terminations (DHREJ POT ELG FOR PROG TRAN/TRM)

This report will show all authorized PLA cases in which income exceeds the maintenance amount. Review cases on this list first to determine if revisions are necessary.

- c. Cases Not Updated - Cases With CP "To Date" Less Than or Equal to 12-31-00 or Budget Out-of-Balance. (DHREJ NO UPDATE CP<123100/UNBAL)

This report will list the following:

- (1) Cases with certification period which expires 12-31-00. These cases will not be updated. Verify updated RSDI amount by Bendex or SOLQ (State Online Query) if completing a redetermination.
- (2) LTC cases where total countable monthly income minus the maintenance amount does not equal the PML. Follow instructions in MA-2270 to assure the PML is computed correctly. Use the increased RSDI amount when computing PML effective 1/1/2001. Refer to VI.F., below.

- d. Deductible Cases Updated (DHREJ DEDUCTIBLE CASES UPDATED)

This report will list ongoing deductible cases where the deductible will increase. Calculate the increased deductible per VI.D., below.

- e. Cases with an SSI Amount Greater Than Zero with SSI Indicator of "N." (DHREJ SSI AMT>ZERO NDICATOR=N)

This report lists cases which indicate that the recipient receives SSI but is coded "N" as not being an SSI recipient. Check the SDX to verify SSI status and make necessary corrections to the EIS case. Contact EIS at (919) 857-4019 if you have difficulty resolving a case.

NOTE: These are not ex parte review cases. SSI cases which have been terminated show zero in the payment amount. A SSI indicator "N" with an amount greater than zero indicates there is a problem in the case.

- f. Long Term Care Cases with RSDI and a SSI Indicator of "Y".
(DHREJ LTC CASES SSI INDICATOR=Y)

This report lists cases which indicate that the recipient is in LTC and receives SSI and also receives RSDI. Calculate the increased PML per VI.F., below.

VI. PROCESSING INSTRUCTIONS FOR ONGOING CASES IN THE AUTOMATED UPDATE

These instructions apply to all cases having an automated RSDI COLA recalculation.

Upon receipt of profiles with the RSDI amount increased by 3.5%, void the last profile received prior to the RSDI update to prevent its use in error.

A. Computation of Deductible or PML (Budget Out of Balance)

Compute the effect of the increase in RSDI income on each case, following instructions in VI.D. below, to determine whether there is:

1. A new, additional, or increased deductible, or
2. A new or increased PML for LTC cases in which the budget is out of balance. (EIS will not automate the recalculation of RSDI for long term care cases where the budget is out of balance, i.e. total countable monthly income minus the maintenance allowance does not equal the PML.)

B. Instructions Specific to MAABD-B (Dually Eligible) Cases

If the COLA increase causes an individual who is dually eligible (MAABD with Medicaid class B) to have a deductible, he must be transferred to MQB-B. Refer to procedures in MA-2355.

C. Medicare Part B Premium

The Medicare Part B base premium will increase to \$50.00 for the year 2001.

D. Instructions for Medically Needy Cases

Use the following computation method for a single recipient or Medicaid couple who has a deductible. (Follow procedures in MA-2260 for cases in which income is deemed from a parent or an ineligible spouse).

1. Recompute the deductible for months in the certification period prior to January using the old RSDI amount.
2. Use the new RSDI amount to compute the deductible for remaining months in the certification period beginning with January.
3. Add together the results of the two computations to obtain the revised deductible.
4. If the case has not been authorized, the deductible will increase to the revised amount.
5. If the case has been authorized, subtract the original deductible from the new deductible to obtain the amount of the increased deductible effective January 2001. Put the case in deductible status effective January 1, 2001.

NOTE: This procedure also applies to cases which were authorized based upon a hospital admission (DRG). Authorization because of DRG does not entitle the recipient to eligibility through the entire certification period without regard to increased income.

EXAMPLE: M-AD Medically Needy single individual with RSDI only

Certification Period: October – March

Original Budget: October - March

\$ 774	RSDI	774.00	Old RSDI
- 20	Exemption	x 1.035	COLA Increase
754		801.00	New RSDI
- 242	Income Level for One		
512			
x 6	Months in c.p.		
\$3,072	Deductible for 6 months c.p.		

