STATE OF CALIFORNIA--HEALTH AND HUMAN SERVICES AGENCY
GRAY DAVIS, Governor

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May 7, 1999

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

Letter No.: 99-20

MORE INFORMATION AND QUESTIONS AND ANSWERS ON THE IMPLEMENTATION OF SECTION 1931(b)

The purpose of this letter is to provide changes, clarification and more information to counties on the implementation of the Section 1931(b) program. Included in this letter are answers to the various questions that the counties have asked at the training sessions.

AID CODE 38 BACKLOG PROCESSING

All County Welfare Directors Letter (ACWDL) 99-02 stated the following (repeated here for your convenience) with regard to processing the backlogged Aid Code 38 cases.

CALWORKS DISCONTINUANCE DETERMINATIONS

"If counties have former California Work Opportunity and Responsibility to Kids (CalWORKs) recipients who were discontinued from CalWORKs last year due to new budget rules and these recipients were placed in either 3C or Edwards aid codes or otherwise flagged, these families may be placed into Section 1931(b) without a determination if there have been no family member changes or income or property changes. This determination may be made by comparing the CalWORKs case (reason for termination and case information) with information provided in the most recent Edwards packet."

If there have been family member, income, or property changes, counties shall consider the Aid Code 38 individuals to be recipients for purposes of the $240 plus one-half income deduction in the current month, just as if the individual or family were discontinued from CalWORKs in the prior month. Counties are further instructed to disregard the months that have passed since the last month on CalWORKs. If the family is not currently eligible for the Section 1931(b) program under the recipient rules and the reason for CalWORKs discontinuance would have allowed the family to receive Transitional Medi-Cal (TMC), then the family should begin TMC in the current month without deducting any time spent on Medi-Cal under Aid Code 38.

MEDICALLY NEEDY/MEDICALLY INDIGENT (MN/MI) CASELOAD REVIEW

In conducting the review of the MN/MI caseload for Section 1931(b) eligibility, since these individuals may not have received CalWORKs, counties will need to determine whether or not the family members have met the applicant rules under Section 1931(b) first. This means that the eligibility worker will have to go back through the case to determine the most recent month where Section 1931(b) eligibility criteria were met utilizing the applicant rules. The following month the family members shall be considered recipients for purposes of the $240 plus one-half income deduction.

In going back through the case file to redetermine eligibility, if an eligibility worker finds that a family no longer meets the Section 1931(b) eligibility criteria, but was Section 1931(b) eligible in three out of the prior six months, then TMC eligibility should be considered and, if eligible, should begin in the first month the family was no longer Section 1931(b) eligible.

If a family was discontinued from CalWORKs and was inadvertently placed into an aid code other than 38, 3C, or was not flagged, and the county is not able to establish Section 1931(b) eligibility in a more recent month, then the county shall go back to the month following the month of discontinuance from CalWORKs and determine Section 1931(b) eligibility using the recipient rules for purposes of $240 plus one-half income deduction. If the county is still not able to establish Section 1931(b) eligibility at that point, the county shall determine TMC if applicable, eligibility for the month following the CalWORKs discontinuance and forward in time.

Share-of-cost (SOC) cases that should have been eligible under the Section 1931(b) program or TMC with no SOC shall be corrected, and all actions necessary to enable/assist the beneficiaries to obtain reimbursements from their providers shall be taken.

APPLICATIONS DENIED OR WITHDRAWN ON OR AFTER JANUARY 1, 1998 DUE TO EXCESS PROPERTY OR SOC

Whenever it comes to the county's attention that an application was denied or was withdrawn due to excess property or SOC, the county shall redetermine eligibility under the Section 1931(b) criteria retroactively to the date of the original application. If eligibility under the Section 1931(b) applicant rules can be established for any month after January 1, 1998, then the county shall consider the individual to be a recipient for purposes of the $240 plus one-half income deduction in the following months. The county shall also take whatever steps are necessary to assist the

individual in obtaining reimbursement for medical expenses paid during that month (or months) in which the individual was eligible.

