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

California
Department of
Health Services

SANDRA SHEWRY
Director

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Governor

June 7, 2005

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY ADMINISTRATIVE OFFICERS
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS
ALL COUNTY HEALTH EXECUTIVES
ALL COUNTY MENTAL HEALTH DIRECTORS

Letter No.: 05-17

SUBJECT: EXEMPTION FOR CERTAIN INTEREST AND DIVIDEND INCOME
NEW POLICY TO EXEMPT INTEREST AND DIVIDEND INCOME

This All County Welfare Directors Letter (ACWDL) implements federal changes to the Supplemental Security Income (SSI) Program of the Social Security Administration mandated under Public Law 108-203. The eligibility determinations for certain Medi-Cal programs are based on the rules of the SSI program. Pursuant to federal and California state law, these Medi-Cal programs must adopt pertinent rules changes in the SSI program such as the ones provided under Public Law 108-203.

Interest and dividends paid to an individual from his or her Medi-Cal countable property is exempt for purposes of determining Medi-Cal income eligibility for those Medi-Cal programs which determine countable income using the income methodologies of the Supplemental Security Income/State Supplemental Payment program. These Medi-Cal programs are: the Federal Poverty Level Program for the Aged and Disabled, the Aged Blind and Disabled Medically Needy Program (ABD MN), but not the Medically Needy Program for Families (AFDC MN), the 250% Program for the Working Disabled, the Pickle Program, the Qualified Medicare Beneficiary Program, the Qualifying Individual Program, the Tuberculosis Program, the Specified Low-Income Medicare Beneficiary Program, the Qualified Disabled Working Individual Program, the Program for No Longer Disabled Children, the Disabled Adult Child Program, and the Program for Disabled Widow(er)s.

This new interest and dividend income exemption shall be applied to all eligibility determinations and redeterminations starting August 1, 2005.

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Only interest and dividend payments from the property of the individual which is countable is exempt under this new policy. Interest and dividend payment arising from property belonging to the individual which is excluded from the individual's countable property reserve is not exempt under this policy, and will continue to be counted. Interest and dividend payment arising from property not belonging to the individual is not exempt under this policy, and will continue to be counted, except for interest or dividend payments received by the individual from the countable property of another family member in the individual Medi-Cal Family Budget Unit (MFBU) or Sneede Mini Budget Unit, in which case the interest or dividend payments shall be exempt.

Due to the amount of countable property allowed to individuals and families eligible for Medi-Cal, the amount of the interest and dividend payment from such property is expected to be very small. This new exemption will largely exempt the same kinds of income currently exempted under Title 22 California Code of Regulations (CCR) Section 50542(a), which provides for an exemption of "irregular or infrequent" income. This new interest and dividend income exemption should be applied before the exemption under Title 22 CCR Section 50542(a), and the exemption provided under Section 50542(a) applied only to qualifying irregular or infrequent income which is not exempted under the new interest and dividend exemption discussed in this ACWDL.

EXAMPLES

Example 1:

Suppose we have a family consisting of a married couple with two mutual children being evaluated for eligibility for the AFDC MN program. Assume the two children are deprived because the Dad, who is the principal wage earner for the family, is unemployed. The family receives a monthly $9 interest payment from the couple's countable resources each month. This monthly interest is not exempt as interest and dividend income because the interest and dividend exemption discussed in this ACWDL does not apply when there are no ABD MN individuals in the family.

Example 2:

Same as example 1 above except that the Dad, instead of being unemployed, is disabled. Assume that the family is being evaluated for eligibility for the Medically Needy Program. Because Dad is disabled, interest income from any property that is subject to being counted by Medi-Cal for purposes of determining the Dad's eligibility for Medi-Cal is exempt.

Please direct questions regarding the interest and dividend income exemption to Mr. Dave Rappolee, at (916) 552-9517. Please direct questions regarding whether an item of property which gives rise to an interest of dividend income is countable property to Mr. Robert Laederich, (916) 552-9486. Please direct questions regarding the application of this exemption to MFBUs to Mr. John McDaniel, at (916) 552-9481.

Original signed by

Tameron Mitchell, R.D., M.P.H., Chief
Medi-Cal Eligibility Branch