Chapter 6 Share of Cost Rules

What is a Share of Cost?
If you are eligible for SSI/SSP except for excess income or are on the Medi-Cal Medically Needy Program (ABD MN), and qualify for IHSS you may have a share of cost (SOC). There is a Medi-Cal SOC and an IHSS SOC. You will only need to meet your IHSS SOC to be eligible for IHSS services/Medi-Cal services. Non-payment of your SOC will cause you to become ineligible for IHSS and Medi-Cal.

Medi-Cal Share of Cost
Medi-Cal SOC is the monthly amount Medi-Cal requires you to pay each month, or requires you to agree to pay in the future, for medical goods and services before Medi-Cal begins to pay. You may meet your SOC by paying for, or by agreeing to pay for, medical goods and services. You may meet your SOC by paying an old bill, by presenting an old bill you are obligated to pay. You can meet your SOC by paying for or agreeing to pay for services and equipment Medi- Cal would not cover if Medi-Cal were paying.

Medi-Cal is designed to be an income-maintenance program as well as a medical care reimbursement program. It is designed to pay for medical expenses so that beneficiaries can use the income that they have for food, clothing and shelter. The program does this by providing Medi-Cal without a SOC to individuals who receive SSI/SSP or are on Medi-Cal Programs such as the Aged and Disabled Federal Poverty Level Program, the 250% Working Disability Program, the Pickle Program, or 16196.

The monthly SOC for Medi-Cal is called “Spenddown.” This is the amount a beneficiary has to spend for medical care before Medi-Cal will begin to pay. The term “spenddown” is also used to describe spending down of excess countable resources ($2,000 for an individual and $3,000 for a couple) in order to qualify for Medi-Cal. It is important not to confuse income spenddown and resource spenddown.

You might think that beneficiaries who have a SOC for Medi-Cal would only have to spend down to the SSI/SSP benefit level in order to obtain Medi-Cal coverage. After all, this would leave non-SSI/SSP recipients the same amount of money for food, clothing and shelter that SSI/SSP recipients have. However, Medi-Cal SOC does not work that way. Medi-Cal has a uniform method for determining share of cost that is based on a percentage of the old AFDC amounts. This means that

beneficiaries with a Medi-Cal SOC have to spend down *below* the SSI/SSP level before Medi-Cal will begin to pay for medical expenses.

The amount that Medi-Cal beneficiaries with a SOC have to spend down to is $600 per month for an individual and $934 for couples. This is the MNIL or Medically Needy Income Level. (For purposes of this publication, we will ignore various exclusions and deductions from income in order to simplify calculations.) The SSI/SSP benefit level for 2007 for an individual is $856 per month, which is $256 per month higher than the MNIL. Therefore, a Medi-Cal beneficiary with a SOC will have $256 less in monthly income for food, clothing, shelter and other expenses than an SSI/SSP recipient, if the beneficiary meets his or her Medi-Cal SOC for the month.

IHSS Share of Cost

For IHSS recipients with a SOC, the State pays part of the share of cost so that IHSS recipients pay down to the SSI/SSP grant level rather than down to the lower MNIL of $600 under the ABD MN program (this is called the "buy-out account"). Before recent changes, the State would pay for part of the share of cost only if you met your share of cost by paying your IHSS providers. That has changed so that now you can pay (or incur an obligation to pay) for any needed service including health plan premiums and services that may not be available under Medi-Cal (like extra physical therapy). At the time the provider is to be paid for the first half of the month, your records will be checked so that any unused share of cost will be counted then. Both you and the provider will get a notice about that month's share of cost, if any. DSS ACL 06-13; DHS ACL 05-21. This process is explained more thoroughly below.

Using the example of a MNIL of $600 and an SSI/SSP benefit amount of $856, the buy-out amount would be $256. If an individual on IHSS has countable income of $1,200, the Medi-Cal SOC would be $580 ($1,200 - $20 allowable deduction- $600 MNIL). The IHSS SOC would be $324 ($1,200 - $20 - $856). DSS pays DHCS $256 at the beginning of the month towards the beneficiary's Medi-Cal SOC and the recipient is responsible for meeting the IHSS SOC of $324 and not the Medi-Cal SOC of $580. Therefore, the buy-out amount is designed to equalize the Medi-Cal and the IHSS SOC by making an up-front payment of about $256 per month toward the Medi-Cal SOC.

