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

December 22, 1998

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

Letter No.: 98-65

CLARIFICATION OF MEDI-CAL'S TREATMENT OF RETROACTIVE CORRECTIVE AID PAYMENTS AND PAYMENTS AS A RESULT OF PAOLI V. ANDERSON

The purpose of this letter is to clarify the treatment of a retroactive corrective aid payments under the Medi-Cal program. According to Title 22, California Code of Regulations, Section 50455 retroactive corrective aid payments were considered to be property in the month of receipt. Because Medi-Cal may be no more restrictive than the cash assistance programs and because the former Aid to Families with Dependent Children program and the California Work Opportunity and Responsibility to Kids (CalWORKs) programs consider retroactive corrective aid payments to be exempt property in the month of receipt and the month following the month of receipt, Medi-Cal applies the same methodology.

Retroactive corrective aid payments are being made to claimants pursuant to the court order in Paoli v. Anderson. This lawsuit challenged the continued application of the lump sum rule by the Temporary Assistance for Needy Families (TANF) program, which imposed a period of ineligibility for receipt of a lump sum. Although this is a TANF lawsuit, these payments will be exempt as retroactive corrective aid payments in the month of receipt and the month following the month of receipt as well.

The court order requires that retroactive benefits be paid to individuals who did not receive TANF benefit payments due to a period of ineligibility for months after October 1996. The court order requires that these payments be exempt. Interest is to be paid to claimants who are NOT on CalWORKs at the time the retroactive corrective aid payment is made at the annual rate of seven percent. Class members who ARE receiving cash aid when the retroactive benefit payment is made are NOT to receive interest. If interest is paid, the interest portion of the payment is not exempt.

Claimants may file a claim under this lawsuit beginning August 15, 1998 through November 30, 1998. The counties will have 30 days upon receipt of the claim to request additional information and another 30 days after the information is provided in order to approve

or deny the claim. Therefore, claimants may be in receipt of these retroactive corrective aid payments through the end of February 1999.

If you have any additional questions, please call Dave Rappolee on income issues at (916) 657-0163 and Sharyl Shanen-Raya at (916) 657-2942 on property issues.

Sincerely,

ORIGINAL SIGNED BY

ANGELINE MRVA, Chief
Medi-Cal Eligibility Branch