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To: ALL COUNTY WELFARE DIRECTORS Letter No: 16-08
ALL COUNTY ADMINISTRATIVE OFFICERS
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS
ALL COUNTY PUBLIC HEALTH DIRECTORS
ALL COUNTY MENTAL HEALTH DIRECTORS

SUBJECT: Centers for Medicare and Medicaid Services Policy Guidance on
Transitioning Cases from Advanced Premium Tax Credits to Medi-Cal

The purpose of this All County Welfare Directors Letter (ACWDL) is to inform counties of recent guidance provided by the Centers for Medicare and Medicaid Services (CMS) regarding individuals enrolled in a Qualified Health Plan (QHP) receiving Advanced Premium Tax Credits (APTC) who are later determined eligible for Medi-Cal.

CMS has clarified that an individual who transitions from APTC to Medi-Cal may have retroactive Medi-Cal coverage that can be used for unpaid medical expenses received up to three months prior to the month of transition. The QHP would be considered the primary payor and Medi-Cal the secondary payor. Previously, the Department of Health Care Services (DHCS) had provided policy guidance that retroactive Medi-Cal was not available for those individuals enrolled in a QHP with APTC who subsequently transitioned to Medi-Cal. This letter provides new information that supersedes information regarding retroactive Medi-Cal in ACWDL 15-01.

Background:

DHCS requested policy clarification from CMS regarding repayment of paid QHP premiums when an individual's eligibility determination results in APTC coverage, selection of a QHP, and payment of premiums when at a later date, the individual is determined Medi-Cal eligible.

The CMS guidance is as follows:

- An individual who enrolls in a QHP with APTC approved by the California Health Benefit Exchange (Covered California) who later becomes eligible for Medi-Cal is not disqualified from receiving APTC/Premium Tax Credits (PTC) until the month following the Medi-Cal approval, even if the Medi-Cal coverage is retroactive.

Example: Jane is determined eligible and enrolls in a QHP with PTC on January 1. On April 15, Jane is approved for Medi-Cal coverage retroactive to January 1. For purposes of APTC eligibility, Jane is not treated as eligible for Medi-Cal until May 1. In other words, Jane does not have to repay the APTC for January through April as a result of now having Medi-Cal coverage for the same period, because Jane did not know that she had Medi-Cal coverage until April 15.

- For any individual who is enrolled in QHP with APTC, and who is then determined eligible for Medi-Cal, changes to enrollment would be made prospectively and there would be no retroactive termination of enrollment from a QHP or termination of APTC. However, if the individual is determined eligible for Medi-Cal and has unpaid medical expenses up to three months prior to the month of transfer to Medi-Cal, which were not covered by the QHP, the county should determine if the individual met the eligibility criteria for Medi-Cal during the month(s) of the unpaid medical expenses consistent with 42 CFR 435.915, even if the individual was enrolled in a QHP for those months.

Example: John is enrolled in a QHP with APTC throughout 2015 and transitions to Medi-Cal effective January 1, 2016. John has unpaid medical expenses for October and December 2015. If eligible, John would be able to request retroactive Medi-Cal coverage from the county human services agency for the three months he had unpaid medical expenses, even though he was enrolled in a QHP with APTC during those months.

- CMS provided further clarification of the Internal Revenue Services (IRS) rules for these examples regarding what would appear to be dual coverage of APTC and Medi-Cal.
 - In general, an individual is not eligible for minimum essential coverage under a government-sponsored program such as Medi-Cal (and does not lose eligibility for the premium tax credit) until the first day of the first full month the individual can receive benefits under the program. There is a stipulation to this rule for an individual who becomes eligible for Medi-Cal retroactively. Although the individual can receive Medi-Cal benefits for past months, the

individual does not lose eligibility for APTC until the first day of the month following the approval. Accordingly, if an individual was enrolled in both Medi-Cal and a QHP for which APTC payments were made for one or more months of the year following a Covered California determination that the individual was ineligible for Medi-Cal, the individual can claim the PTC for these months, if otherwise eligible.

- An individual who enrolled into a QHP and received APTC based on Covered California's determination, and purchased and received coverage through that program, has no requirement to be refunded premiums paid for QHP coverage

Applicants and beneficiaries who have tax reconciliation questions related to their APTC and Medi-Cal coverage should be referred to the Internal Revenue website at www.IRS.gov or their tax preparer.

If you have any questions or need additional information regarding this letter, please contact Deborah Palmer at (916) 440-7855 or by email at Deborah.Palmer@dhcs.ca.gov.

Original Signed By

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