AID CODE 38 PROCESSING QUESTIONS AND ANSWERS

1. What are the current Edwards processing procedures and requirements?

   There has been no change in the Edwards procedures. These procedures are outlined in the Medi-Cal Eligibility Procedures Manual, Section 4-0, dated September 15, 1986. Additionally, the following ACWDLs contain information clarifying the procedures: Final Implementation, 90-06; Data Processing Changes, 90-53; Questions and Answers, 91-67; Inter-county Transfers, 91-74; Clarification of Stipulations, 91-101; Medi-Cal Family Budget Unit, 92-65; and Medical Support, 94-55.

2. Is an actual case review required prior to terminating a case for failure to return a redetermination package?

   Yes. As stated in the answer to Question 5 of the "Policy Questions and Answers" attachment to ACWDL No.91-67, "failure to return the package should not mean automatic discontinuance." If, however, the package was sent to the beneficiary's last known address and it is returned as "undeliverable," "no forwarding address," or "address unknown," Medi-Cal can be terminated on the basis of loss of contact as stated in ACWDL No. 90-06 (page 3).

TRANSITIONAL MEDI-CAL QUESTIONS AND ANSWERS

1. Even though TMC is no longer available to an 18-year-old or to a 19-year-old enrolled in school because he or she is not eligible for CalWORKs or Section 1931(b), should the county terminate those beneficiaries who are currently receiving TMC under the old rules?

   No. Until the TMC regulations are final, counties should continue to allow those persons between 18 and 21 years old to receive TMC.

2. If an absent parent returns home, is the Section 1931(b) case still evaluated as a recipient for purposes of the waiver of the 100-hour rule?

   No. The 100-hour rule must be met when establishing deprivation on the basis of unemployment either for the first time or when deprivation needs to change from absence

to unemployment. NOTE: Changing from incapacity to unemployment is different. The 100 hour rule is waived. See Question 1 under Deprivation.

3. If the caretaker or principal wage earner is still working over 100 hours but earning less than the 185 percent limit at the end of the first year of TMC, should the county evaluate the family for Section 1931(b), or grant the parents for the second year of TMC?

   No. The family would not be eligible for Section 1931(b) because they have no deprivation. The children who are not eligible for the second year of TMC should be evaluated for the Medically Indigent or Healthy Families programs.

4. Is the family eligible for TMC if they lose CalWORKs or Section 1931(b) due to increased earnings from State disability or temporary Workers Compensation?

   No. As in the current TMC program, only an increase in earnings from actual employment can make the family eligible for the TMC program.

5. If a family's income drops while receiving TMC, should counties redetermine eligibility for Section 1931(b) or CalWORKs?

   Yes. The family would be entitled to the $240 plus one-half earned income deduction if they returned to Section 1931(b) within four months, but they must work under 100 hours.

6. If a family was receiving CalWORKs for two months before being terminated, and Section 1931(b) for two months before being ineligible due to increased earnings from employment, can they have TMC based on receiving CalWORKs or TMC for three of the last six months?

   Yes.

7. In the second six months and the second year of TMC, do we use the limit for the entire family if there is a 20-year-old who is not receiving TMC when comparing the TMC family's average last three months minus child care deductions to 185 percent of the Federal Poverty Level?

   Yes. The famly size includes all family members including those in the Healthy Families program, or some who are not receiving TMC like the 20-year-old.

8. If the TMC flyer is returned months after the CalWORKs or Section 1931(b) case has been terminated and it is determined that the family was terminated for increased earnings from employment, should the county process the case for TMC?

   Yes. Since TMC can be very important to families who may have no health insurance from their employer, counties should make every attempt to process TMC cases if applicable.

9. If the Wedfare program ends on June 30, 1999, should counties terminate those persons who began receiving TMC benefits due to marriage or reuniting of a spouse prior to that date?

   No. Although no new families are entitled to Wedfare after June 30, those who are currently in that program may continue to receive their full 12 months of TMC if they are and remain eligible.

DEPRIVATION AND THE MEDI-CAL FAMILY BUDGET UNIT (MFBU) QUESTIONS AND ANSWERS

1. If the principal wage earner was unemployed and then became incapacitated, does the recipient status change for purposes of the 100-hour rule and the $240 plus one-half income deduction?

   No. Under the Section 1931(b) program, the principal wage earner (PWE) can change from unemployed to incapacitated and back to unemployed or remain incapacitated without any changes in recipient status. This is an exception to Section 50215(c)(2) and does not require a determination of the PWE. This is the same rule that we currently follow for the Medically Needy (MN) program because it was based on Aid to Families with Dependent Children (AFDC) and CalWORKs rules.

