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Employees' Manual  
Title 14  
Chapter B(8)



# COLA PROCESSING





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## MANUAL LETTER NO. 14-B(8)-35

ISSUED BY: Iowa Medicaid Enterprise (IME)

SUBJECT: Cost of Living Adjustments for 2019

### Summary

This letter transmits cost-of-living percentage increases and new benefit amounts as known at this time. All cost-of-living adjustments (COLAs) are effective with benefits received in January 2019, unless otherwise noted.

TYPE OF BENEFIT	PERCENTAGE INCREASE OR NEW AMOUNT	
SSI	Individual in own home	\$ 771.00
	Couple in own home	\$ 1,157.00
	Individual in medical institution	\$ 30.00
	Individual in household of another	\$ 514.00
	Couple in household of another	\$ 771.34
	Essential person increment	\$ 386.00
Medical institution income limit	\$2,313.00	
Social Security	2.8% increase	
Medicare Part B premium	The standard Medicare Part B premium will be \$135.50 effective January 2019.	
Minimum monthly maintenance needs allowance (MMMNA)	Not yet available.	
Maximum community spouse resource allowance	Not yet available.	
Civil Service	Information on any increase for Civil Service Retirement System (CSRS) benefits and Organization Retirement and Disability System (ORDS) benefits is not yet available.	
Federal retirement	Information on any increase for Federal Employees Retirement (FERS) and FERS special benefits is not yet available.	
Black Lung	COLA information is not yet available.	

<b>TYPE OF BENEFIT</b>	<b>PERCENTAGE INCREASE OR NEW AMOUNT</b>
Veterans Improved Pension	2.8% increase
Railroad Retirement	Tier 1 benefits: 2.8% increase Tier 2 benefits: 0.9% increase
	Beneficiaries will be notified of their COLA increase by mail in late December 2018.
	If the client requests your help to get verification of the new railroad retirement amount, obtain a signed form 470-0461, <i>Authorization for Release of Information</i> . Contact information can be found at <a href="http://www.rrb.gov">www.rrb.gov</a> .
IPERS	For eligible retirees who retired <b>before</b> July 1990, dividends will be paid with the November 30 benefit check. IPERS has sent letters to recipients to verify the amount they will receive.
	For eligible retirees who retired <b>on or after</b> July 1990, the final dividend payments were made in January 2014. No additional dividends will be paid for this group of retirees.

## **Implementation**

The 2019 COLA will include anyone on the ABC system as of October 24, 2018, with an active, pending, or recently canceled status. Refer to [14-B\(8\), Manual Processing](#), for instructions for necessary desk reviews for noncalculated Medicaid cases.

## **Delay of Facility Calculations**

Calculations from income records updated by COLA are delayed to allow you to enter other data. This results in only one notice being sent to the client. You are strongly encouraged to take advantage of this delay feature by entering any other changes before December 7.

This year the facility calculations are scheduled for December 7, 2018. If no income or deduction changes are entered on a case between the COLA run on November 21 and December 7, the client receives a notice after the facility calculations are run on December 7. The notice includes income from the COLA run.

If an income or deduction change is entered after November 21, but before December 7, the client receives a notice when that change is processed on ABC. The notice includes the income or deduction changes and the new income from the COLA run. The client should not receive another notice when the facility calculations are run on December 7.

## **Medicare Premiums**

Sometimes Medicare buy-in has occurred but BENDEX has not been updated. Therefore, when determining client participation for facility cases, note that the BENDEX information in WISE may not reflect the correct amount of social security benefits.

When a notice has been issued that shows a new client participation amount based on buy-in, but BENDEX does not show that buy-in has occurred, use the gross amount of the social security amount on BENDEX. Round down the cents to determine the correct amount of social security benefits to enter for determining client participation. If there are questions about whether buy-in has occurred, access the SSBI system.

### **Social Security and SSI Changes for Food Assistance**

For the Food Assistance program, use the new social security amount when determining prospective eligibility and benefits for January 2019 and future months. In the COLA process, the new social security amount is updated on the BCW2 for January for all cases.

