



Iowa Department of Human Services

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GENERAL LETTER NO. 14-B(8)-19

ISSUED BY: Bureau of Financial, Health and Work Supports
Division of Adult, Children and Family Services

SUBJECT: Employees' Manual, Title 14, Chapter B(8), **COLA PROCESSING**, Title page, revised; and pages 2, 4, 5, 7, 8, 13, 14, and 15, revised.

Summary

Chapter 14-B(8) is revised to reflect that Black Lung benefits are no longer reported on BENDEX. Black Lung benefits are administered by the Department of Labor. Increased benefits must be individually verified.

Effective Date

Upon receipt.

Material Superseded

This material replaces the following pages from Employees' Manual, Title 14, Chapter B(8):

<u>Page</u>	<u>Date</u>
Title page	November 9, 2007
2, 4, 5, 7, 8, 13-15	November 9, 2007

Additional Information

Refer questions about this general letter to your area income maintenance administrator.

Revised November 4, 2011

Employees' Manual
Title 14
Chapter B(8)



COLA PROCESSING



The following kinds of assistance **are not** included in the automated ABC process:

- ◆ Qualified disabled working persons (QDWP)
- ◆ Qualified Medicare beneficiaries (QMB)
- ◆ Specified low-income Medicare beneficiaries (SLMB)
- ◆ Expanded specified low-income Medicare beneficiaries (E-SLMB)
- ◆ Supplemental Security Income (SSI) Medicaid
- ◆ Medically Needy cases
- ◆ Hospital-only Medicaid
- ◆ HCBS waiver cases in Medically Needy or hospital-only aid types
- ◆ Medicaid for children in foster care
- ◆ Medicaid for children receiving adoption subsidy
- ◆ Medicaid for employed people with disabilities (MEPD)
- ◆ Medicaid for people eligible for SSI but not receiving benefits
- ◆ Medicaid for people ineligible for SSI or SSA due to special circumstances
- ◆ Nursing facility cases where ABC coding indicates a couple shares a room
- ◆ Nursing facility cases with Miller trusts or MAITs
- ◆ SSI-related automatic redetermination
- ◆ State Supplementary Assistance (except residential care facility)

Data Sources

The primary sources of COLA data are files sent to the states from the Social Security Administration's State Data Exchange (SDX) System, which supports the SSI program, and its BENDEX System for Social Security benefits and Medicare premium payer and amounts.

When a COLA increase is to be effective with January eligibility and benefits, the Department central office usually receives the two files for Iowa during the last two weeks of the preceding November. The COLA data returned for BENDEX were matched to individual data that the Department sent to the Social Security Administration in mid-October.

The other sources of data are the ABC system and a system file of facility provider information.

Case calculations are performed as appropriate to the program and individual records.

Income records are updated, but program calculations are not performed when:

- ◆ The certification or limit date will end before the COLA effective date.
- ◆ The person and program are “recently closed.”
- ◆ A nursing facility case has an OHP code of “1” indicating a noninstitutionalized spouse. (You must review the diversion amount and other income and update the BCWs to cause a recalculation. A WAR is generated during the COLA run to indicate this type of case.)
- ◆ The program is either FMAP-related automatic redetermination or transitional Medicaid.

Social Security amounts are countable income for all programs.

SSI amounts are countable income for Food Assistance and are used in computation of client participation. When benefits are changed, a *Notice of Decision* is automatically generated.

System Actions for Programs

| Automated transfer of Social Security and SSI amounts to ABC individual income records displayed on BCW2 screens occurs only for COLA.

SSI benefit amounts are transferred directly from the SDX file to the ABC individual income records. If a match occurred for active or “recently canceled” status people, these transferred amounts are displayed on the BCW2 screens by program.

| **Social Security** benefit amounts are calculated from data on the BENDEX file. These resulting amounts are transferred to the ABC individual income records by program, displayed on BCW2 screens, for active or recently canceled people.

For facility programs, the system uses the amount of Social Security before any reduction for overpayment. For other programs, the system uses the amount of Social Security after reduction for overpayment. Information message 986 is generated for facility and RCF cases when the overpayment amount is greater than zero.

If a client disputes the amount of Social Security income, use the automated TPO2 process to request an update.

The amount of the standard **Medicare premium** usually changes for the same month as the Social Security benefit is increased. The standard premium amount, changed or not, is used:

- ◆ To determine the portion of the medical expense deductions attributable to the Medicare premium in the computation of Food Assistance; and
- ◆ In the computation of client participation in the facility programs.