In order to implement the Buy-Out system, the CWD will send two eligibility notices of action to the beneficiary. One will be a Medi-Cal eligibility notice of action showing the Medi-Cal SOC. The other will be an IHSS notice of action

showing the IHSS SOC. As an IHSS recipient, you will only be responsible for the IHSS SOC.

New Share of Cost System

The new SOC process is described in ACLs 05-35, and 06-13. The new system is more complicated than the old system because share of cost for IHSS services for recipients who also receive federally-funded Medi-Cal (PCSP and IPW) must be combined with other Medi-Cal recognized expenses.

The counties do this by using the IHSS computer system as a point-of-service (POS) system for inputting IHSS SOC information in much the same way that a doctor or pharmacist providing Medi-Cal services inputs Medi-Cal SOC information.

The new system is mostly positive because:

1. Medi-Cal recognized expenses (MRE), in addition to IHSS provider wages, can now be used to incur Medi-Cal SOC for IHSS recipients.

2. If other MRE (other than IHSS provider wages) are used to meet SOC for Medi-Cal, the IHSS recipient can receive a full IHSS payment notwithstanding the IHSS SOC.

Under the old IHSS SOC system, the IHSS SOC was calculated and deducted from the check to the provider. The IHSS recipient was then responsible for payment of the SOC to the provider.

This system is still in place, but it is more complicated because other Medi-Cal MRE in addition to IHSS provider wages can now be used to reduce SOC. Therefore, the SOC payable to the provider may be less than the total IHSS SOC but it will never be more.

Another way of putting this is that there is now only a single Medi-Cal SOC for PCSP and IPW beneficiaries rather than a single IHSS SOC. Wages paid to the IHSS provider are a Medi-Cal MRE the same as a payment to any other provider such as a pharmacist or doctor. Therefore, wages paid to an IHSS provider are added together with payments to doctors, pharmacists and other Medi-Cal or non-Medi-Cal providers, for MRE, in order to determine if the Medi-Cal SOC has been incurred (paid or obligated). Once the total Medi-Cal SOC has been incurred, the beneficiary can receive Medi-Cal (and IHSS) with no SOC.

How the New SOC System Works
Acronyms and terms you need to know:

MEDS (Medi-Cal Eligibility Data System)
AEVS (Medi-Cal Automated Eligibility Verification System)

The way this unified Medi-Cal SOC works is that all providers (except the IHSS providers) input SOC data into MEDS to show that SOC has been paid or obligated. Ordinarily, a provider will swipe the Medi-Cal beneficiary's BIC card in order to look up SOC data on a system called AEVS. This system tells the Medi-Cal provider how much the total SOC is, and how much of the SOC has not yet been paid or obligated (remaining SOC). The Medi-Cal provider then knows whether to bill the beneficiary or bill Medi-Cal for the service. If the Medi-Cal provider bills the beneficiary, the amount billed is input and shows up in MEDS as part of the incurred SOC.

If a Medi-Cal beneficiary receives MRE from a non-Medi-Cal provider, or receives MRE that are not reimbursable by Medi-Cal, the beneficiary must take receipts to the County Welfare Department (CWD) Medi-Cal eligibility worker and have the information entered into MEDS. This part of the process has not changed.

Obviously, the CWD cannot swipe the BIC card in order to determine how much SOC remains and must therefore be paid by the IHSS recipient to the IHSS provider. Instead, the CWD looks up the remaining SOC in the MEDS system when processing the timesheet. This remaining SOC is then deducted from the check to the provider instead of the full IHSS SOC, as was done under the old system.