For applications and recertifications, use the actual income received or anticipated to be received to determine eligibility and benefits for months included in the process.

The BENDEX amount does not reflect the actual payment amount when child support is being deducted from social security disability payments because the beneficiary owes back support. The COLA run will update the amount on the BCW2 on these cases with the incorrect BENDEX amount with the COLA increase. Manually correct the social security income on these cases.

The SDX data for the SSI COLA is not adequate to determine what the increased SSI amount will be when there is an SSI overpayment. The SSI amount from COLA processing on January BCWs is the amount **without** the SSI recoupment subtracted.

For cases that have SSI overpayments, correct this amount using the Treasury SDX received in December. The December Treasury SDX will have the SSI amount **with** the recoupment subtracted. Remember, you use the gross or net, whichever is less. See [14-E, Food Assistance Cases](#). Use this amount on the BCW2 for January with an E/B indicator of "A."

### **Social Security Changes for FIP and RCA**

For FIP and Refugee Cash Assistance (RCA), use the new social security amount when determining prospective eligibility and benefits for January 2019 and future months. In the COLA process, the new social security amount is updated on the BCW2 for January eligibility and benefits.

The BENDEX amount does not reflect child support being deducted from the social security disability payment. Manually correct the social security amount in these cases.

### **Social Security Changes for Medicaid**

All SSI-related Medicaid cases are budgeted prospectively. Use increased income due to COLA for Medicaid eligibility and benefits for January, with the exception of QMB, SLMB, E-SLMB, QDWP, and MEPD. See below for treatment of increased income due to COLA for those coverage groups.

## Desk Review of SSI-Related Medically Needy Ongoing Eligible Cases

To determine which Medically Needy clients are ongoing eligibles, refer to the Monthly Eligibility Case List (608 report). If the report shows an "S" in the "CP" column, the case has SSI-related ongoing eligibility.

Complete a desk review when the SSI-related person's income exceeds the MNIL in any month. Redetermine the person with a spenddown to a two-month certification period. The effective date of redetermination is the month that the person's income exceeds the MNIL. Follow instructions in [14-B\(8\)](#), [Manual Processing](#).

## Social Security COLA Disregard for the Medicare Savings Programs and MEPD

Social Security COLA increases are not counted as income for QMB, SLMB, E-SLMB, QDWP, or MEPD until the month following the month when the revised federal poverty level is published. Therefore, in determining initial and ongoing eligibility for these cases, exclude income attributable to the social security COLA for (at least) the months of January and February. Central office will send a SPIRS note if the COLA increase is to also be excluded for March.

NOTE: When there is QMB, SLMB, or MEPD 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 MEPD.

## Social Security Overpayment Deductions

According to policy, the Food Assistance, FIP, RCA, and FMAP-related Medicaid programs use the social security amount **after** any overpayment is deducted to calculate eligibility and benefits. However, by policy, the SSI-related programs use the social security amount **before** the deduction for overpayment.

Automated COLA updates use the social security amount according to the policy of the program. For Food Assistance, FIP, RCA, and FMAP-related Medicaid, the social security amount is the amount after the deduction of an overpayment.

Mr. A has an overpayment deducted from his social security benefits. He is eligible for Food Assistance and an SSI-related Medicaid program.

The social security benefit used as income for Food Assistance is the amount with the overpayment deducted.

The social security benefit used as income for SSI-related Medicaid is the amount without the overpayment deducted.

**Cases Excluded from the Automated COLA Run**

For cases in ABC that are excluded from the automated COLA run, you will have to manually enter the new social security or SSI amounts on the case.

Cases in the following aid types are **excluded** from the automated ABC COLA run:

00-0	02-8	14-2	24-6	60-0	64-2	64-7
02-1	10-0	14-3	37-E	60-M	64-3	73-4
02-3	14-0	14-4	50-1	64-0	64-4	90-0
02-7	14-1	14-6	53-1	64-1	64-6	90-2

Cases with **included** aid types that have a case medical status code of "D," "M," "R," or "S" are **excluded** from the automated COLA run.

