



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

November 24, 2009

TO: ALL COUNTY WELFARE DIRECTORS Letter No.: 09-57
ALL COUNTY ADMINISTRATIVE OFFICERS
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS
ALL COUNTY HEALTH EXECUTIVES
ALL COUNTY MENTAL HEALTH DIRECTORS

SUBJECT: 2009 AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)
MAKING WORK PAY CREDIT

The purpose of this letter is to provide instructions to the counties regarding Division B, Title I, Subtitle A, Section (§) 1001 of the ARRA of 2009 signed by President Barack Obama on February 17, 2009. That section allows a tax credit (Making Work Pay Credit) for the 2009 and 2010 tax years in an amount equal to the lesser of:

- 6.2 percent of the earned income, or
- \$400 (\$800 in the case of a joint return).

Note: The amount of this credit may be adjusted downward depending on the individual's modified adjusted gross income for the tax year.

Any credit or refund allowed or made pursuant to Title I, § 1001 of the ARRA, shall be exempt income for the month of receipt and shall be exempt property for the following two months for the purposes of determining Medi-Cal eligibility or share-of-cost (SOC). This section shall not apply to taxable years beginning after December 31, 2010.

Effective immediately, applicants or beneficiaries who report the receipt of tax credits/refunds must be asked whether all or part of their payment was a credit/refund as described above. The applicant/beneficiary shall be required to provide verification

from the Internal Revenue Service or tax documents sufficient to verify the amount of the credit/refund.

Due to the delay in implementing this change, the county shall rescind any incorrect discontinuance, denial, or SOC Notice of Action (NOA) due to receipt of this tax credit. The county shall retroactively reevaluate eligibility and SOC as appropriate and issue corrected NOAs whenever:

- A case is known to the county to have been denied or discontinued in error, or
- As soon as a case is brought to the county's attention, or
- When reopening a case which was closed since February 17, 2009.

If you have any questions regarding this letter, please call Mr. Harold Higgins at (916) 552-9522 or by e-mail at harold.higgins@dhcs.ca.gov.

Original Signed By

Vivian Auble, Chief
Medi-Cal Eligibility Division