Revised Budget:

October - December

January – March

\$ 774	RSDI	\$ 801	New RSDI
- 20	Exemption	- 20	Exemption
754		781	
- 242	Income Level for One	- 242	Income Level
512		539	
x 3	Months in c.p.	x 3	Months
\$1,536	Deductible for 3 months	\$1,617	Deductible for 3 months

New deductible for c.p. = \$1,536 + \$1,617= \$3,153

If the case has already been authorized, an additional deductible of \$ 81(\$3,153 - \$3,072 = \$81) will be effective January 1, 2001.

If the case has not been authorized, the previous deductible of \$3,072 will increase to \$3,153 effective January 1, 2001.

6. Notices

- a. Cases Authorized as of November 15, 2000 (Received Timely Notice of Change insert)

If there will be a change in deductible, send an adequate notice to notify recipients of the specific change no later than December 22, 2000. Use change code 53 if using an automated notice.

- b. Cases authorized after November 15, 2000

Send a timely notice to notify recipients of the specific change in deductible or PML amount to cases with RSDI who were not authorized for December as of November 15 and thus did not receive the insert notice. Use change code 02 (notice text required) or 40 (manual notice required - enter "Y" in Notice Override field on DSS-8125). Send the notice in time for the timely notice to expire by pull cutoff.

- c. Cases which remain in deductible status (deductible increases)

Send a timely notice to notify recipients of the increased deductible amount. Send a manual notice or use change code 02 (notice text required) for an automated timely notice. Send the notice in time for the timely notice to expire by pull cutoff.

E. MAF-C and MAF-N cases that have individuals with a family status code of P, S, O, or I. Caretakers do not get continuous eligibility.

Determine eligibility with new RSDI amount. If it gives the case excess income:

1. Delete caretaker.
2. Set up an MAF-M case for the caretaker with an administrative 8124.
3. Continue children for the 12-month continuous period.

F. Computation for Long-Term Care Cases

EIS will calculate the RSDI amounts and recalculate the PML for all non-SSI LTC cases if the budget balances (total countable monthly income minus the maintenance amount equals the PML). EIS will then automatically issue the DMA-5016 and the DSS-8110A to notify the recipient of the change.

NOTE: LTC cases with SSI do not require a recalculation as the SSI amount (\$30 personal needs allowance) has not changed.

The IMC must review and manually update the PML for other cases.

1. LTC Cases - PML May Require Adjustment

EIS cannot identify certain types of situations, such as cases with income protected for the community spouse or dependent family members and cases with couples in the same room. This means the updated PML may be incorrect and must be adjusted. If an adjustment is necessary, complete the adjustment at the next redetermination, change in situation or when updating the spousal income allowance.

NOTE: Complete a State Online Query (SOLQ) to verify the Social Security increase for the community spouse/dependent family member. When verification is received, recompute the CSIA/dependent allowance following procedures in MA-2270, VI. and VII.

2. LTC Cases - Budget Out of Balance

The PML must be manually computed for cases with budgets out of balance (EIS will not update the PML). These cases will appear on the "Cases With CP 'To Date' Less Than or Equal to 12-31-00 or Budget Out-of-Balance" report referenced in V.C.1.c., above.

- a. Follow procedures in MA-2270 for determining PML.
- b. Enter this amount into EIS no later than December 22. If it cannot be entered by that date and it is a reduction in PML, contact the Claims Analysis Unit at DMA (919) 857-4018. If it cannot be entered by that date and it is an increase in PML, the change cannot be made until February 2001.

3. LTC - Step 3 Budgeting

LTC cases budgeted Step 3 with a deductible will show up on the "Cases With CP 'To Date' Less Than or Equal to 12-31-00 or Budget Out-of-Balance" referenced in V.C.1.c., above.

4. LTC – Cases with RSDI and SSI Indicator of "Y"

The PML must be manually computed for cases with RSDI and SSI indicator of "Y" (EIS will not update the PML). These cases will appear on the "Long Term Care Cases with RSDI and a SSI Indicator of Y" report referenced in V.C.1.f., above.

- a. Follow procedures in MA-2270 for determining PML.

- b. Enter this amount into EIS no later than December 22. If it cannot be entered by that date and it is a reduction in PML, contact the Claims Analysis Unit at DMA (919) 857-4018. If it cannot be entered by that date and it is an increase in the PML, the change cannot be made until February 2001.

5. LTC Notices

- a. Cases authorized as of November 15, 2000 (Received Timely Notice of Change insert.)

Enter the new PML amount in EIS no later than December 22, to generate the DMA-5016. Send an adequate notice to notify recipient. Use change code 54.

