

**DEPARTMENT OF SOCIAL SERVICES**

744 P Street, MS 19-96, Sacramento, CA 95814



October 28, 2005

ALL-COUNTY LETTER NO. 05-35

TO: ALL COUNTY WELFARE DIRECTORS  
ALL IHSS PROGRAM MANAGERSSUBJECT: INTERIM SHARE OF COST PROCESS FOR IN-HOME SUPPORTIVE  
SERVICESReason For This Transmittal

- State Law Change  
 Federal Law or Regulation Change  
 Court Order or Settlement Agreement  
 Clarification Requested by one or More Counties  
 Initiated by CDSS

The purpose of this All-County Letter (ACL) is to provide counties with information on how the interim share of cost process for the In-Home Supportive Services Residual/Personal Care Services Program/In-Home Supportive Services Plus Waiver (IHSS-R/PCSP/IHSS+) will operate until automation of the Case Management, Information, and Payrolling System (CMIPS) is completed. In an effort to provide the counties with the most accurate information and instructions regarding the interim process, the California Department of Social Services (CDSS) has taken considerable time to work on policy decisions and develop solutions that the Department of Health Services (DHS) agreed were in alignment with their Medi-Cal policies. This ACL will convey processes and information resulting from these agreements in the following areas:

- An Overview of the Interim Process for all Recipients with a Share of Cost
- How the Interim Process will Work for New Applicants
- Information to Share with Existing Recipients and New Applicants
- Resources for Technical Assistance
- An Update on Current Workarounds

Due to the complexity of the policy-making process involved in fitting Residual recipients seamlessly into Medi-Cal rules, it was not possible to complete necessary modifications to CMIPS by November 1, 2005. It is anticipated that automation of CMIPS will be completed in late Spring 2006. Therefore, it was critical to develop an interim process to address and reconcile the differences between the In-Home Supportive Services (IHSS) and Medi-Cal Shares of Cost (SOC) so that individuals with a Medi-Cal SOC can establish Medi-Cal eligibility. The goal of the Interim Process is to make the required transitions as seamless to program recipients as possible while not significantly increasing the workload on county staff.

Before describing the processes themselves, it is important to define two terms used frequently throughout this ACL and in discussions on this subject.

- **“Buy-Out”** – The Buy-Out is the amount of Medi-Cal Recognized Expenses CDSS will pay on behalf of the IHSS Recipient. A Buy-Out occurs for recipients when the Medi-Cal individual or Family Budget Unit (FBU) SOC is higher than the IHSS SOC and represents the difference between the two amounts. For example, if the Medi-Cal SOC is \$500 and the IHSS SOC is \$300, the Buy-Out amount is \$200 (leaving a \$300 outstanding Medi-Cal SOC). This \$200 will be used to compensate providers for care delivered to the recipient or members of the recipient’s FBU.
- **“Spendedown”** – The Spendedown refers to those medical services equal in value to the IHSS SOC for which CDSS will pay on behalf of the IHSS recipient or members of the recipient’s FBU. Using the example provided in the paragraph above, CDSS will spenddown the recipients remaining Medi-Cal SOC “\$300” by paying for services equal to the IHSS SOC. (For examples, see attached flowchart.)

The combined Buy-Out and Spendedown amounts will equal the total of the Medi-Cal SOC. To compensate providers directly via the Medi-Cal reimbursement process, CDSS will forward these amounts directly to Medi-Cal prior to each month. Upon receipt, Medi-Cal will apply these amounts to the Recipient’s Medi-Cal SOC obligation and MEDS will indicate that the Recipient has met his/her Medi-Cal SOC as of the first of the month. When provider claims are received, Medi-Cal will use these amounts until depleted as the first payment source. Once depleted, Medi-Cal will pay for all additional services required in the month.

The DHS will provide more detailed information regarding the 18, 28 and 68 aid codes. However, for your information, these aid codes will no longer convey Medi-Cal eligibility but will remain in MEDS as tracking codes for purposes of the IHSS SOC at least until the new 2L, 2M and 2N aid codes are functional.