Cases with FBUs of **18** or **19** (foster care cases) are **excluded** from the automated COLA run.

**COLA Alerts**

COLA alerts are located in the WISE system. The COLA alerts are being divided into COLA-Bendex alerts (identified by a "1" in front of the number) and COLA-SDX alerts (identified by a "2" in front of the number).

No.	WISE Wording	Instructions
1971	COLA-Bendex	BENDEX COLA Alert for <##First Name##> <##Last Name##>, NIS Case. This case has a person with an OHP code of 1. COLA income has been entered, but the case was not recalculated on ABC. Review the diversion amount and other income. Make appropriate BCW entries on ABC to cause a recalculation.
2971	COLA-SDX	SDX COLA Alert for <##First Name##><##Last Name##>, NIS Case. This case has a person with an OHP code of 1. COLA income has been entered, but the case was not recalculated on ABC. Review the diversion amount and other income. Make appropriate BCW entries on ABC to cause a recalculation.
2972	COLA-SDX	SDX COLA Alert for <##First Name##><##Last Name##>, no source code "A". COLA processed, entered "A" in BCW2 and recalculated the case.
1973	COLA-Bendex	BENDEX COLA Alert for <##First Name##><##Last Name##>, unearned income source code "B" (SSA income) was missing for COLA processing. The ABC system placed the code and amount in BCW2 and recalculated the case.

No.	WISE Wording	Instructions
1974	COLA-Bendex	BENDEX COLA Alert for <##First Name##><##Last Name##>, too many BCWs. Income records could not update or be calculated for COLA processing because there were too many BCWs. The system allows only 24 income records per person. If there are too many income records, wait until after the next cutoff to enter more income. (Depending on your case's situation, you may have to cancel the program or the person and make a TD06 entry for the coming month.)
2974	COLA-SDX	SDX COLA Alert for <##First Name##><##Last Name##>, too many BCWs. Income records could not update or be calculated for COLA processing because there were too many BCWs. The system allows only 24 income records per person. If there are too many income records, wait until after the next cutoff to enter more income. (Depending on your case's situation, you may have to cancel the program or the person and make a TD06 entry for the coming month.)
1975	COLA-Bendex	BENDEX COLA Alert for <##First Name##><##Last Name##>, SSA no COLA. The person's BCW2 record has SSA income but no COLA was done. Possible reasons why COLA did not occur are: <ul style="list-style-type: none"> <li>◆ No BENDEX record was received.</li> <li>◆ Client no longer receives SSA benefits.</li> <li>◆ Birth date did not match.</li> <li>◆ Person or case was approved after the deadline for exchanges with the Social Security Administration.</li> </ul>
2976	COLA-SDX	SDX COLA Alert for <##First Name##><##Last Name##>, SSI but no COLA. The person's BCW2 record has SSI income but no COLA was done. Possible reasons why COLA did not occur are: <ul style="list-style-type: none"> <li>◆ No SDX record was received.</li> <li>◆ Client no longer receives SSI.</li> <li>◆ Birth date did not match.</li> <li>◆ Person or case was approved after the deadline for exchanges with the Social Security Administration.</li> </ul>
1982	COLA-Bendex	BENDEX COLA Alert for <##First Name##><##Last Name##>, invalid Medical income. BCW coding requires both "E" and "B" income indicators. One or both were missing. Review and update case.
2982	COLA-SDX	SDX COLA Alert for <##First Name##><##Last Name##>, invalid Medical income. BCW coding requires both "E" and "B" income indicators. One or both were missing. Review and update case.
1983	COLA-Bendex	BENDEX COLA Alert for <##First Name##><##Last Name##>, invalid Facility income. BCW coding requires both "E" and "B" income indicators. One or both were missing. Review and update case.
2983	COLA-SDX	SDX COLA Alert for <##First Name##><##Last Name##>, invalid Facility income. BCW coding requires both "E" and "B" income indicators. One or both were missing. Review and update case.

