STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY GEORGE DEUKMEJIAN, Governor

DEPARTMENT OF HEALTH SERVICES
714/744 P STREET
SACRAMENTO, CA 95814

July 1, 1987

TO: All County Welfare Directors
All County Administrative Officers

Letter No.: 87 -34

SUBJECT: TREATMENT OF VETERANS EDUCATIONAL BENEFITS UNDER THE MEDI-CAL PROGRAM

The purpose of this letter is to provide you with advance information regarding the treatment of veterans' educational benefits received by Medi-Cal beneficiaries. The contents of this letter will be incorporated into the Procedures Portion of the Medi-Cal Eligibility Manual in the near future.

The Veterans Administration (VA) currently provides educational benefits under the GI Bill and the Veterans' Educational Assistance Program (VEAP). Proper treatment of the two types of payments is described below.

GI BILL

Eligible veterans who served on active duty in the military prior to January 1, 1977 are entitled to receive educational benefits from the Veterans Administration under the GI Bill. The veteran can receive up to 45 months of educational assistance. Under the GI Bill, the Veterans Administration provides all the benefits and the veteran does not make a contribution.

The entire amount of educational benefits received under the GI Bill is considered income for educational purposes in accordance with Title 22, CAC, Section 50547(b).

VETERANS' EDUCATIONAL ASSISTANCE PROGRAM (VEAP)

The Post-Vietnam Veterans' Educational Assistance Program is basically a contribution matching program for persons entering active military service after December 31, 1976. Persons on active military duty voluntarily contribute to the VEAP educational fund. Upon discharge from the military, eligible veterans are entitled to receive educational benefits from the VA. The benefits received under VEAP consist of the veteran's contribution and funds provided by the VA. The VA contributes $2 for every $1 previously contributed by the veteran. The veteran may receive up to 36 months of educational benefits under VEAP.

The Post-Vietnam Veterans' Educational Assistance Program is funded differently than the GI Bill, therefore the benefits received by Medi-Cal beneficiaries are treated differently. Only the portion of the VEAP benefits provided by the VA (two-thirds of the benefit) is treated as income for educational purposes in accordance with 22 CAC Section 50547(b). The veteran's contribution (one-third of the benefit) is a return of the veteran's own money so it is not to be counted either as an educational benefit or as income or property while the veteran is pursuing an education even if the veteran is not currently attending school or training. Because the VA does not distinguish between the sources of funding of these benefits when issuing benefit checks, the county must be sure to only count two-thirds of the amount received as income for educational purposes and to exempt the remaining one-third.

The veteran may elect to withdraw his or her contribution, but forfeits entitlement to matching funds from the VA. When a veteran voluntarily withdraws his or her own contribution, the money received should not be counted as income because the funds are a return of the veteran's own money. The veteran's unused contribution to VEAP is counted as property upon withdrawal, since the withdrawal from VEAP means that the funds are no longer earmarked specifically for educational purposes.

If you have any questions regarding the treatment of VA educational benefits, please contact Ruthell Ussery at (916) 322-6238 or ATSS 492-6238.

Sincerely,

Original signed by

Frank S. Martucci, Chief
Medi-Cal Eligibility Branch

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants

Expiration Date: January 1, 1988