2. If the pregnant woman with no other children in the household is in her last trimester and is eligible for Section 1931(b), can the other parent be aided?

   No. Consistent with the rules of the former AFDC program, the other parent may not be aided until the child is born.

3. If the child is not living with a parent or caretaker, is he or she eligible for the Section 1931(b) program?

   No.

4. Is verification of school attendance required for those children who are 18 or 19 years old if they are still in school?

   Yes. Check with the CalWORKs program in your county for the type of verification that they require.

5. Can applicants for Medi-Cal choose to be evaluated for the MN program instead of the Section 1931(b) program?

   No. Section 1931(b) eligibility is determined before MN program eligibility is evaluated.

6. How should counties set up the MFBU under the Section 1931(b) program in minor mother cases and married minor cases?

   Counties should use the same MFBU composition under Section 1931(b) as for regular Medi-Cal depending upon who wants to be aided. Those persons with no deprivation will be ineligible members as usual.

7. If a grandmother, parent and parent's child are all being aided under the CalWORKs program and are terminated for excess income or any other reason, can all be evaluated for the Section 1931(b) program?

   Yes. Although the MN program does not allow a caretaker relative to be aided if there is a parent of the child in the home, the AFDC and CalWORKs programs do allow this, so we will follow those program rules in the Section 1931(b) program.

8. Can a stepparent be linked by unemployment deprivation by the parent/spouse?

   Yes. As provided in ACWDL No. 99-02, stepparents with no separate or mutual children are eligible for CalWORKs and, therefore, Section 1931(b) if their spouse is unemployed or incapacitated, even though the AFDC-MN rules only allow this person to be linked if the spouse is incapacitated. NOTE: The former AFDC program also allowed the stepparent to be linked on the basis of a spouse's unemployment.

9. Can a non-needy caretaker whose grandchildren are receiving CalWORKs be eligible for Section 1931(b)?

Yes. Although this person is not automatically eligible for Section 1931(b) because the children are receiving CalWORKs, such as the parent who is an alien or is sanctioned, etc., counties should evaluate the non-needy caretaker for Section 1931(b) first before determining him/her eligible for the MN program.

10. May a parent exclude a child from Medi-Cal including the Section 1931(b) program?

Yes. If a parent chooses to exclude a child, the child is excluded from Section 1931(b) as well as any other Medi-Cal program. There must, however, be one eligible child remaining in that MFBU or in the Medically Needy/Medically Indigent (MN/MI) program with no SOC.

SNEEDE CHARTS AND FORMS

1. What income standard do we use for Section 1931(b) when one or two parents are in the mini budget unit (MBU)? What if the parent is receiving Supplemental Security Income (SSI) or In Home Support Services (IHSS) or the MBU includes a grandparent?

We are enclosing revised Section 1931(b) Sneede charts with the amounts for these situations that follows the same logic as the regular Sneede chart. If there is a parent or caretaker in the MBU, the MBU receives the full Section 1931(b) standard for the number of persons in that MBU rather than a prorated amount. If the child's only parent is receiving SSI or IHSS, the child also receives the full Section 1931(b) standard rather than the prorated standard for one parent since there is no parent in the original Section 1931(b) MFBU.

2. Is the Section 1931(b) Sneede Income Determination Worksheet [MC 175 3I.2 (9/98)1931 Group] going to be modified to indicate that the $240 deduction is only to be given to recipients and the $370 amount left blank since that amount has already changed to $381 and will continue to change?

Yes. We are also going to change some of the income described as nonexempt disability related income. When these and other modifications have been completed, a camera-ready copy will be sent out via All County letter.

3. When the $381 parental needs amount is used as income for the parent who ends up in his/her own MBU, that parent will always be ineligible for Section 1931(b) since the $381 is equal to the Minimum Basic Standard of Adequate Care (MBSAC) and it must be below that amount to be eligible. What was the intent here? (In regular Sneede, if the $600 figure is used, the parent has a zero SOC.)