Therefore, under the new system, the SOC deducted from the check to the provider can be less than the full IHSS SOC depending on what the MEDS system shows. If the IHSS recipient has not paid or obligated any SOC, the deduction from the provider check will be the full amount of the SOC (prorated because of two monthly IHSS payments). If the IHSS recipient has paid or obligated SOC for MRE, the SOC deduction from the check will be the remaining SOC.

When the CWD determines the actual IHSS SOC and deducts that amount from the check, the system generates two notices of action. One notice is sent to the IHSS provider telling the IHSS provider how much to collect from the IHSS

recipient. The other notice is to the IHSS recipient telling the IHSS recipient how much the IHSS recipient must pay directly to the IHSS provider.

Potential Problems with New Share of Cost Rules

No Apparent Retroactive Processing of Buy-Out Amounts

The main problem with this system is that there may be a delay in Medi-Cal provider MRE information showing up in the MEDS system. If the IHSS SOC is deducted from the paycheck before the other MRE information shows up in the system, the beneficiary will have to pay more than his or her Medi-Cal SOC for both Medi-Cal MRE and IHSS services. Apparently, there will be no retroactive SOC adjustments to correct this. Buy-Out information will be processed between the 24th and 28th of the month. If there is a glitch in the system so that the Buy-Out is not processed, the beneficiary will be responsible for the entire Medi-Cal SOC for the month.

No Proration of SOC Deductions among Multiple Providers' Checks

Under the new system, the first timesheet processed will result in the SOC deduction from that provider's check. If you have more than one provider, SOC will not be prorated among the various provider checks.

Delays and Elimination of Direct Deposit In Advance Payment

Under the new system, advance pay with SOC checks will be processed manually. Processing must be done on or after the first of the month. Therefore, there will be a delay in receiving the advance pay check. Direct deposit will no longer be available for advance pay checks.

Possible Ways to Avoid a SOC

One thing to consider in all of this is that Medi-Cal beneficiaries who qualify for the A&D FPL Medi-Cal program will not have a SOC for Medi-Cal. Individuals currently qualify for the A&D FPL program if they have countable incomes of less than approximately $1,081 per month. Therefore, only individuals with countable incomes of more than $1,081 per month must spenddown to $600 per month in order to qualify for Medi-Cal! For more information about the A & D FPL program, go to: http://www.healthconsumer.org/cs029AgedDisabled.pdt

If you have a SOC due to community deeming rules based on your spouse's or parents' income if you are minor, you should see whether you can qualify for a HCBS Waiver, such as the DD Waiver, under institutional deeming rules. Once

you are eligible for participation in a HCBS Waiver, you will automatically have zero share of cost.

If your earnings cause you to have a SOC, you may wish to have your Medi-Cal program converted from the ABD MN to the 250% Working Disabled Program (WDP). The 250% WDP allows an individual to earn countable income up to 250% of the federal poverty level while still maintaining eligibility for Medi-Cal benefits. You will have a monthly premium based on your income but it will be considerably less than your monthly SOC if you remain in the ABD MN program. For more information about the 250% WDP, please refer to: http://www.healthconsumer.org/cs032WorkingDisabled.pdf

Potential Problems with IHSS and Medi-Cal Co-Administration

Acronyms and terms you need to know:

CMIPS (IHSS Case Management, Information, and Payrolling System)
SCI (Statewide Client Index)

DSS and the CWDs use the CMIPS computer system to administer the IHSS program, including PCSP and IPW. CMIPS contains IHSS eligibility information and payroll information. When a person first becomes eligible for IHSS the CWD inputs the hours of need and provider information, and generates a timesheet. When the timesheet is returned after the close of the pay period (the 15th and 30th of the month for non-advance pay recipients) the system generates a paycheck, which is sent directly to the provider. The paycheck arrives 10 days after the close of the pay period—the 25th for pay periods ending on the 15th and the 10th for pay periods ending on the 30th. The paycheck has a timesheet attached, which is then submitted at the close of the current pay period. This generates a paycheck with a new timesheet attached, and so on and so on and so on.