The following sections explain how these changes are applied to:

- ◆ [Medicaid and RCF cases](#)
- ◆ [Food Assistance cases](#)
- ◆ [FIP and Refugee Cash Assistance cases](#)
- ◆ [Updates to the ABC system](#)

Medicaid and RCF

Legal reference: 441 IAC 50.2(1), 52.1(3) and 75.1(249A)

The Medicaid and State Supplementary Assistance programs require that Social Security benefits be counted as income in determining eligibility.

Policy for the facility and RCF programs requires that Social Security and SSI amounts are counted as income in determining client participation amounts. See 8-1, [CLIENT PARTICIPATION](#), and 6-B, [RESIDENTIAL CARE FACILITY ASSISTANCE](#).

The effective month for counting increased income due to COLA is the first month in which the increase will be received. According to policy:

- ◆ FMAP-related Medicaid programs use the Social Security benefit **after** any overpayment is deducted to calculate eligibility.
- ◆ SSI-related Medicaid programs use the Social Security benefit **before** any overpayment is deducted, to calculate eligibility and benefits.

Food Assistance

Legal reference: 7 CFR 273.12(e)(3)

The Food Assistance program requires that Social Security and SSI be counted as income in determining eligibility and benefit level. According to policy, Food Assistance uses the Social Security benefit **after** any overpayment is deducted to calculate eligibility and benefits.

The first month for counting the increased income amount in determining eligibility and benefits is the first month in which the increase is received.

FIP and Refugee Cash Assistance

Legal reference: 441 IAC 40.7(2), 40.7(5) and 41.7(239)

The FIP and Refugee Cash Assistance programs require that Social Security benefits be counted as income in determining eligibility and benefit levels. According to policy, FIP and RCA use the Social Security benefit **after** any overpayment is deducted to calculate eligibility and benefits

The first month for counting the increased income amount in determining eligibility and benefits is the first month in which the increase is received.

Updates to the ABC System

Social Security and SSI income amounts are displayed on ABC's BCW2 screens for all programs under unearned income UNEARN and SR fields. See 14-B-Appendix, [BCW2](#).

When a valid ABC individual income record displayed on BCW2 screens includes Social Security or SSI income, the new amount for these programs, if any, replaces the corresponding previous amounts in the January ABC income record to be used to determine eligibility for each applicable program.

For the facility programs, the new amount also replaces the corresponding previous amounts in the January ABC income record to be used to redetermine client participation.

When a valid ABC individual income record does not include Social Security or SSI amounts, the new amounts are placed in the applicable January individual income record without replacing other previous income amounts. A message is generated to inform the worker that Social Security or SSI has been added for the program.

When an ABC individual income record does not exist in the ABC system, the system creates a record, if possible. Error messages are generated to inform the worker that income records were not found, and that Social Security or SSI has been added for the program.

The following sections explain the system updates involved for:

- ◆ [System processing for January eligibility and benefits](#)
- ◆ [System processing for medical expense deductions](#)

Processing COLA

Income records created or updated for January are used in system-generated calculations for eligibility and benefit determinations for assistance in all programs for which COLA processing is automated.

The income records are used in system-generated calculations of client participation amounts for January. Calculations are not done for months beyond the limit date, or the Food Assistance certification end date. Changes to Medicare premium information can also cause a calculation.

When the calculations determine ineligibility, the system generates a *Notice of Decision* and cancels the program effective January 1. When FIP or Refugee Cash Assistance is canceled, the notice also specifies the anticipated Food Assistance benefit amount, if the household's current certification period extends into January.

When the calculations determine a change in the amount of client participation, the system generates a *Notice of Decision*. The Facility Subsystem is updated with the new client participation data.

When calculations do not result in a change in eligibility, benefits, or client participation, no notice of decision is generated.

State Supplementary Assistance

Processing for State Supplementary Assistance cases depends on which agency administers the payments:

- ◆ Payments administered by the **Social Security Administration** include mandatory state supplements, blind supplements, dependent person, and family-life home benefits.

The Social Security Administration adjusts these payments. Worker actions are required only in family-life home cases. The new standard allowance and personal needs allowance for State Supplementary Assistance family-life home care are issued in 6-B, [Making the Family-Life Home Payment](#). (See also [RC-0018, Supplemental Security Income Payment Standards](#), in 6-Appendix.)