NOTE: Failure to enter the new PML in EIS timely may result in overpayments to facilities. Counties will be charged back for overpayments resulting from failure to timely and correctly update EIS and send notice to facilities.

- b. Cases authorized after November 15, 2000

Send a timely notice to notify recipients of the specific change in the PML amount. Use change code 02 (notice text required) or 40 (manual notice required - enter "Y" in Notice Override field on DSS-8125). Send the notice in time for the timely notice period to expire by pull cutoff.

G. BENDEX

The BENDEX lists the actual amount of RSDI after the COLA. Within 30 days of receipt of BENDEX:

1. PLA Cases

- a. Compare the updated RSDI amounts to the BENDEX for each case.
- b. Correct the amounts in the RSDI field, Total Net Unearned Income field and Total Countable Monthly Income field in EIS to agree with the BENDEX if there is a discrepancy which would result in an error of \$5.00 or more in additional deductible.
- c. Send a timely notice if there is an increase in the deductible or an adequate notice if there is a decrease.

- d. If the BENDEX is not available when case profiles are received or manual recalculations are completed, treat as a change in situation when it is received if there is a difference of \$5 or more in the deductible. Take action within 30 days to correct the amounts in the system.

Sometimes the calculated COLA increase will differ from the amount computed by SSA. SSA will not compute an actual increase on all cases. Families who receive benefits, individuals who opted for early retirement, and individuals who receive Medicare are most likely to receive an amount different from that indicated on the profile.

In addition, computations often vary from BENDEX by \$1.00, because the amount displayed on BENDEX is the benefit amount AFTER rounding down. However, when SSA applies the increase to the benefit, they use the amount BEFORE rounding.

For example, if an individual's RSDI is \$726.80 prior to January 1, 2001, the BENDEX displays this amount as \$726 (rounding down). However, when the 3.5% increase effective January 1, 2001, is applied, it is applied to \$726.80 and the result is \$752.23, which is rounded down to \$752. EIS shows the RSDI amount as \$726. We apply the 3.5% and our result is \$751.41, which is rounded down to \$751. Be sure to verify the amount on the BENDEX when received.

2. LTC Cases

Review BENDEX only to verify RSDI for cases with budget out of balance. RSDI for other LTC cases may be verified at the next redetermination or change in situation.

NOTE: Do not attempt to make retroactive adjustments to the PML.

H. SSI Terminations

When the RSDI COLA results in termination of an individual's SSI benefits (and automatic entitlement to Medicaid), an ex parte redetermination of eligibility is required.

1. Refer to instructions in Aged, Blind and Disabled Medicaid Manual, MA-1000 VII. (PLA) and MA-1100 V. (LTC), and the Family and Children's Medicaid Manual, MA-3000 V., regarding ex parte redetermination of eligibility.

2. Complete a state online query (SOLQ) to verify the increased amount of RSDI. Use this amount to determine eligibility.
3. Passalong

Individuals terminated from SSI because of the COLA may remain eligible for Medicaid due to "passalong" provisions as noted in VII.B., below (503 Leads SDX). Refer to MA-2100 III.B. and D.

VII. ADDITIONAL REPORTS GENERATED BY RSDI INCREASE

The following reports will be issued by EIS to the county based on information received from Social Security Administration updates.

A. BENDEX

BENDEX updates are expected to be issued to counties early in December. Compare the RSDI amount on the updated profile with the BENDEX to determine any inconsistencies. Use the RSDI amount listed on the BENDEX for calculations as instructed in VI., above. If the BENDEX is not received timely, do not hold adverse actions pending BENDEX verification.

B. 503 LEADS SDX - Individuals Eligible for Passalong

The 503 LEADS SDX will be issued to counties by mid-December. This report lists those individuals eligible for Passalong because they lost SSI solely due to the RSDI COLA. Refer to MA-2100 III.B. & D. in the M-AABD manual for procedures.

VIII. PENDING APPLICATIONS

The following instructions are for applications still pending as of November 27, 2000 (the last keying date based on the automated RSDI COLA update).

NOTE: If the application is approved on or before November 27, the RSDI amount will be updated if the case meets the criteria in Part I above for an automated update.

When processing applications, apply the RSDI COLA (if applicable per instructions below) and use the Medicare B premium of \$50.00 for deductibles/PML effective 1/1/2001.

A. MAABD Categorically Needy PLA Applications

1. If there is RSDI income, DO NOT apply the RSDI COLA. Determine eligibility using the income prior to the COLA increase. The RSDI COLA will be applied to all M-AABD Categorically Needy cases when the poverty level increases April or May 2001.

