STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY

PETE WILSON, *Governor*

DEPARTMENT OF HEALTH SERVICES
714/744 P STREET
P.O. BOX 942732
SACRAMENTO, CA 94234-7320

(916) 657-2941

April 3, 1995

TO: All County Welfare Directors
All County Administrative Officers
All County Medi-Cal Program Specialists/Liaisons

Letter No.: 95-22

EXEMPT BUSINESS PROPERTY

Ref.: All County Welfare Directors Letter No. 91-28

The purpose of this letter is to clarify two issues related to ACWDL No. 91-28. Those are: 1) the term "self-support", and 2) plans for achieving self-support.

First, the term self-support when used in ACWDL No. 91-28 means self-employment rather than just an arrangement which provides financial support, except when used to describe an approved plan for achieving self-support. This means that property which is used simply for investment purposes rather than for self-employment is not exempt. This could take the form of a former home which is now being rented out. This former home is not exempt as business property although it may be exempt as a principal residence in accordance with Title 22, California Code of Regulations, Section 50425(c). In order for any property to be exempt as business property (except property retained as part of an approved plan for achieving self-support), the applicant/beneficiary must provide verification of the existence of a business as indicated in ACWDL No. 91-28. The terminology will be changed in the final regulations.

Second, a plan for achieving self-support may provide for future training or the future establishment of a business. The property is not necessarily in current use. As long as individuals have an approved plan for achieving self-support from the county, the Department of Rehabilitation or the Supplemental Security Income (SSI) program, property that is included in that plan may be exempted. The plan, with documentation of its approval from the approving agency, must be provided as verification. Final regulations will be clarified to include the SSI plans, the need for verification and clarification that these plans can be for future training and use.

EFFECTIVE DATE:

The effective date of the above policy has not changed. That date is May 1, 1990.

IMPLEMENTATION DATE:

Counties shall implement the information contained in this letter no later than May 1, 1995.

ACTION REQUIRED:

1) Self-support Means Self-employment: Counties shall not calculate any potential overpayments as a result of this clarification, but shall, at application, redetermination and whenever such a case requires work, provide adequate ten-day notices for any adverse action that may be necessary for future months. Fair hearings may have been held on some cases where investment property (rather than business property) was exempted prior to the issuance of this clarification. Ten-day notices for any adverse actions that result from this clarification, should also be sent for those cases.

2) Plans for Achieving Self-support: Counties shall, as they become aware of such cases, take action to rescind any denials or discontinuances that may have resulted due to the lack of this clarification and establish retroactive eligibility where that is appropriate.

If you have any questions on this issue, please feel free to contact Ms. Sharyl Shanen-Raya at (916) 657-2942 or Ms. Kathy Harwell at (916) 657-0146.

Sincerely,

ORIGINAL SIGNED BY

Frank S. Martucci, Chief
Medi-Cal Eligibility Branch