DHS and CWDs use the MEDS system for Medi-Cal eligibility. DHS also uses the MEDS computer system for Medi-Cal billing by Medi-Cal providers, such as doctors and pharmacists. When a Medi-Cal beneficiary presents for service, the doctor or pharmacist swipes the beneficiary's Medi-Cal BIC card to determine if the beneficiary has a share of cost for Medi-Cal, and, if so, how much. If the beneficiary does not have a share of cost, the provider bills Medi-Cal for the service. If the beneficiary has a share of cost, the provider bills the beneficiary for the service and enters the billing information into MEDS to show that the

beneficiary has paid or obligated some or all of his or her share of cost. This transaction reduces the beneficiary's remaining share of cost.

Now that the CWD has to input IHSS SOC transactions into the MEDS system in much the same way that doctors and pharmacists do, the CMIPS and MEDS systems must interface and reconcile various transactions. This is done through the CALWIN system (CalWORKs Information Network). The CALWIN system is the case management system for the CalWORKs program. County IHSS workers often are not familiar with the CALWIN system and must learn it. This may cause problems with delays and improper or incomplete data entry.

Potential Eligibility Delays Arising From Erroneous Data Entries

One problem that can come up at the initial eligibility stages is an incorrect interface between CMIPS and MEDS caused by multiple entries into the system, incorrect date of birth or Social Security number in one or both systems, and inaccuracies in other identifying information. Counties are supposed to minimize this kind of problem by pulling basic eligibility information into both the CMIPS and MEDS systems from something called the SCI (Statewide Client Index). This is the first type of problem that is likely to occur with the interface between CMIPS and MEDS and is the first thing to watch out for with newly-eligible IHSS recipients.

Potential Medi-Cal Eligibility/Share of Cost Problems Arising with New IHSS Cases Pending Full-Scope Medi-Cal Eligibility

Another problem is that for all new IHSS cases, the individual will be input into the CMIPS system as an IHSS-R recipient until the Medi-Cal eligibility information is pulled into CMIPS. These individuals should have state-only zero share of cost Medi-Cal as long as they are IHSS-R recipients. However, the state does not seem to be providing zero SOC Medi-Cal to IHSS-R recipients, even though the state is legally required to do so. This will result either in no Medi-Cal for IHSS-R recipients, or a double SOC for both Medi-Cal and IHSS until the individual is coded from IHSS-R to either PCSP or IPW.

New System's Use of Aid Codes May Not Accurately Identify Some Zero SOC Cases

You may need to know that Medi-Cal and IHSS use the following aid codes to identify whether or not an individual has a share of cost for Medi-Cal and whether or not the individual receives IHSS and, if so, under which IHSS program:

SSI recipients—no share of cost
Aid code 10—over age 65
Aid code 20—individual with a disability
Aid code 60—individual who is blind

IHSS recipients (secondary Medi-Cal aid code)
Aid code 2L—IPW recipient
Aid code 2M—PCSP recipient
Aid code 2N—IHSS-R recipient

This second set of aid codes identifies the IHSS program that the individual is in. It is used together with another Medi-Cal aid code such as one of the SSI recipient aid codes listed above, or some other Medi-Cal aid code, which may include aid codes for the A&D FPL program, Pickle eligibility, Craig v. Bonta (SB87) eligibility, etc.

In addition, the CMIPS system uses the following discontinued Medi-Cal aid codes for IHSS tracking purposes only:

Aid code 18—over age 65 and does not receive SSI
Aid code 28—individual with a disability and does not receive SSI
Aid code 68—individual who is blind and does not receive SSI

There are two problems with these discontinued aid codes: First, the use of one of these aid codes does not mean that the IHSS recipient necessarily has a share of cost for Medi-Cal or IHSS. For example, an individual who has A&D FPL Medi-Cal does not receive SSI but does not have a share of cost for Medi-Cal either. Second, these aid codes were used in the past to provide zero share of cost Medi-Cal to IHSS-R recipients. If Medi-Cal has discontinued the use of those aid codes for that purpose, then Medi-Cal is no longer providing zero share of cost Medi-Cal to IHSS-R recipients, which is a violation of the law.