2. No implementation action is necessary unless there is a change in income other than RSDI. If there is a change, follow procedures in MA-2250 V. for treating changes in income during the application process.

B. MAABD Medically Needy PLA Applications

1. If there is no RSDI income, no additional implementation action is necessary.
2. If there is RSDI income, apply the RSDI COLA. Compute the new amount of RSDI by multiplying RSDI by 1.035 and rounding down to the nearest dollar, unless verification from SSA is available. Use the verified amount if available.
 - a. Do a SOLQ to verify the COLA as soon as possible.
 - b. Treat as a change in situation if the manually computed RSDI amount and the verified amount results in a difference of \$5.00 or more in the deductible/PML. If it will result in a difference of less than \$5.00, apply the increase at the next review.
3. If the deductible has been met and the application is approved prior to 1/1/2001, authorize for the certification period based on income prior to applying the COLA effective 1/1/2001.
 - a. Determine the new deductible based on the COLA increase.
 - b. Send a DSS-8110 to notify the recipient of the increased deductible.

EXAMPLE: Medically Needy application, certification period is October - March. Applicant provides documentation on December 7 that his deductible was met November 24. Authorize 11-24 through 3-31. The pull date is 12/22/00. Send notice of additional deductible effective 1/1/2001. If documentation is not provided in time to give a 10 workday notice prior to 12/22, the new deductible cannot be effective until 2/1/2001 because the 10 day timely notice period does not end by the data processing cutoff date (last day to send timely notice may vary according to county holiday schedule).

4. If the deductible has not been met, compute the additional deductible. Send a revised DMA-5025 to notify the applicant of the increased deductible.

5. If the application is not completed until after 1/1/2001 and the applicant would have met the original deductible prior to 1/1/2001:
 - a. Authorize for the entire certification period based upon income prior to the COLA.
 - b. Compute the amount of additional deductible for January through the end of the certification period.
 - c. Send a DSS-8110 giving timely notice of the additional deductible. The deductible is effective the first day of the month following timely notice.

C. MQB Applications

For all MQB classes (Q, B, E, and QI-2), do not apply the COLA. Changes discussed in this letter do not apply to these cases.

D. For All Other PLA Applications With RSDI Income

Follow these instructions for MAF, MIC (N class only), HSF and dually eligible MAABD-B applications where there is RSDI income.

1. Compute the new RSDI by multiplying RSDI by 1.035 and rounding down to the nearest dollar, unless verification from SSA is available. (Use the verified amount if available.)
2. Do a SOLQ to request verification of the COLA as soon as possible.
3. Authorize for the certification period based on income prior to applying the COLA effective 1/1/2001.
4. For deductible cases, follow procedures in B., immediately above.

E. Long Term Care Cases

1. Apply the RSDI COLA for PML's effective 1/1/2001. Compute the new RSDI by multiplying RSDI by 1.035 and rounding down to the nearest dollar, unless verification from SSA is available. (Use verified amount if available.)
2. Compute the PML according to instructions in MA-2270, Long Term Care Need and Budgeting. Use the RSDI income in effect prior to the COLA for months prior to 1/1/2001. Use the new RSDI and premium amounts to compute the PML effective 1/1/2001.

3. Do a SOLQ to verify the COLA as soon as possible.
4. Treat as a change-in-situation if the manually computed RSDI amount and the verified amount would result in a difference of \$5.00 or more in the PML. If it will result in a difference of less than \$5.00, apply increase at the next review.

EXAMPLE: LTC applicant has RSDI gross amount of \$818. Certification period is December through May. There is no other income or unmet medical needs. The case is evaluated as Medically Needy. SSA increases to \$846 on 1/1/2001 based on the 3.5% increase. The Medicare Part B premium has also changed to \$50.

<u>December PML</u>	<u>January PML</u>	<u>February PML</u>
\$818.00	\$846.00	\$846.00
- <u>30.00</u> pers. needs	- <u>30.00</u> pers. needs	- <u>30.00</u> pers. needs
788.00	816.00	816.00
- <u>45.50</u> Part B	- <u>50.00</u> Part B	
742.50	766.00	
 \$743 PML	 \$766 PML	 \$816 PML

This Administrative Letter obsoletes DMA Administrative Letter 15-00 dated November 15, 1999.

If you have any questions regarding this information, please contact your Medicaid Program Representative.

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Director

This material was researched and written by Renee Boston, Policy Consultant, Medicaid Eligibility Unit.