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LOCAL COMMISSIONERS MEMORANDUM

DSS-4037EL (Rev. 9/89)

Transmittal No: 01 OMM LCM-2

Date: January 24, 2001

Division: Office of Medicaid
Management

TO: Local District Commissioners

SUBJECT: Medicaid Eligibility for Dually Entitled DACs (McMahon v. Dowling et al. - Supplemental Stipulation and Order)

ATTACHMENTS: Dually Entitled Disabled Adult Child (DAC) - Bi-Weekly Report Layout (Not Available On-Line)

The purpose of this Local Commissioners Memorandum (LCM) is to advise social services districts of the Supplemental Stipulation and Order in the above referenced case. The Supplemental Stipulation and Order concerns Medicaid eligibility for certain individuals who have dual entitlement to Title II social security disability insurance benefits, on both their own earnings record and that of a parent (disabled adult child or DAC benefits), and who are also eligible for Supplemental Security Income (SSI) benefits.

As advised in 95 ADM-11, "Medical Assistance Eligibility for Disabled Adult Children", Section 1634(c) of the Social Security Act (the Act) extends Medicaid coverage to individuals who lose eligibility for SSI benefits because they become entitled to DAC benefits or an increase in the amount of such benefits. Such individuals remain eligible for Medicaid if they would be eligible for SSI in the absence of the DAC benefit or the increase in such benefit.

Due to issues related to the identification of dually entitled DACs, the parties agreed on a Supplemental Stipulation and Order governing the processing of these cases. This LCM informs social services districts of the manner in which dually entitled DACs will be identified and the financial information that will be provided in order to determine on-going Medicaid eligibility. Although the Supplemental Stipulation and Order will require retroactive reviews of cases that were not properly identified during the period of July 1, 1987 through March 31, 1999, the procedures for processing these cases will be addressed separately once additional information is obtained.

Background - Identification of DACs

When a recipient of DAC benefits becomes ineligible for SSI, the Social Security Administration's (SSA's) computer system is programmed to automatically set the Medicaid Eligibility Indicator Code to "D" (State Determination Disabled Adult Child) on the State Data Exchange (SDX). This "D" code is prompted by the type of benefits that are found on the individual's SSI record (DAC benefits). Social services districts have been instructed to review SDX records with a Medicaid Eligibility Code of "D" under the DAC provisions of Section 1634(c). In determining an individual's on-going Medicaid eligibility, districts review the Title II benefit information that is contained in the Unearned Income section of the individual's SDX record. DAC benefits are identifiable on the SDX record with a Beneficiary Identification Code (BIC) of "C" following the Claim Identification Number (social security number of the insured individual).

Identification of Dually Entitled DACs

For dually entitled DACs, the Title II payment information that appears on the individual's SSI record and, ultimately, the SDX record, is actually a combined benefit amount (based on the individual's own earnings and the DAC benefit). Because the two benefits are combined and listed under the individual's own social security number, the system cannot set the DAC Medicaid Eligibility Code on the SDX. In addition, it is not possible to differentiate the DAC benefit amount from the amount which is paid based on the disabled individual's own earnings record.

In order to identify an individual who is dually entitled to social security benefits, SSA will use a new Unearned Income Verification Code of "8" on the SDX record. This code will not, however, be limited to dually entitled DACs. Dually entitled widows/widowers and spouses will also appear with this new dual entitlement indicator. To separately identify dually entitled DACs from this larger group and to provide social services districts with benefit information that is required in order to determine such individual's on-going Medicaid eligibility, the State will perform bi-weekly queries of social security benefit information through the State Verification Exchange System (SVES). The logic used by the State will:

- select SDX records of dually eligible individuals who have lost SSI benefits;
- send an SVES query to SSA to identify dually eligible DACs; and
- interpret the SVES response from SSA to determine whether an individual's DAC benefit caused ineligibility for SSI and whether the ineligibility for SSI was due to the initial entitlement to, or an increase in, DAC benefit.