Issue a *Notice of Decision* indicating the new client participation and payment to the family-life home provider so that timely notice is provided in December. If a family-life home client has less than \$20 income above SSI, authorize a state grant through the ABC system to bring the income up to \$20.

- ◆ Payments administered by the **Department** include residential care and in-home health-related care supplements.

Redetermine client participation for in-home health-related care by using the new SSI payment levels for maintenance allowances. Mail a *Notice of Decision* reflecting these changes so that timely notice is provided in December.

Verify manually calculated benefit amounts after January 1. Correct errors in client participation and make an adjustment to vendor payment, if necessary.

503 Medical-Only Cases

People who become ineligible for an SSI or State Supplementary Assistance money payment because of an increase in Social Security or the Social Security share of Railroad Retirement benefits shall remain eligible for Medicaid if they would now be eligible for SSI or State Supplementary Assistance if all Social Security COLAs since they were last eligible were deducted.

A special report from SSI is transmitted to local offices as soon as it is available. This report identifies people canceled from SSI and federally administered State Supplementary Assistance who are potentially eligible for the 503 medical-only coverage group.

Change the aid type for people determined to have continued eligibility under this coverage group to 14-2 or 64-2, depending on the basis for SSI eligibility. Both the AID field and the MED AID field on the ABC TD01 screen will accept 14-2 or 64-2.

People who have been canceled from SSI or State Supplementary Assistance since 1977 may become eligible for Medicaid under the 503 group when the SSI and State Supplementary Assistance benefit levels increase. Review cases of people applying for Medically Needy to see if the applicant would be eligible for the 503 group by disregarding COLAs since cancellation. The *503 Notice* should identify these people to you.

Medically Needy

Count monthly income prospectively for Medically Needy. For six-month certification cases and ongoing eligibility Medically Needy cases, review and recalculate the new income.

If the income causes the certification period to be shortened, or ongoing eligibility is lost because of the onset of a spenddown, issue a manually prepared *Notice of Decision* to the client. Provide timely notice in December.

When applications and recertifications include the month of January or later months, process them with the new income amounts. Allow the increased Medicare premium as a deduction from spenddown for January and ongoing months if buy-in has not occurred.

Home- and Community-Based Waivers

Redetermine client participation for any home- and community-based waivers excluded from the automated COLA using the new SSI benefit levels as the maintenance allowance.

Members who are ineligible for SSI due to the deeming of parental income and resources may be eligible for SSI after January 1, depending on the amount of income or resources of the parents or spouse. Review the existing cases and refer potential eligibles to the Social Security office to apply for SSI.

If a member on the ill and handicapped waiver is found eligible for SSI, cancel the waiver case if appropriate based on the member's age and do an automatic redetermination to the SSI-related Medicaid case.

Social Security COLA Disregard for QMB or SLMB Eligibility

Social Security COLA increases are not counted as income for QMB, SLMB, or E-SLMB until the month after the month when the revised federal poverty level is published. In determining initial and ongoing eligibility for these cases, exclude income attributable to the Social Security COLA for (at least) the months of January, February, and March.

NOTE: When there is QMB, SLMB, or E-SLMB eligibility concurrent with eligibility for other coverage groups, the COLA increase must be used to determine eligibility for the other coverage groups.

If the client has income other than Social Security that increases, change the poverty level indicator to reflect the non-Social Security increase. However, do not change the poverty level indicator to reflect the Social Security COLA increase until it is countable for QMB, SLMB, or E-SLMB.

Other Income and Insurance Changes

Pension or retirement benefit income and health insurance premiums are often changed for the same month as the SSI and Social Security COLAs. Income amounts are not automatically adjusted for other pensions. COLA calculations for facility and RCF records are delayed to allow workers to enter other unearned pension income and deduction amounts.

Railroad Retirement Benefits

The Railroad Retirement Board often increases benefits when Social Security COLAs are made. The Department is not notified of the increase for each recipient, and there is no simple formula that can be applied.

Clients are required to report this change of income according to the policies of the program under which they receive benefits. The Railroad Retirement Board provides a notice of entitlement to the client with the first payment of the increased benefit. The client should provide this to you.

If the client is unable to provide verification, you may contact the Railroad Retirement Board to verify the new benefit amount. The client shall complete an *Authorization for Release of Information*, form 470-0461, before this contact. The Board's telephone number is included in the Manual Letter. The name of the person receiving benefits and the claim number must be provided when requesting the new benefit amount.