No.	WISE Wording	Instructions
1984	COLA-Bendex	BENDEX COLA Alert for <##First Name##><##Last Name##>, has Miller trust/medical assistance income trust (MAIT) income. A person on the case has Miller trust/medical assistance income trust (MAIT) income. ABC COLA processing does not occur for Medicaid or facility cases if a person on the case has such income. Make entries for Medicaid or facility income records that reflect the new Miller trust/MAIT amount.
2984	COLA-SDX	SDX COLA Alert for <##First Name##><##Last Name##>, has Miller trust/medical assistance income trust (MAIT) income. A person on the case has Miller trust/medical assistance income trust (MAIT) income. ABC COLA processing does not occur for Medicaid or facility cases if a person on the case has such income. Make entries for Medicaid or facility income records that reflect the new Miller trust/MAIT amount.
1985	COLA-Bendex	BENDEX COLA Alert for <##First Name##><##Last Name##>, FIP/FMAP SSA income. SSA sent a COLA record for a person who has a FIP or FMAP status of "A," "B," "C," "H," "F," or "I." COLA was not done. Review and update case.
2985	COLA-SDX	SDX COLA Alert for <##First Name##><##Last Name##>, FIP/FMAP SSI income. SSA sent a COLA record for a person who has a FIP or FMAP status of "A," "B," "C," "H," "F," or "I." COLA was not done. Review and update case.
1986	COLA-Bendex	BENDEX COLA Alert for <##First Name##><##Last Name##>, overpay not \$0. The Social Security COLA amount used is different from the BENDEX amount because recoupment exists at SSA. The amount before recoupment is counted as income on facility cases. The ABC system updated the income and recalculated the case. Review case and update records.
1987	COLA-Bendex	BENDEX COLA Alert for <##First Name##> <##Last Name##>, couple case. This case has a person with a couple case indicator (OHP code of 2) and so must have worker entries for COLA. COLA income has not been entered on ABC.
2987	COLA-SDX	SDX COLA Alert for <##First Name##> <##Last Name##>, couple case. This case has a person with a couple case indicator (OHP code of 2) and so must have worker entries for COLA. COLA income has not been entered on ABC.
1988	COLA-Bendex	BENDEX COLA Alert for <##First Name##> <##Last Name##>, Dual/Triple SSA. This case has a person with dual or triple entitlement for social security. Social security may not have updated correctly during COLA. Review BENDEX and update ABC if needed.

No.	WISE Wording	Instructions
1989	COLA-Bendex	BENDEX COLA Alert for <##First Name##> <##Last Name##>, unearned BCW full. Unearned income source code of "B," "T," or "A" was missing for COLA processing. The code and amount could not be placed in BCW2 entries because all unearned income fields are in use. Review the BCW2s and enter income as appropriate.
2989	COLA-SDX	SDX COLA Alert for <##First Name##> <##Last Name##>, unearned BCW full. Unearned income source code of "B," "T," or "A" was missing for COLA processing. The code and amount could not be placed in BCW2 entries because all unearned income fields are in use. Review the BCW2s and enter income as appropriate.

**Effective Date**

January 1, 2019

**Material Superseded**

This letter replaces Manual Letter No. 14-B(8)-34, dated December 1, 2017, in Employees' Manual, Title 14, Chapter B(8).

**Additional Information**

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

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## **Overview**

COLA is a commonly used acronym for cost-of-living adjustment. The COLAs discussed in this chapter are those that affect Supplemental Security Income (SSI) recipients, Black Lung beneficiaries, and Social Security beneficiaries. These COLAs usually occur annually, resulting in income increases for Social Security and SSI in January.