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For each person identified as a dually entitled DAC who is potentially entitled to continued Medicaid eligibility, the following information will be provided:

Dually Entitled Disabled Adult Child (DAC) - Bi-Weekly Report

- **SSN** (Social Security Number) - The SSN of an individual identified as being potentially eligible for Medicaid under the DAC provision.
- **Last Name, First, MI**
- **DOB** (Date of Birth)
- **SSI Term** - The MM/YY that SSI eligibility was lost. This is the N01 month on the SDX.

Under Title II benefits Section

- **Current** - The most recent Title II benefit amount identified from the SDX record. This is the total social security benefit amount that an individual is receiving.
 - **SAMBA** (Smaller Actuarial Reduced Monthly Benefit Amount) - The current benefit amount the individual is receiving based on their own earnings record.
 - **LEMBA** (Larger Excess Monthly Benefit Amount) - The current DAC benefit amount.
 - **Lost SSI (DAC)*** - Where SSI was lost due to an increase in DAC benefits, the amount of DAC benefits the individual received when last eligible for SSI. This is the countable amount of the DAC benefit.
 - **DAC Disregard*** - Where SSI eligibility was lost due to an increase in DAC benefits, the amount of such increase(s) since the loss of SSI. Where SSI eligibility was lost due to the initial receipt of DAC benefits, the amount of such benefits.
 - **OFFSET** - If there is an "SW" in this field the individual is receiving Worker's Compensation benefits. Social services districts need to call their Medicaid Regional Representative for assistance if this code is present.
- * These figures will be arrived at through internal systems calculations and comparisons.

An unduplicated bi-weekly report containing the above information will be distributed via BICS for upstate districts. A hard copy of the report will be sent to NYC for further distribution as necessary. The number of individuals on this report will be low with many districts having times when no individuals will be identified for their county. Each district will, however, receive the bi-weekly report even though there may be no individuals identified.

When a social services district receives a Bi-Weekly Dually Entitled DAC Report identifying an individual who lost eligibility for SSI payments due to the receipt of or an increase in DAC benefits, the amount of the individual's current Title II benefit and DAC disregard must be used in determining on-going Medicaid eligibility. Districts should retain a copy of the report for verification of the individual's status.

Note: Districts are reminded that when an SSI cash case is closed, the Medicaid eligibility determination is made from information provided on the SDX (and for dually entitled DACs, information on the Bi-Weekly Dually Entitled DAC Report). If additional information is required, the district must provide the individual a reasonable opportunity to provide information to establish continued eligibility.

The following examples illustrate the use of the data elements that will appear on the Bi-Weekly Dually Entitled DAC Report in determining Medicaid eligibility.

Example 1. Initial Entitlement to DAC Benefits

An individual loses SSI eligibility effective July 1999. The Bi-Weekly Dually Entitled DAC Report shows the following information:

SSI TERM	TITLE II BENEFITS			LOST SSI (DAC)	DAC DISREGARD
	CURRENT	SAMBA	LEMBA		
07/99	\$ 902.00	\$ 324.00	\$ 578.00	\$ 0.00	\$ 578.00

Based on this report, the worker can see that this individual lost eligibility for SSI due to the initial entitlement to DAC benefits. This can be seen by comparing the amount of the DAC Disregard to the amount in the LEMBA field (current DAC benefit amount). If the amount of the DAC Disregard equals the amount in the LEMBA field, the entire DAC benefit is disregarded (\$578). In addition, there is no amount in the "Lost SSI (DAC)" field. Therefore, the loss of SSI was due to the initial entitlement to DAC benefits.

In doing a budget on MBL, the following information would be entered:

- Expanded Eligibility Code **"E"** - Calculate budget for DAC.
- Unearned Income Source code **"47"** - Social Security Benefit DAC.
- Unearned Income Amount - The current amount of the individual's total Social Security Benefit as listed on the report under "Current" (**\$902**).

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- Unearned Income Exemption Code **"15"** - Receipt/Increase in SSICB resulting in SSI ineligibility.
- Exemption Amount - The amount listed on the report under "DAC Disregard" (**\$578**).

