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

DEPARTMENT OF HEALTH SERVICES
714/744 P STREET
P.O. BOX 942732
SACRAMENTO, CA 94234-7320

March 30, 1990
Letter No: 90-32

TO: All County Welfare Directors
All County Administrative Officers

SUBJECT: IMPLEMENTATION OF TRANSITIONAL MEDI-CAL (TMC)

The purpose of this letter is to provide advance initial eligibility instructions and MEDS systems requirements necessary for implementing the Transitional Medi-Cal (TMC) provisions of the Family Support Act (FSA) of 1988. Detailed policy instructions for implementation, along with regulations and procedures, will be provided to counties in a follow-up ACWDL to be released soon.

BACKGROUND

The Family Support Act (FSA) of 1988, signed into law on October 13, 1988, amends Title IV and Title XIX of the Social Security Act. The FSA expands and/or replaces the work training provisions of the AFDC program with a comprehensive program of mandatory child support, work training, transitional child care (TCC) and transitional medical assistance (NOTE: In California, transitional medical assistance will be referred to as TMC, or Transitional Medi-Cal). The implementation date for the FSA is April 1, 1990.

Under current law, when a family is discontinued from AFDC for increased earnings, or increased hours of employment, and the family received AFDC in at least three of the six months before the discontinuance, they receive four months of continuing zero share of cost Medi-Cal (aid code 39). If they become ineligible for AFDC because of the loss of the time limited earned income disregard (i.e., the $30 and 1/3 or $30 earned income disregards), they receive nine months of continuing zero share of cost Medi-Cal (aid code 59). If they have been discontinued from AFDC due to an increase in child and/or spousal support, they receive four months of continuing zero share of cost Medi-Cal (aid code 54).

Under the FSA, one of the "4 month" (i.e., aid code 39) and the "9 month" continuing programs will be replaced with a six month zero share of cost mandatory Initial TMC program followed by a family optional additional six month zero share of cost program (Additional TMC). There will be no change to the other "4 month" continuing program (i.e., aid code 54).

ELIGIBILITY REQUIREMENTS

INITIAL TMC

Eligible families will continue to receive Medi-Cal for six months immediately following the last month of AFDC eligibility. There will be NO break in aid. Families must be placed in Initial TMC if:

They received AFDC in at least three of the six months immediately preceding the month they became ineligible for AFDC; and either

1) They became ineligible for AFDC solely because of increased hours of, or income from, the employment of the caretaker relative, or

2) They became ineligible for AFDC because of the loss of a time limited earned income disregard (i.e., the $30 and 1/3 or $30 earned income disregards).

NOTE: These provisions apply only to the earned income of the caretaker relative. ("Caretaker Relative" will be defined in regulations prior to April 1, 1990).

In the last month of Initial TMC, families who were eligible for the entire period must be offered the choice of receiving Additional TMC during the second six month period.

Since Initial TMC eligibility is automatic when AFDC is terminated for the reasons stated above, it must be established immediately following termination of AFDC eligibility. There must be NO break in eligibility and no application is to be completed by the beneficiary.

Additional TMC

For any person or family who is eligible for the entire initial six month period, eligibility will continue for the six months immediately following Initial TMC, unless they are found ineligible, as noted below.

DISCONTINUANCE FROM TMC

INITIAL TMC

Initial TMC can only be terminated prior to the end of the initial six months if the family unit no longer includes at least one child living in home. In this case, the family must be discontinued at the end of the month in which the last child resides in the home. Any benefits

received by the family, during the time no child is residing in the home, must be processed as an overpayment. Any family who becomes ineligible during Initial TMC is NOT eligible to receive benefits under the Additional TMC program.

The county must take action to terminate benefits if the status report indicates there is no longer a child in the family. If the report is not received in a timely manner, the county must take action to ensure that the case is properly terminated. A ten day notice must be sent prior to discontinuing benefits and Medi-Cal eligibility under another program must be evaluated.

Additional TMC

Eligibility may continue for the six months immediately following Initial TMC, unless one or more of the following circumstances exist:

1) There is no longer at least one child living in the home;

2) The family fails to meet the reporting requirements outlined below;

3) The caretaker relative has no earnings in one or more of the last the last three months of Initial TMC;

4) The family income, minus the "out of pocket" expenses for child care, exceeds 185% of the federal poverty level. (NOTE: "out of pocket" expenses will be defined before implementation of this program).