Increases in SSI, Black Lung benefits, Social Security, Medicare premiums, pension amounts, and health insurance are used in the determination of eligibility and new benefit amounts. COLAs change the amounts of income counted for eligibility and benefit levels for FIP, Refugee Assistance, Medicaid, Food Assistance, and State Supplementary Assistance. Other changes resulting from COLAs are the personal needs allowance and medical expense deduction.

The impact of Social Security and SSI COLAs on most cases in most of these programs is determined using automated processes. When a COLA is effective with January eligibility and benefits, the Department's automated processes usually begin over Thanksgiving weekend. However, these processes are dependent on receipt of data from federal offices.

## **Programs Included in the Automated ABC Process**

Programs are included in automated COLA processing only when eligibility and benefits are automatically determined by the Automated Benefit Calculation (ABC) system. Even for these programs, COLA requires manual oversight and input. See [Manual Processing](#).

The following kinds of assistance **are** included in the automated ABC process:

- ◆ FIP
- ◆ FMAP-related Medicaid
- ◆ Food Assistance
- ◆ HCBS waiver
- ◆ ICF/ID
- ◆ MHI
- ◆ Nursing care, including skilled nursing care
- ◆ PMIC
- ◆ RCF
- ◆ Refugee Cash Assistance

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.

### **Methodology for Matching**

SDX and BENDEX records received from Social Security for COLA are matched to individual records in the ABC system. The matching process uses the following information from SDX and BENDEX:

- ◆ Social security number (SSN).
- ◆ Birth date (month and year).
- ◆ State identification number (SID number). SID numbers are assigned by the Department and are not always included on the SDX or BENDEX.

A worker action report (WAR) is generated when an ABC individual record is not matched with an SDX or BENDEX, but the individual record indicates SSI, Black Lung, or Social Security income on the BCW2.

BENDEX and SDX records are updated at the time of COLA just as they are other times of the year. See 14-G, [EXCHANGE OF DATA WITH OTHER AGENCIES](#), and 14-E, [SSI STATE DATA EXCHANGE](#).

When BENDEX and SDX records are matched, the ABC system updates the person's records for the programs based on the person's status codes. NOTE: A status code of "N" is used if the person was "recently canceled." "Recently canceled" means the person is in a canceled status, but the person's program benefits were received the calendar month before the system month that COLA is processed.

The following chart identifies individual status codes by programs:

<b>Programs</b>	<b>Individual Status Codes</b>
Family Investment Program (FIP)	A, B, C, F, H, I, or if recently canceled, N
Refugee Cash Assistance	A, B, C, F, H, I, or if recently canceled, N
Food Assistance	A, B, C, I, J, or if recently canceled, N
FMAP-related Medicaid	A, B, C, F, H, I, or if recently canceled, N
SSI-related Medicaid	A, B, C, or if recently canceled, N
Nursing facility and RCF	A, C, or if recently canceled, N

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 TPQ2 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-I, 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.

Mr. A has an overpayment deducted from his Social Security benefits. He is eligible for Food Assistance and an SSI-related Medicaid program. The Social Security benefit used as income for Food Assistance is the amount with the overpayment deducted. The Social Security benefit used as income for SSI-related Medicaid is the amount without the overpayment deducted.

The initial annual COLA processes update facility income records. The BENDEX "adjusted entitlement amount" is used as the Social Security income. Income amounts are updated to facility BCW records at the same time as BCW records for the other programs are processed.

Client participation is redetermined for ongoing RCF cases where a match has occurred. The **personal needs allowance** is automatically changed for RCF cases, if appropriate. System-generated calculations in December change the personal needs allowance for cases not processed in the COLA, if necessary.

Special procedures are required for applications. See [Applications](#).

### **Delay of Facility Calculations**

To allow time for you to update other income and deduction data, the calculation of January eligibility and client participation for facility and RCF cases is delayed. You may update other income and deduction data for the effective month, thus causing calculations with those data and the system-generated COLA data.

