STATE OF CALIFORNIA–HEALTH AND HUMAN SERVICES AGENCY

GRAY DAVIS, Governor

DEPARTMENT OF HEALTH SERVICES
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June 28, 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.: 99-31

MEDI-CAL INCOME DEDUCTIONS: GIFTS TO CHILDREN WITH LIFE-THREATENING CONDITIONS; ASSISTED LIVING ARRANGEMENTS

Gifts to Children With Life-Threatening Conditions: Effective no later than August 1, 1999, in-kind gifts of any amount, and cash gifts up to $2,000 in a calendar year, are excluded from income if given by a tax-exempt organization to a child under 18 who has a life-threatening condition. For purpose of this exclusion a child under 18 is a child who has not yet reached his/her 18th birthday, and a tax exempt organization must be an organization described in Section 501(c)(3) of the Internal Revenue Code (IRC) of 1986 and exempt from taxation under Section 501(c) of that Code. This exclusion applies to the Medically Needy (MN) program, other programs using the MN rules, and the Section 1931 program.

Verification: To verify the life-threatening condition: obtain a credible written declaration from the adult(s) legally responsible for the child that states that the child has a life-threatening condition and that briefly describes the general nature of the condition. If the county has doubts regarding the veracity of such verification, it may require verbal or written corroboration from a physician. To verify that the organization making the gift meets the requirements of a tax-exempt organization: obtain a copy of the organization's IRS 501(c) exemption certification.

Assisted Living Arrangements: Counties have inquired whether beneficiaries in "assisted living arrangements" qualify for the board and care "deduction" described in Section 50515 of Title 22 of the California Code of Regulations. Under this section, the difference between the basic board and care rate and the Maintenance Need Level is excluded from income in order to allow the individual to retain sufficient income to pay for the basic rate of the board and care facility.

Facilities which provide for assisted living arrangements are generally licensed board and care facilities. Individuals in assisted living arrangement may be nominally more independent than others in a board and care facility. If the individual is in a licensed board and care facility, they are subject to the income exclusion described in Section 50515 regardless of whether the facility characterizes the individual as receiving assisted living services.

If you have questions regarding this All County Welfare Directors Letter, please call Mr. Dave Rappolee of my staff at (916) 657-0163.

Sincerely,

ORIGINAL SIGNED BY

ANGELINE MRVA, Chief
Medi-Cal Eligibility Branch