## **OVERVIEW FOR EXISTING RECIPIENTS**

The Interim Process used by DHS and CDSS for existing recipients, including IHSS-R recipients, will be driven by the DHS MEDS Renewal File. The Monthly MEDS Renewal File typically runs between the 24<sup>th</sup> and 28<sup>th</sup> of each month. SOC Buy-Out for recipients will occur only when they are identified on the Monthly MEDS Renewal File. Upon receipt of this file, Electronic Data Systems (EDS) will supply DHS with the necessary IHSS recipient data to accomplish the Buy-Out/Spendedown. During the interim process period, the Buy-Out and Spendedown amounts will be combined and applied as a single transaction on MEDS to certify that the recipient’s Medi-Cal SOC obligation has been

met. The Buy-Out will only be applied to those recipients for whom a Medi-Cal determination has been made and it has been determined that their Medi-Cal SOC obligation exceeds their IHSS SOC. The Spenddown process will be applied to all recipients who have had a Medi-Cal SOC determination. IHSS recipients will continue to be responsible for paying their entire IHSS SOC to their provider as they do today.

### **INTERIM PROCESS FOR NEW APPLICANTS**

New applicants are not part of the Buy-Out/Spenddown process until they appear on the Monthly MEDS Renewal File which typically runs between the 24<sup>th</sup> and 28<sup>th</sup> of each month. Identification of impacted recipients is based on this file and there is no mechanism in place to do the “Buy-Out” or “Spenddown” for these recipients. Because CDSS will not be able to supply the necessary IHSS SOC data to DHS regarding a recipient until they are identified on the MEDS Renewal File, recipients who become Medi-Cal eligible after the Monthly MEDS Renewal File is run will be responsible for meeting their entire Medi-Cal SOC for that month before they can be certified Medi-Cal eligible. Buy-Out/Spenddown for these recipients will begin for the month their information is identified on the Monthly MEDS Renewal File.

The IHSS SOC will be deducted from their IHSS provider’s payroll warrant and the recipient is responsible for paying that amount to their IHSS provider. If, at the time they pay their provider, the recipient has an outstanding Medi-Cal SOC, they may submit a copy of the IHSS provider’s timesheet showing the IHSS SOC amount or a written receipt for payment to their Medi-Cal Eligibility Worker who can apply the amount paid for the IHSS SOC to their outstanding Medi-Cal SOC. If a written receipt is used, the receipt should be signed by the provider and indicate the amount received in payment from the recipient.

New applicants/recipients should be advised to immediately notify their Medi-Cal Eligibility Worker or IHSS Social Worker if they incur other non-Point-of-Sale Medi-Cal expenses which will reduce their Medi-Cal SOC. This will allow the IHSS Social Worker to authorize the creation of a new eligibility segment reducing the IHSS SOC obligation for that month in CMIPS prior to the timesheet being entered and a warrant issued to the provider with an inaccurate SOC deduction.

### **INFORMATION TO SHARE WITH RECIPIENTS AND NEW APPLICANTS**

Recipients will receive two SOC notices, one from Medi-Cal advising them of their Medi-Cal SOC, and one from the IHSS program with their IHSS SOC. Counties may advise recipients that CDSS will pay their Medi-Cal Recognized Expenses (MRE) to reduce their Medi-Cal SOC obligation to the amount of their IHSS SOC. Additionally, counties may want to advise their IHSS recipients that this is only an interim process until the modifications to CMIPS are completed.

When the process becomes automated, recipients will be able to “Spenddown” their remaining Medi-Cal SOC (after the Buy-Out has occurred) with the Medi-Cal enrolled provider of their choice or on other Medi-Cal expenses. When a timesheet is entered CMIPS will “ping” MEDS to identify any outstanding Medi-Cal SOC and will adjust the IHSS SOC deduction accordingly. Additional information will be available on the automated process at a later date.

### **WORK-AROUND UPDATES**

- Although we indicated differently during the conference call on Monday, October 24, 2005, it is imperative that IHSS Social Workers continue to enter the Medi-Cal SOC on the M line of the SOC 293 if it is lower than the IHSS SOC. This will ensure that the lower Medi-Cal SOC will be deducted from the IHSS provider’s warrant. Later CMIPS modifications will relieve the counties of this responsibility.

Additionally, a report will be posted to CMIPS Reports on the Web that will identify those cases whose Medi-Cal SOC is lower than their IHSS SOC so that counties can update CMIPS with the recently determined lower Medi-Cal SOC prior to Part A timesheets being received.

