



State of California—Health and Human Services Agency
California Department of Public Health



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Director & State Health Officer

EDMUND G. BROWN JR.
Governor

OFFICE OF AIDS (OA)
AIDS DRUG ASSISTANCE PROGRAM (ADAP)

Management Memorandum
Memorandum Number: 2015-17

DATE: OCTOBER 6, 2015

TO: ADAP ENROLLMENT WORKERS AND COORDINATORS

SUBJECT: CLIENT LETTER REGARDING NEW INCOME ELIGIBILITY CRITERIA AND
UPDATED INSURANCE ASSISTANCE CONSENT FORM

As you all know, per [Management Memorandum 2015-14](#), the income eligibility criteria for ADAP has changed to individuals with a Modified Adjusted Gross Income (MAGI) that does not exceed 500 percent of the Federal Poverty Level (FPL) per year based on family size and household income. The purpose of this memorandum is to inform all ADAP enrollment workers that ADAP has mailed a letter to all ADAP clients notifying them of the change in ADAP's income eligibility criteria. For your reference, the client letter is attached to this memorandum. Clients who indicated Spanish as their preferred language on their ADAP application received the letter in Spanish.

Please note that CDPH is working with the Franchise Tax Board to verify client income via a data match. More information will be provided as it becomes available.

Also, the language in the Insurance Assistance Consent Form has been modified to include the income eligibility criteria change. Effective immediately, please use the updated [Insurance Assistance Consent Form](#). Any older version of the Insurance Assistance Consent Form will not be accepted.

If you have any questions, please contact your [ADAP Advisor](#).

Thank you,

A handwritten signature in cursive script that reads 'Niki Dhillon'.

Niki Dhillon, ADAP Branch Chief
California Department of Public Health



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September 02, 2015

Dear Client:

You are getting this letter because you are enrolled in the California Department of Public Health (CDPH), Prescription Drug Assistance Program. If you are uninsured, this program pays the full cost of your monthly medications. If you are insured, it pays your medication co-pays. Here is an example of the prescription drug card that all clients have:



The purpose of this letter is to inform you that the program’s income eligibility criteria has changed. The income limit used to be up to \$50,000 adjusted gross income (AGI) for a single individual. The criteria did not count family size and household income. Effective June 24, 2015, the criteria has changed. The criteria is now individuals with a **Modified Adjusted Gross Income (MAGI) that does not exceed 500 percent of the Federal Poverty Level (FPL) per year. It is also based on family size and household income.**

For your reference, the Income Eligibility Criteria Table:

CDPH Prescription Drug Assistance Program Income Eligibility Criteria (Effective June 24, 2015)				
Family Size	2015 Poverty Guidelines	Medi-Cal Expansion <138% FPL	Program Copay ≥400% FPL	MAGI Household Income ≤500% FPL
1	\$11,770	\$16,243	\$47,080	\$58,850
2	\$15,930	\$21,984	\$63,720	\$79,650
3	\$20,090	\$27,725	\$80,360	\$100,450
4	\$24,250	\$33,465	\$97,000	\$121,250
5	\$28,410	\$39,206	\$113,640	\$142,050

For families/households with more than 5 persons, add \$4,160 for each additional person under the “2015 Poverty Guidelines” column.

What does this mean?

MAGI includes: Federal Adjusted Gross Income (FAGI) *plus*:

- Non-taxable Social Security benefits which includes disability payments (SSDI). This can be found on Line 20a minus 20b on Form 1040 or Line 14a minus 14b on Form 1040A. This amount does not include Supplemental Security Income (SSI).
- Tax-exempt interest (Line 8b on Form 1040 and 1040A). Examples are listed on IRS webpage <http://www.irs.gov/taxtopics/tc403.html>.
- Foreign earned income and housing expenses for Americans living abroad (Line 45 and 50 on Form 2555).

FAGI can be found on Line 4 of Form 1040EZ, Line 21 of Form 1040A and Line 37 of Form 1040.

Family size includes:

- same or opposite sex married couples
- registered domestic partners (whether the partnership was registered in California or another state)
- any tax dependents of either spouse or registered domestic partner

Household income includes:

- your MAGI
- the MAGI of your spouse or registered domestic partner
- the MAGI of all other individuals for whom you or your spouse/registered domestic partner are allowed a federal income tax deduction for the taxable year

What do these changes mean?

Some people who would not have qualified for the program before will now qualify. Most current clients will not be impacted by the change. They will continue to be eligible for the program. However, there may be some current clients impacted.