System-generated calculations are performed in December, generating notices of decision as appropriate, to allow for timely notice of adverse actions. System-generated calculations are delayed until timely notice considerations require that they be completed. Delay of the COLA calculations reduces and consolidates notices of decision, and provides a complete picture for the client or the client's representative.

If you have not made successful BCW2 entries by the time actions are necessary to allow timely notice, the system will cause COLA calculations to occur, generating notices of decision, etc.

### **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.

### **Medical Expense Deductions**

The medical expense deduction fields for Food Assistance and facility calculations should include all medical expense amounts other than the standard Medicare premium amount. In system COLA processing, these amounts plus the standard Medicare premium, if applicable, are used in computations.

The standard Medicare premium is included for COLA processing when the MP indicator displayed on the ABC's TD03 screen is 'Y.' The client is responsible for payment of the premium if the MP indicator code is 'Y.'

When the premium is included and the amount is increased effective January 1, the new amount is used for calculations for January and later. The automated COLA process may update the MP indicator with information from the BENDEX file.

For required system entries for nonstandard Medicare premium amounts, see [14-B\(5\), Medicare Premiums](#), for Food Assistance entries and [14-B\(9\), Medicare Premium](#), for facility and SSI-related Medicaid entries.

The first month for counting the increased Medicare premium amount in determining eligibility and benefits for Food Assistance is the first month in which the increase is applied.

### **Manual Processing**

Worker action is necessary for:

- ◆ Applications approved after the last BENDEX or SDX exchange before COLA processing.
- ◆ Cases where buy-in was not processed in time for the matching process for COLA, but buy-in occurred before the COLA calculation ran.
- ◆ Cases where COLA data are not received.
- ◆ Cases where there is an error in COLA processing, such as an incomplete BCW, or a discrepancy in date of birth.

- ◆ Foster care and adoption subsidy cases (identified by an 18 or 19 FBU).
- ◆ HCBS waiver cases in Medically Needy or hospital-only aid types.
- ◆ Hospital-only Medicaid cases.
- ◆ Medicaid cases for people eligible for SSI but not receiving benefits.
- ◆ Medicaid cases for people ineligible for SSI or SSA due to specific circumstances.
- ◆ Medicaid for employed people with disabilities (MEPD) cases.
- ◆ Medically Needy cases.
- ◆ Nursing facility cases with a medical assistance income trust (MAIT). These cases are identified by a BCW2 unearned income type of 'S' with an amount equal to the current 300% income limit.
- ◆ Nursing facility cases with an OHP code of "1" (noninstitutionalized spouse case).
- ◆ Nursing facility cases with an OHP code of "2" (couple cases).
- ◆ QDWP cases.
- ◆ QMB, SLMB, and E-SLMB cases.
- ◆ SSI-related automatic redetermination cases.
- ◆ State Supplementary Assistance cases other than RCF.

### **Applications**

Individual income records are not automatically updated for programs for which people have a pending status code of 'D' displayed on the ABC TD03 screen when the ABC system does COLA processing in November.

As applications are processed for November through January, be aware that Social Security and SSI income may or may not have been updated to ABC income records, depending on the timing of BENDEX, COLA, and ABC data. Therefore, when a person has Social Security or SSI income, check the income records on the ABC BCW2 screen. If the income is not present, enter it from BENDEX or TPQ1 or TPQ2 data, as appropriate.

### **Errored Cases**

When a fatal error message appears for COLA on the Worker Action Reports (WARs), manual COLA processing is necessary. Determine the amount of the Social Security or SSI income. Enter it for eligibility and benefit determination for all programs and client participation.

The WARs generated by the processing of COLA are numbered 971 through 989. Instructions for handling of these WARs are found in 14-B-Appendix.

### **Facility Couple and NIS Cases**

Worker Action Report message 971 indicates that because the OHP field, displayed on the ABC TD03 screen, was coded "1" to indicate a noninstitutionalized spouse, income was updated, but the program was not recalculated.

Manually calculate the diversion for the spouse or family at home and the total client participation for this person. Review cases where the noninstitutionalized spouse receives other income benefits, as there may now be a deficit in the spouse's income and a diversion due the spouse.