   This was an oversight. Because the CalWORKs, AFDC and Section 1931(b) programs require that the countable income of the budget unit be less than the income limit in order to qualify, for purposes of Sneede allocations, the amount to be retained by any parent who is allocating to another person for whom he/she is responsible must be one dollar less than the Section 1931(b) income limit for one. Since the individual's income must be below the MBSAC amount, rather than at or below the regular Sneede amount, the instructions will be modified to allow an allocation of one dollar less (currently $380) rather than $381.

4. On the MC 175-3I.2 Sneede Worksheet, page 2, line 42, there is no mention of adding back any in-kind income if the parental needs amount is used. In regular Sneede the in-kind income is added back in when the parent's total net nonexempt income is determined. Is this a Section 1931(b) difference, or is it an oversight?

   This was also an oversight. The in-kind income should be added back in to determine the parent's total net nonexempt income. This too will be reflected in the modified MC 175-3I.2.

MIXED SECTION 1931(b) ELIGIBILITY QUESTIONS AND ANSWERS

1. If the only child is not eligible for Section 1931(b) and has a SOC under regular Medi-Cal, are the parents eligible?

   No. Parents eligible for Section 1931(b) must have at least one eligible child without a SOC in the regular Medi-Cal program or in a program that doesn't have a SOC such as the Percent programs.

2. If part of the family is in the Section 1931(b) program but some of the others are not, do we evaluate the entire family again when income or property changes or a new deduction or exemption applies?

Yes. The entire family should be reevaluated. For example, assume in month one, a parent and some other family members are eligible for Section 1931(b) and some, despite a Section 1931(b) Sneede evaluation, are only eligible as MN. Also, assume the parent has earnings to which the $240 plus one-half income deduction applies in the second month. In the second month, regardless of whether there are income or property changes, the entire family is reevaluated under Section 1391(b). Only those family members who are currently recipients are allowed the $240 plus one-half deduction. If additional family members now qualify for the Section 1931(b) program, they will be considered recipients for purposes of the $240 plus one-half income deduction in the following month. Those who still are not eligible for Section 1931(b), will again be evaluated for the MN/MI program.

For example:

Mom is the PWE and earns $1,190 net income per month. One of her two separate children receives $110 per month from Social Security. Dad has no income and he and the two mutual children have no linkage.

Section 1931(b) Income Determination

Mom	$1,190
<Dad>	0
Separate Child #1	0
Separate Child #2 ($)	110
<Mutual Children>	0
Total	$1,300
1931(b) Limit for 6	$1,800

There is income ineligibility with Sneede class members, so Section 1931(b) Sneede applies. Mom has $1,190 net income. The $240 plus one-half income deduction does not apply. She is allowed to keep $380 and allocates the remainder of $810 to her children and husband. Each receives $162.

Month One - Applicant for Sneede Section 1931(b)

Mom	$ 380 Parental Needs Allocation
<Dad>	$ 162 from Mom
<Mutual Child 1>	$ 162 from Mom
<Mutual Child 2>	$ 162 from Mom
Mom's Separate Child 1	$ 162 from Mom
Mom's Separate Child 2 ($)	$ 272 own income and allocation from Mom ($110 + $162 = $272)

MBU #1		MBU #2		MBU #3	
Mom	$380	Separate Child 1	$162	Separate Child 2 ($)	$162
<Dad>	$162				+$110
<Mutual 1>	$162			Total	$272
<Mutual 2>	$162				
Total	$866				

Mom is eligible because the MBSAC for four is $920. The Separate Child 1 is eligible because the MBSAC is $191; however, the Separate Child 2 is ineligible. Dad and the mutual children are evaluated for other Medi-Cal programs. Dad is not eligible. The mutual children have no income of their own or from Dad. They are, therefore, eligible under the MI program with zero SOC.

Month Two - Recipient for Section 1931(b)

This month Mom receives a $240 plus one-half income deduction from her income for $475. The entire family is reevaluated for Section 1931(b).

Mom's net income	$475
<Dad>	$ 0
<Mutual Child #1>	$ 0
<Mutual Child #2>	$ 0
Mom's Separate Child 1	$ 0
Mom's Separate Child 2	$110
Total	$585

Mom and her separate children are now income eligible for Section 1931(b). Dad and the mutual children are still ineligible due to linkage. Sneede does not apply.