The following are examples of how applicants may be impacted by the new criteria:

- Applicant #1 is a single parent with two children. The total household income is \$53,000. This applicant was previously ineligible. He/she will now qualify when counting in family size and household income.
- Applicant #2 has a registered domestic partner and two dependent children. The total household income is \$110,000. This applicant is now eligible.
- Applicant #3 is married with no dependents. The total household income is \$83,000. This person is not eligible. If this is a current client, he/she may get extended eligibility.

When will my income be assessed?

Your income will be assessed either:

- during your annual program re-enrollment
 - occurs face-to-face with your enrollment worker during your birth month every year

or

- during your six month eligibility self-verification period
 - occurs by mail if there is no change in your income
 - occurs with your enrollment worker if you report a change in your income

How will my income be assessed?

Your federal tax return is preferred. A copy of your federal tax return would need to be provided to your enrollment worker during your income assessment period. Couples who file taxes separately must both provide tax returns or other proof of income documentation.

What if I Don't File Federal Taxes?

Please work with your enrollment worker. Together, you'll need to determine your family size and household income. Then, you'll need to submit other forms to your enrollment worker. The documentation will need to show that you meet the program income criteria.

Acceptable forms of income proof include:

- state tax return,
- proof of Unemployment Insurance,
- paycheck stubs,
- Disability Award Letter,
- bank statement reflecting SSDI/SDI direct deposit,
- support affidavit,
- other documentation

What if I am enrolled in the Health Insurance Premium Payment (HIPP) program and Covered California?

If you are enrolled in the HIPP program and a Covered California health plan, your federal tax return is required. You will need to submit it during your HIPP program re-enrollment or recertification. There are no exceptions to this HIPP program requirement.

Enrollment in the drug assistance program is required for HIPP program enrollment. If you are no longer enrolled in the drug assistance program, you will not be eligible for the HIPP program. This means that the Department will no longer be able to pay your prescription drug co-pays and monthly health insurance premiums on your behalf.

Income Eligibility Exception Request Process (Eligibility through June 30, 2016)

If you are a current client who is no longer eligible, you may get extended eligibility. You must work with your enrollment worker. You will need to submit the income proof documents outlined above. The federal tax return is preferred. But other forms are acceptable. Your enrollment worker will submit an Eligibility Exception Request form. The form may be submitted when you re-enroll in the program. Or, if you report a change in income, during the self-verification period. If the request is approved, you will get eligibility through **June 30, 2016**. The purpose of the extension is to give you time to enroll in other health coverage.

You may obtain affordable health coverage through Covered California. The open enrollment period for 2016 coverage is November 1, 2015 - January 31, 2016. You may enroll online during open enrollment here: <http://www.coveredca.com/>. At this website, you

may request free help with the Covered California application. To search for a Certified Enrollment Counselor near you, just click on the “Get Help” tab. Then select “Find a Certified Enroller.” The Enroller can help you complete the application and select insurance.

Income Eligibility Exception Request Process (Continued Eligibility)

Certain applicants whose income is over the program limit, may get continued eligibility. This exception is only for clients whose cost of drugs and health insurance premiums in one year is likely to be over 20 percent of their MAGI. Such exceptions must be approved by the CDPH Director.

Examples of who would qualify:

- Family size of one, income of \$58,851, and drug and health insurance premium costs of at least \$11,770.20 per year
- Family size of two, income of \$79,651, and drug and health insurance premium costs of at least \$15,930.20 per year

If this applies to you, please work with your enrollment worker to submit:

- an Eligibility Exception Request,
- proof of income documentation,
- proof of out-of-pocket health insurance premiums and drug costs

If approved by the CDPH Director, you may be eligible for the drug assistance program with a Share of Cost.

Share of Cost (SOC)

The SOC policy has not changed. If you earn more than 400% FPL, you may have a monthly SOC. The steps to determine this amount have not changed. If applicable, your enrollment worker will calculate your SOC amount.

Income Verification with the Franchise Tax Board (FTB)

Please note that CDPH is working with FTB to verify client income via a data match. The match may reveal that some clients’ income does not meet the drug assistance program criteria. These clients will receive a letter stating that they no longer qualify for the program. These clients will be assigned a grace period. At that time, the clients will need to provide documentation of program eligibility.

Have Questions?

We know that you may have some questions. We urge you to call the following resources:

- your drug assistance program enrollment worker
- (888) 311-7632 (Pharmacy Benefits Manager) for questions about the drug assistance program
- (844) 421-7050 for questions about the HIPP program

Thank You

California Department of Public Health Notice