Worker Action Report message 987 indicates that, because the OHP field displayed on the ABC TD02 screen was coded "2" to indicate a couple case, COLA processing was not done, to allow you to enter the adjusted income. Manually calculate the countable income for each spouse and enter on the appropriate case.

### **Manual Determination of Social Security Gross Amount**

Manual calculation of the countable Social Security benefit is necessary only when COLA data are not received. Applicants and people very recently approved may not have been included in the COLA files.

If the pre-COLA entitlement amount is not available, calculate the increase according to the pre-COLA amount of the check. Verify all manual calculations with the client after benefits are received. Correct errors and issue a notice in the usual manner.

If the person does not have a Medicare premium deduction because the person is on buy-in or does not have Part B Medicare, multiply the entitlement amount for December by 1.0xx, where xx equals the percent of increase. Round the answer up to the nearest cent; then round down to the next lower dime. This is the new gross amount.

### **Dual Entitlement**

If a person has a dual or triple entitlement for Social Security and matching was done using the State ID for each of the person's BENDEX records, the automated COLA processing adds all the entitlement amounts together and makes one Social Security income entry on the BCW2. If any entitlement cannot be matched by state ID number, the system generates an error message to alert the worker.

If there is a question or alleged discrepancy regarding dual or triple entitlement amounts, generate an automated TPO2 request to obtain benefit information. The Social Security Administration may have incorrectly linked claim numbers or calculated amounts.

### **Medicare Premiums**

Sometimes Medicare buy-in has occurred but BENDEX has not been updated. Therefore, when determining client participation for facility cases, note that the BENDEX may not reflect the correct amount of Social Security benefits or the correct Medicare premium payer.

When a notice has been issued that shows a new client participation amount based on buy-in, but BENDEX does not show that buy-in has occurred, use the gross amount of the Social Security amount on BENDEX. Round down the cents to determine the correct amount of Social Security benefits to enter for determining client participation. If there are questions about whether buy-in has occurred, access the SSBI screen.

### **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 health and disability 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, SLMB, E-SLMB, and MEPD Eligibility**

Social Security COLA increases are not counted as income for QMB, SLMB, E-SLMB, or MEPD 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 until central office notifies you of when to recalculate the poverty level using the social security COLA increases.

For MEPD, Social Security COLA increases are also not counted as income when determining MEPD premiums until the month after the month when the revised federal poverty level is published.

NOTE: When there is QMB, SLMB, E-SLMB, or MEPD 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, E-SLMB, or MEPD.

### **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.

### **Civil Service Retirement Income**

Civil Service Retirement pensions often increase effective January 1. The rate of increase is issued in a Manual Letter, when available. The Department is not notified of the increase for each recipient. Clients are required to report this change of income according to the policies of the program under which they receive benefits.

You may verify civil service pension amounts by writing to the Civil Service Commission at 1900 E St. NW, Washington, D.C. 20415. The client shall complete an *Authorization for Release of Information*, form 470-0461, before you contact the Commission.

### **Veterans Benefits**

Veterans benefits often increase effective January 1. The rate of increase for the pensions is issued in a Manual Letter, when available. The increase can be estimated by multiplying existing annual pension benefits by the rate preceded by one (1.0xx), rounding down, and then dividing annual benefits by 12 and dropping the cents.

Recipients shall report and verify changes according to the policies of the program under which they receive benefits. If the client is unable to provide verification, obtain an *Authorization for Release of Information*, form 470-0461, before contacting the Veterans Administration.

### **Iowa Public Employment Retirement System Payments**

If IPERS benefits are changed effective January 1, or if dividends will be paid, information on the change will be included in the Manual Letter.

### **Other Medical Insurance**

Medical insurance premiums are often changed when Medicare premiums are changed. There is no system-generated processing for these premium changes. For facility and RCF records, COLA calculations are delayed to allow workers to enter changes to deduction data.