3. If the income changes must the entire MFBU be reevaluated?

Yes. As in the example above, decreases in income may affect those who are not eligible, such as the 20 year old, mutual children with no deprivation or MBU computations if Sneede applied. Increases in income could cause ineligibility for all or some members of the Section 1931(b) family (if there are Sneede class members in the MFBU) as well as some of the family members who have no linkage to Section 1931(b).

4. If part of the family is receiving CalWORKs, must a separate determination be done for those in the family not receiving CalWORKs who may be eligible for Section 1931(b)?

No. Counties can assume that the other members of the family are eligible for the Section 1931(b) program unless they have no linkage: such as the 20-year-old, or the stepparent with no children whose spouse is not incapacitated or unemployed.

5. Can CalWORKs sanctioned individuals and aliens without satisfactory immigration status be eligible for the Section 1931(b) program?

Yes.

6. When some of the family members remain on CalWORKs and a determination is not required for the other family members receiving Section 1931(b) Medi-Cal, is any special verification documentation required?

An MC 210 is not required. A printout from the Medi-Cal Eligibility Data Systems, which shows the aid codes of those cash beneficiaries, may be included in the case file as verification.

PROPERTY QUESTIONS AND ANSWERS

1. Is lump sum income counted as income in the month received for the Section 1931(b) determination, or, if the recipient puts it into an account, will it then be counted as property?

Section 50455 regarding lump sum payments is still applicable to the Section 1931(b) program. Further, payments of retroactive, corrective aid are exempt property in the month of receipt as well. In addition, the definition of personal property contained in Section 50073 still applies except that all notes, mortgages and deeds of trust whether

from the sale of real property or not are considered to be personal property under the Section 1931(b) program. Section 50073 includes lawsuits, uncollected judgments, patents and copyrights. Finally, conversion of property including insurance or other third party payments for loss or damage to property shall be considered property in the month of receipt in accordance with Section 50407.

INCOME QUESTIONS AND ANSWERS

1. Is there any deeming or allocating to a non-CalWORKs family member who is being evaluated for Section 1931(b) or for the MN/MI program when some of the family remains on CalWORKs?

   ACWDL 99-02 states that family members who are not eligible for CalWORKs, but are eligible for Section 1931(b) need not be evaluated for Section 1931(b) if some family members continue to receive CalWORKs. No allocation or deeming, therefore, is applicable.

   If some of the family members are being evaluated for the MN/MI program because they are not eligible for Section 1931(b), do not count the income (or the portion of the income) of the MN/MI person that was used by CalWORKs to reduce the grant of his/her family who is on CalWORKs. This is the same as the MN rule regarding families who have some members receiving PA and someone receiving Medi-Cal only.
   NOTE: Deeming/allocation when some family members are on Section 1931(b) is addressed on page 9 in the ERRATA to ACWDL 99-02.

STATUS REPORTING QUESTIONS AND ANSWERS

1. If only a pregnant woman or an infant is being aided under Section 1931(b) is a quarterly status report required?

   No. Continuing eligibility does not require status reporting regardless of the program under which the pregnant woman or infant receives benefits.

2. If some members of the family are TMC and others are MN/MI, can the TMC status report be used for the MN/MIs?

   No. The TMC status report asks questions about earnings, child care costs, and a change in the family composition rather than unearned income.

3. Is the TMC flyer intended to replace the status report for a Section 1931(b) case?

No. The information on the TMC flyer and form does not ask anything about unearned income. However, if the family on Section 1931(b) returns the TMC flyer and indicates that the caretaker or principal wage earner now has a job and his/her earnings would put the family over the Section 1931(b) limit, the flyer can be used to indicate that the family should be evaluated for the TMC program.

STATE ASSISTANCE

If you have any questions, please call Sharyl Shanen-Raya at (916) 657-2942 for property and backlog processing issues, Dave Rappolee at (916) 657-0163 for income related issues, and Marge Buzdas at (916) 657-0726 or Erin Lynch at (916) 657-5769 for issues regarding deprivation, status reporting, charts, forms, and the MFBU.

