State of California—Health and Human Services Agency
# Department of Health Services

DIANA M. BONTÁ, R.N., Dr. P.H.
Director

GRAY DAVIS
Governor

August 27, 2002

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

Letter No.: 02-44

$240 DEDUCTION FROM DISABILITY INCOME FOR APPLICANTS OF THE SECTION 1931 PROGRAM

This is to inform counties that, effective November 1, 2002, applicants being evaluated for eligibility for the Section 1931 program will have $240 deducted from their disability income when determining monthly countable income. This $240 disability deduction applies to the combined disability income of the members of the Medi-Cal Family Budget Unit.

Disability income is defined, per page two of Attachment 1 (regarding Section 1931 income eligibility) to All County Welfare Directors (ACWDL) No. 98-43 as follows:

Disability-Based Income (DBI): Certain kinds of unearned income are considered to be DBI, and will receive special treatment under the Section 1931 program. For the Section 1931 program, the two types of unearned income which will be treated as DBI income are:

1. Disability insurance payments from the Social Security Administration; and

2. Private disability benefits. Private disability benefits are benefits paid to a covered disabled individual by his or her insurer under a disability insurance plan which the individual purchased through premiums.

Two other kinds of income, Temporary Workers Compensation and State Disability Insurance payments, will be treated as earned, not disability based, income for purposes of determining income eligibility for the Section 1931(b) program, pursuant to the mandates resulting from the Tinoco and Sawyer lawsuits.

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(916) 657-2941
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In contrast to the application of the $240 income deduction to recipients, any part of the $240 deduction not applied to the disability income of applicants, is NOT "carried over" and applied to the applicants' earnings, as it is for recipients.

This ACWDL will be followed shortly by a transmittal to counties of the revised Section 1931 budget form for applicants that incorporates this $240 disability income deduction. This Section 1931 income budget form for applicants was last revised in May 1999 and transmitted by ACWDL No. 99-32.

There are no changes to rules regarding the application of the "$240 and one-half deduction" to recipients of the Section 1931 program.

If you have questions regarding this ACWDL, please contact Mr. Dave Rappolee at (916) 657-0163.

Sincerely,

ORIGINAL SIGNED BY

Richard Brantingham
Acting Chief
Medi-Cal Eligibility Branch