



California SSI State Supplement Reductions

What is State Supplementation of SSI benefits?

The SSI program was designed to provide a nationwide uniform floor of cash assistance to the aged, blind, and disabled. Recognizing that there were variations in living costs across the nation, Congress encouraged States to build on the Federal program by supplementing the SSI payment.

What are the States required to pay in Supplements?

At the beginning of the SSI program, each time there was a Federal Benefit Rate (FBR) increase, some States lowered their supplementation rates by the amount of the FBR increase. To guarantee that recipients received the full benefit of each cost-of-living adjustment, Congress added section 1618 to the Social Security Act in 1976. This legislation stipulated that States must agree to maintain supplementation expenditures by either of two methods. The sanction for failing to comply is the loss of Federal financial participation in the State's Medicaid funding.

One method of 1618 compliance is for States to continue to maintain each of their supplements at levels that equal or exceed the combined Federal and State amount in existence in March 1983. This method of 1618 compliance is called the "payment level" method. In California's case, the State has raised its levels over the years well above the required March 1983 levels and has a cushion to reduce its State supplementary payment while still meeting the maintenance-of-effort requirement.

The second method provides that the State's total supplementary expenditures in the current year need to equal or exceed the total expenditures for the immediately preceding year. In other words, a State could reduce its supplement levels below the 1983 levels so long as the payments in the aggregate at least equaled the prior year's payments. This method of 1618 compliance is called the "total expenditures" method. (As mentioned above, California uses the "payment level" method to meet the maintenance-of-effort requirement.)

What is happening in California?

- The State of California has passed legislation reducing the amount payable to most Supplemental Security Income/State Supplementary Payment (SSI/SSP) recipients by decreasing SSP payment levels effective May 1, 2009. Affected recipients will receive notices in early April.
- The reductions apply to all recipients with the exception of those in non-medical out-of-home care living arrangements and residents of Medicaid facilities. In all, more than 900,000 individual SSI recipients and more than 250,000 individuals who receive SSI as a member of a couple will see their monthly payments reduced.
- Effective May 1st, individuals living independently will be reduced by \$37; couples by \$55 (\$27.50/each). Individuals residing in the household of another will be reduced by \$24.67; couples by \$36.66 (\$18.33/each).
- The State also passed legislation further reducing payment levels effective July 1, 2009. The July 2009 decrease was dependent upon whether the State received federal revenue that has offset at least \$10 billion of General Fund costs. Because the State Director of Finance and the Treasurer have determined that the Federal funds will fall approximately \$2 billion short, the July 1, 2009 payment reductions will be effectuated.



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- Effective July 1st, individuals living independently will be reduced by an additional \$20; couples by \$35 (\$17.50/each). Individuals residing in the household of another will be reduced by an additional \$15.15; couples by \$28.36 (\$14.18/each).
- When all the reductions are made, payment levels for individuals (and couples) living independently and in the households of another will have been reduced by \$57 (\$90 for couples) and \$39.82 (\$65.02 for couples), respectively compared to the levels in effect in April 2009. California State supplementary payment levels will have dropped anywhere from 11% (for a couple living in the household of another) to 25% (for an individual living independently).
- Even after these two rounds of reductions, California will continue to meet the “maintenance of effort” provision in the Federal law so that the State will not lose Medicaid funding.

How will this affect Medi-Cal (Medicaid) eligibility?

- An estimate of close to 20,000 individuals will lose eligibility effective May 1, 2009, due to decreases in the SSP rates. An additional 12,000 individuals will lose eligibility effective July 1, 2009.
- As a result of the *Craig v. Bontá* lawsuit, Medi-Cal beneficiaries losing SSI/SSP-based Medi-Cal cannot have their Medi-Cal benefits automatically discontinued. These cases must first be reviewed and evaluated for eligibility or ineligibility in other Medi-Cal programs. The only exceptions to the court ruling are those individuals who lose SSI/SSP-based Medi-Cal due to death or incarceration.
- The county will first review all information available without beneficiary contact to establish continued Medi-Cal in another category. If there is insufficient information, they will attempt to contact the individual by phone to obtain additional information. If phone contact is unsuccessful, a form will be mailed requesting the specific information necessary to complete the review. If the form is not returned within 20 days, a notice of action will be sent giving the beneficiary 10 days to respond or Medi-Cal will be discontinued.

Can affected SSI beneficiaries appeal this decision?

- It depends on exactly what they are appealing.
- The determination to reduce, suspend, or terminate federally administered State supplementary payments due to a State-initiated mass change in the levels of such payments, except as provided in SSI regulations (20CFR 416.1402(n)), is not an initial determination subject to appeal rights.
- If an appeal is filed solely on State-initiated change in payment levels, it will be dismissed.
- However, the calculation of the State supplementary payment amount is an initial determination and may be appealed.