Sincerely,

ORIGINAL SIGNED BY

ANGELINE MRVA, Chief
Medi-Cal Eligibility Branch

Enclosures

Section 1931(b) Determinations: Sneede v. Kizer
Prorated Income Standard and Property Levels
- July 1, 1998 -

I. MBU Contains an Adult - May also Include an Unborn

Person Type	1931(b) Income	Property
Single Parent	$381	$3,000
Single Parent with Unborn	624	3,000
Married Couple -Two Adults	624	3,000
Married Couple with Unborn	775	3,150
Unmarried Couple - Each Unmarried Partner	381	3,000

II. MBU Contains Adult(s) and Child(ren)

Allow the full non-Sneede Section 1931(b) income/property limits for the MBU based on the number of individuals in the MBU.

III. MBU Contains a Nonparent Caretaker Relative, or Child(ren) with No Parents Living in the Home, or Child(ren) Whose Parent is PA/Other PA and Not in the MFBU

Each MBU receives full non-Sneede 1931(b) income/property limit based on the number of persons in each MBU. If there is a pregnant minor in the MFBU, include the unborn in the pregnant minor's MBU.

IV. MBU Contains Only Children Who Live with One or Both Parents (Not Stepparents) and They Are in the Same MFBU. (Do not include a parent who is PA/other PA and not in the MFBU. Also, if there is a pregnant minor in the MFBU, her unborn is considered as another child in the pregnant minor's MBU.)

No. of Children in MBU	One Parent		Two Parents	
	Prorated Income	Prorated Property	Prorated Income	Prorated Property
1	$ 312	$1,500	$ 259	$1,050
2	517	2,100	460	1,650
3	690	2,475	630	2,070
4	840	2,760	787	2,400
5	984	3,000	926	2,679
6	1,111	3,215	1,059	2,925
7	1,236	3,413	1,191	3,150
8	1,361	3,600	1,330	3,360
9	1,496	3,780	1,372	3,437
10*	1,524	3,819	1,409	3,500

***NOTE:** **Add $14 for each additional child after 10 to Section 1931(b) income standards to determine prorated income standards.** $\frac{\text{No. Children in MBU}}{\text{Parent(s) + No. Children in MBU}}$ **X 1931(b) Income Standard for Parent(s) + Child(ren) in MBU = Prorated income**

Section 1931(b) Determinations: Sneede v. Kizer
Prorated Income Standard and Property Levels
- January 1, 1998 - June 30, 1998 -

I. MBU Contains an Adult - May also Include an Unborn

Person Type	1931(b) Income	Property
Single Parent	$370	$3,000
Single Parent with Unborn	607	3,000
Married Couple -Two Adults	607	3,000
Married Couple with Unborn	754	3,150
Unmarried Couple - Each Unmarried Partner	370	3,000

II. MBU Contains Adult(s) and Child(ren)

Allow the full non-Sneede Section 1931(b) income/property limits for the MBU based on the number of individuals in the MBU.

III. MBU Contains a Nonparent Caretaker Relative, or Child(ren) with No Parents Living in the Home, or Child(ren) Whose Parent is PA/Other PA and Not in the MFBU

Each MBU receives full non-Sneede 1931(b) income/property limit based on the number of persons in each MBU. If there is a pregnant minor in the MFBU, include the unborn in the pregnant minor's MBU.

IV. MBU Contains Only Children Who Live with One or Both Parents (Not Stepparents) and They Are in the Same MFBU (Do not include a parent who is PA/other PA and not in the MFBU. Also, if there is a pregnant minor in the MFBU, her unborn is considered as another child in the pregnant minor's MBU.)

No. of Children in MBU	One Parent		Two Parents	
	Prorated Income	Prorated Property	Prorated Income	Prorated Property
1	$ 304	$1,500	$ 252	$1,050
2	503	2,100	448	1,650
3	672	2,475	612	2,070
4	816	2,760	765	2,400
5	956	3,000	900	2,679
6	1,080	3,215	1,030	2,925
7	1,202	3,413	1,159	3,150
8	1,324	3,600	1,293	3,360
9	1,455	3,780	1,334	3,437
10*	1,482	3,819	1,370	3,500

***NOTE:** **Add $14 for each additional child after 10 to Section 1931(b) income standards to determine prorated income standards.** $\frac{\text{No. Children in MBU}}{\text{Parent(s) + No. Children in MBU}}$ **X 1931(b) Income Standard for Parent(s) + Child(ren) in MBU = Prorated income**