STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY

EDMUND G. BROWN JR., Governor

DEPARTMENT OF HEALTH SERVICES
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August 13, 1980

To: All County Welfare Directors

Letter No. 80-31

IMPLEMENTATION OF JULY, 1980 COST OF LIVING INCREASES

This is the fourth in the series of Medi-Cal letters transmitting information pertinent to eligibility and share-of-cost determinations for July 1980 and continuing months of eligibility. In response to several county requests, this letter confirms that the July 1980 maintenance needs do not have to be immediately applied to those types of Medi-Cal-only cases in which the current share of cost is not affected by the new amounts. The types of cases not affected by the new amounts are:

1. All continuing cases with a zero share of cost for July 1, 1980 to present.

2. All continuing cases which include only ABD-MN persons and to which the increased SSI/SSP payment levels were applied in computing the Special Income Deduction as of July and ongoing. The reason these cases are not affected by the increased maintenance needs is that the Special Deduction allows persons to retain an additional amount of income which is equal to the difference between the SSI/SSP payment level and the Medi-Cal maintenance need (which is always a lesser amount). As the maintenance need increases, the amount of the Special Deduction decreases, however the net result remains the same: the ABD-MN person or couple retains an amount of monthly income which is equal to the appropriate SSI/SSP payment level. Therefore the share of cost amount will remain unchanged.

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For the two types of cases described above, the new maintanance needs levels should be applied the first time a change is reported or other circumstances occur which require a budget recomputation. State Quality Control (QC) staff will not cite a procedural error for these two types of cases if they employ the 1979/80 maintenance needs in the share-of-cost computations, and there are no client or agency errors in the cases. If an error is found, whether it is client or agency caused, QC staff will employ the new 1980/81 levels when they compute what the share of cost should have been. This is effective October, 1980 month of review. If the erroneous case is an ABD-MN individual or couple case, the corrected share of cost will be the same using either new or old maintenance needs, due to the effect of the Special Income Deduction. If the erroneous case is an AFDC-MN, MI or mixed case, QC's use of the new maintenance needs will make an understated share-of-cost amount smaller and an overstated share-of-cost amount greater than it would have been if the old maintenance needs had been used for recomputation.

If you have any questions contact your Medi-Cal field representative.

Sincerely,

Original signed by

Doris Z. Soderberg, Chief
Medi-Cal Eligibility Branch

cc: Medi-Cal Liaisons
Medi-Cal Field Representatives

Expiration Date: February 28, 1981