

## DEPARTMENT OF AGING

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## PROGRAM MEMO

TO: <b>AREA AGENCY ON AGING DIRECTORS</b>	NO.: <b>PM 07-09 (P)</b>
SUBJECT: <b>Fiscal Year 2007-08 Health Insurance Counseling and Advocacy Program Contracts and Original HICAP Budgets</b>	DATE ISSUED: <b>April 3, 2007</b>
REVISED	EXPIRES: <b>June 30, 2008</b>
REFERENCES: <b>Older Californians Act, Welfare and Institutions Code 9100, et. seq.</b>	SUPERSEDES: <b>N/A</b>
PROGRAMS AFFECTED: <input type="checkbox"/> All <input type="checkbox"/> Title III-B <input type="checkbox"/> Title III-C1/C2 <input type="checkbox"/> Title III-D <input type="checkbox"/> Title III-E <input type="checkbox"/> Title V <input checked="" type="checkbox"/> HICAP <input type="checkbox"/> MSSP <input type="checkbox"/> Title VII <input type="checkbox"/> ADHC <input type="checkbox"/> Other: _____	
REASON FOR PROGRAM MEMO: <input type="checkbox"/> Change in Law or Regulation <input type="checkbox"/> Response to Inquiry <input checked="" type="checkbox"/> Other Specify: <u>Transmit FY 2007-08 HICAP Contracts and Revised Budget Forms</u>	
INQUIRIES SHOULD BE DIRECTED TO: <b>Your Assigned Fiscal Team Specialist</b>	

This Program Memo (PM) transmits your Fiscal Year (FY) 2007-08 Health Insurance Counseling and Advocacy Program (HICAP) Contract, based on the Planning Estimates issued in PM 07-06(P), the revised HICAP Budget form (CDA 229), and budget instructions. All policies specified in PM 07-06(P) remain in effect.

The California Department of Aging (CDA) revised the Budget Display format to eliminate separate funding categories for the Medicare Modernization Act (MMA). MMA funds are now combined with Insurance Fund, HICAP Fund, and Federal SHIP program funds. The Budget Display also includes additional Federal SHIP program and administration funds for rural services. The State funds (Insurance Fund and HICAP Fund) are based on the 2006 Enacted Budget. The federal funds are based on the prior year federal grant and the additional federal rural services funds.

Federal rural services funds are allocated based on the percentage of 60+ rural population residing in the Planning and Service Area (PSA). All other HICAP funds are allocated using the formula identified in the FY 2000 Enacted Budget that established baseline funding. Baseline increases



following the Budget Act of 2000 are allocated based on the number of Area Agencies on Aging (AAA) receiving HICAP funds (50% of funds by flat rate) and Medicare beneficiaries (50% of funds by beneficiary population) using the most current Medicare Beneficiary population data available from the Centers for Medicare and Medicaid Services (CMS).

### **Federal SHIP Rural Services**

CMS allocated funds to augment ongoing efforts to build and support locally accessible counseling services in rural areas. As stated above, allocations are based on the percentage of 60+ rural population residing in the PSA. Based on this allocation method, 25 of the 26 HICAPs will receive between \$128 and \$12,118. Only PSA 6 will not receive any of these funds.

CMS recognizes that establishing locally accessible counseling services in rural areas involves additional challenges to States. Providing vitally important services in rural areas often represent the only local source of Medicare education and assistance. HICAPs can enlist a variety of strategies to provide and support accessible services in rural communities. Potential uses of these funds can include small, focused, and time-limited projects, the purchase of some equipment, and/or payment for travel expenses. For example, funds can be used to off-set increased transportation costs due to current fuel prices or to purchase wireless cards for Internet access. Each AAA and HICAP provider should work closely together to develop and submit a **project proposal to CDA by June 30, 2007** that describes how rural funds will be spent to provide more locally accessible counseling services in rural areas.

A **narrative project progress report is due to CDA on August 31, 2007**. CDA will develop and send guidance to AAAs in mid October, 2007 for a **final report due on December 31, 2007**. The final report information will be compiled and reported to CMS. CDA will use this information to develop subsequent grant applications for federal rural funding.

### **HICAP Contracts**

Please return the contracts and other contract documents in accordance with the "Instructions for Processing This (HI) Contract" to:

California Department of Aging  
Contracts and Business Services Section  
1300 National Drive, Suite 200  
Sacramento, CA 95834

### **Revised HICAP Budget (CDA 229)**

The revised CDA 229 reflects the changes to the HICAP Budget Display. On the HICAP Budget Summary (Page 1), the HICAP Reimbursements MMA State Funds, HICAP Fund MMA State Funds, and the HICAP MMA Supplemental SHIP Funds lines were deleted. HICAP program funds now include MMA funds previously allocated as a separate funding source. Page 1 also includes a place to budget the new HICAP SHIP Rural Funds. The HICAP Medicare Modernization Act (MMA) Schedule (Page 5) was eliminated as this information is no longer necessary.

The Fiscal Team will email electronic copies of the revised CDA 229, in Excel format with formulas, to AAA Fiscal Officers simultaneously with the release of this PM.

**Budget Due Date**

The original FY 2007-08 HICAP Budget (CDA 229) is due to your Fiscal Team Specialist **as soon as possible, but no later than 30 days from the date of this PM**. Submit budgets electronically to the Fiscal and Contracts Team using the Team's CBSP fiscal email mailboxes. The original CDA 229 must incorporate the amounts specified in the HICAP Budget Display attached to your FY 2007-08 HICAP Contract.

**Monthly Fiscal Reporting**

HICAP monthly fiscal reporting requirements remain the same. Combine HICAP SHIP and HICAP SHIP Rural Fund Program costs on the Detailed Data Expenditure File (CBSP 107) and report as HICAP Federal Fund using Service Category "108" and Fund Source "32".

**HICAP Payments**

As a reminder, FY 2007-08 HICAP payments will not be processed until the original FY 2007-08 HICAP Budget is approved by CDA and the FY 2007-08 HICAP contract is returned to and fully executed by CDA.

**Original Signed By:**

Lynn Daucher  
Director

Enclosures