- For cases where the IHSS SOC exceeds the need, until CMIPS changes are completed, counties will need to adjust the IHSS income to reflect a SOC equal to the recipient’s IHSS service’s needs. Temporarily this will result in a lower IHSS SOC for the recipient. Therefore, recipients need to be made aware that this is temporary Administrative Work-Around and will be discontinued when the CMIPS system changes are complete. At that time their full IHSS SOC will be restored.

### **RESOURCES FOR TECHNICAL ASSISTANCE**

CDSS recognizes the complexity of the changes and will provide significant technical assistance and support for county staff. CDSS, Adult Program Branch (APB) staff have been assigned by region to ensure sufficient resources will be available during normal business hours to respond to questions from counties at least through the month of November when the greatest number of inquiries are expected. Please refer to the attached chart which provides the names, telephone numbers and e-mail addresses for the APB contacts for each region. Please do not share these telephone numbers and e-mail addresses with the public.

A database is being developed to record the counties’ questions and sort them by category, e.g., policy, technical assistance and CMIPS-related. This data base will also be used to track questions that may be complex or that may require additional policy discussion before an answer can be provided. At the end of the month the questions and answers will be compiled in an All-County Letter and distributed to the counties.

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We recognize there are many issues to still resolve. We will continue to work on and provide solutions for these issues as quickly as possible to counties. If you have any questions call Eileen Carroll, Chief, Adult Programs Operations Bureau at (916) 229-4000.

Sincerely,

***Original Document Signed By:***

JOSEPH M. CARLIN  
Acting Deputy Director  
Disability and Adult Programs Division

Attachments

[Interim Share of Cost Process for In-Home Supportive Services](#)

c: CWDA

# RESOURCES FOR TECHNICAL ASSISTANCE

<b>SOUTHERN REGION</b>			
Dawn Devore	(916) 229-4588	<a href="mailto:Dawn.Devore@dss.ca.gov">Dawn.Devore@dss.ca.gov</a>	
Jenny Ruoff	(916) 229-4015	<a href="mailto:Jennifer.Ruoff@dss.ca.gov">Jennifer.Ruoff@dss.ca.gov</a>	Unavailable 11/21/05 - 11/25/05
Terrie Marks	(916) 229-4041	<a href="mailto:Terrie.Marks@dss.ca.gov">Terrie.Marks@dss.ca.gov</a>	Unavailable 11/21/05 - 11/25/05
Marshall Browne	(916) 229-4043	<a href="mailto:Marshall.Browne@dss.ca.gov">Marshall.Browne@dss.ca.gov</a>	
<b>CENTRAL REGION</b>			
Nancy Wuorio	(916) 229-4007	<a href="mailto:Nancy.Wuorio@dss.ca.gov">Nancy.Wuorio@dss.ca.gov</a>	
Wayman Hindsman	(916) 229-4593	<a href="mailto:Wayman.Hindsman@dss.ca.gov">Wayman.Hindsman@dss.ca.gov</a>	
Sallee Michael	(916) 229-4008	<a href="mailto:Sallee.Michael@dss.ca.gov">Sallee.Michael@dss.ca.gov</a>	Unavailable 11/1/05 – 11/4/05
<b>VALLEY MOUNTAIN REGION</b>			
Jennifer Posehn	(916) 229-4037	<a href="mailto:Jennifer.Posehn@dss.ca.gov">Jennifer.Posehn@dss.ca.gov</a>	
Fred Granados	(916) 229-4013	<a href="mailto:Fred.Granados@dss.ca.gov">Fred.Granados@dss.ca.gov</a>	
Rebecca Coker	(916) 229-4014	<a href="mailto:Rebecca.Coker@dss.ca.gov">Rebecca.Coker@dss.ca.gov</a>	
<b>NORTHERN REGION</b>			
Jodi Reeder	(916) 229-4019	<a href="mailto:Jodi.Reeder@dss.ca.gov">Jodi.Reeder@dss.ca.gov</a>	
Joseph Smith	(916) 229-4763	<a href="mailto:Joseph.Smith@dss.ca.gov">Joseph.Smith@dss.ca.gov</a>	
Marti Tosta	(916) 229-4020	<a href="mailto:Marti.Tosta@dss.ca.gov">Marti.Tosta@dss.ca.gov</a>	Unavailable 11/1/05 - 11/16/05