When this information is entered, the logic will calculate the net income based on SSI-related disregards and exemptions including the exemption of the DAC disregard. The net income is then compared to the appropriate SSI benefit level for an individual or couple. Resources, if any, are compared to the appropriate SSI resource level for an individual (\$2,000) or a couple (\$3,000). The eligibility data will be generated on the Expanded Eligibility screen on the line labeled Disabled Adult Child.

Any subsequent increase in the individual's social security benefit is to be disregarded. The amount of any subsequent increase, as reported by the individual or as determined at recertification, should be added to the amount of the DAC Disregard.

Example 2. Increase In DAC Benefit

An individual loses SSI eligibility in August 1999. The Bi-Weekly Dually Entitled DAC Report shows the following information:

SSI TERM	TITLE II BENEFITS			LOST SSI (DAC)	DAC DISREGARD
	CURRENT	SAMBA	LEMBA		
08/99	\$ 867.00	\$ 256.00	\$ 611.00	\$ 127.00	\$ 484.00

Since the DAC Disregard does not equal the amount in the LEMBA field (current DAC benefit amount), the individual lost eligibility for SSI due to an increase in DAC benefits. The amount listed under "Lost SSI (DAC)" is the amount of DAC benefits the individual received when he/she was last eligible for SSI. This information is available as a result of internal calculations between the SDX and SVES response. Using this information, the system calculates the amount of DAC benefits to be disregarded (it is also shown on the report calculated as \$611 - \$127 = \$484).

Based on this report, the following information would be entered on MBL:

- Expanded Eligibility Code **"E"** - Calculate budget for DAC.
- Unearned Income Source code **"47"** - Social Security Benefit DAC.
- Unearned Income Amount - The current amount of the individual's total Social Security Benefit as listed on the report under "Current" (**\$867**).

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- Unearned Income Exemption Code "15" - Receipt/Increase in SSICB resulting in SSI ineligibility.
- Exemption Amount - The amount listed on the report under "DAC Disregard" (\$484).

Example 3. OFFSET

TITLE II BENEFITS			LOST SSI	DAC	OFFSET
CURRENT	SAMBA	LEMBA	(DAC)	DISREGARD	SW
\$ 000.00	\$ 000.00	\$ 000.00	\$ 000.00	\$ 000.00	

OFFSET - If the "OFFSET" field contains a code of "SW", social services districts will need to contact their Local District Support Unit representative for further assistance. An entry in this field indicates that the individual is receiving Worker's Compensation benefits and further assistance will be required from SSA to determine the individual's eligibility.

Redeterminations of Financial Medicaid Eligibility

The first Bi-weekly Report will include dually entitled DAC recipients who have lost SSI due to the receipt of or increase in DAC benefits on or after April 1, 1999. Individuals who are financially eligible under the DAC criteria who have not received full Medicaid coverage may be entitled to reimbursement/payment of past medical bills. Social services districts must follow the reimbursement procedures outlined in 95 ADM-11. It should be noted, however, that social services districts must review the Medicaid eligibility of each individual who appears on the first Bi-weekly Report who was required to meet a spenddown requirement. Individuals are not required to request a redetermination in order for a social services district to make such a redetermination.

If an individual's Medicaid case is closed for a reason other than excess income (e.g., failure to recertify), a redetermination of eligibility is not required.

WMS

Although an individual's SDX record (for New York City, the SDX Inquiry on WMS) may show the new unearned income verification code of "8" indicating a dually entitled individual, this alone is not sufficient documentation that the individual is a dually entitled DAC. Dually entitled DAC status can only be verified from the Bi-Weekly Report (or from the Social Security Administration).

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For individuals who are identified as a dually entitled DAC, the SSI Indicator Code on WMS should be set to "5" - Closed SSI Continue OASDI. This code is to assist in identifying cases that require special budgeting procedures.

Effective Date

Social services districts will begin receiving the Bi-Weekly Dually Entitled DAC Report no later than April 1, 2001.

Questions concerning this memorandum should be referred to your Local District Support Unit at (518) 474-9130, for Upstate districts, and (212) 268-6855 for New York City.

Kathryn Kuhmerker
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