The county must take action to terminate or place in hold the MEDS record when status reports indicate the family is no longer eligible for Additional TMC or the status reports are not received in a timely manner. Cases should not be placed in a hold status on MEDS for more than one month following the month the report is due.

BENEFICIARY REPORTING REQUIREMENTS

INITIAL TMC

During Initial TMC, families must return a status report to the county no later than the 21st day of the fourth month. The report must include the following information for each of the three preceding months:

- The MFBU composition;

- The family's gross monthly earnings;
- Who received the income;
- The out-of-pocket child care expenses necessary for the employment of the caretaker relative.

Additional TMC

By the 21st day of the first and fourth months, families must return complete status reports. These reports must include the same information as required in the status report for Initial TMC.

NOTICES

During the Initial and Additional TMC six month periods, the county must provide the normal ten day notice of action (NOA) when a family becomes ineligible for benefits for any reason.

According to current procedures, when AFDC benefits are terminated, NOAs must be mailed to the beneficiaries. Under the FSA, if benefits are terminated for one of the qualifying reasons, thus making the family eligible for TMC, the following information must be included on the AFDC NOA:

- A statement advising families of their right to extended Medi-Cal benefits;
- The requirement to submit status reports during the extended periods; and
- An explanation of circumstances which could result in the discontinuance of their Medi-Cal benefits during the extended periods.

INITIAL TMC

During Initial TMC, NOAs must be provided which:

In the third month, outlines the information needed to complete the status report by the 21st day of the fourth month. Including,

1) A description of "out of the pocket" expenses.

In the sixth month advises families of:

1) The information needed to complete the status report by the 21st of the first and fourth months of the Additional TMC period;

2) A description of "out of pocket" expenses;

3) A description of the benefits to be provided by Additional TMC and;

4) Reporting requirements of Additional TMC.

ADDITIONAL TMC

During the additional six month period, a NOA must be sent in the third month that outlines the information needed to complete the status report in the fourth month of Additional TMC.

For discontinuances due to excess income during the Additional TMC period, NOAs must explain how families can reestablish eligibility for another Medi-Cal program. NOA language will be provided in a future ACWDL.

MEDS NETWORK CHANGES

NEW AID CODES

DHS has identified two aid codes to distinguish the different categories of TMC.

Aid code 39 will be used for Initial TMC (effective April 1990 MOE), although it will still be in use for "4" month continuing cases for those beneficiaries who lost AFDC eligibility prior to April. These changes will not affect those ongoing cases. For example, if a person became eligible for 4 month continuing (aid code 39) in March 1990, he/she would continue through June 1990.

Aid code 59 will be used for Additional TMC (effective October 1990 MOE), although it will still be used for "9" month continuing cases for those beneficiaries who lost AFDC eligibility prior to April. Changes will not affect those ongoing cases. For example, if a beneficiary became eligible for "9" month continuing (aid code 59) in March 1990, he/she would continue through November 1990.

If you have a case that should have been terminated from AFDC Medi-Cal prior to April 1990 MOE but you did not receive the information timely, the case should be placed in 4 or 9 month continuing status and not Initial TMC. The four or nine month period begins the first month after the family becomes

ineligible for AFDC benefits.

NOTE: These changes do not affect the current aid code 54 - 4 month continuing program.

MEDS REPORTING

Cases with beneficiaries eligible for Initial TMC should be reported to MEDS in the following manner. When discontinuing AFDC (Aid codes: 30, 32, 33, 34, 35, 40, or 42) for one of the reasons described above, you must make the beneficiary eligible under Aid Code 39 (Initial TMC). When beneficiaries are discontinued from Initial TMC, and they qualify for Additional TMC, they would be eligible under Aid Code 59. Both aid code 39 and aid code 59 must be reported with the appropriate ELIG-INFO-EFF-DATE and TERM-DATE.

POST CODES

Currently, as an alternative to using aid code 39 to identify beneficiaries receiving four months of continuing eligibility, MEDS allows counties the option of using the AFDC cash grant aid code with a POST code. MEDS currently supports the POST codes A-E, which indicate continuing eligibility through 4 months continuing. These codes are used when reporting post eligibility on an existing AFDC aid code. For eligibility established under the TMC program, this will no longer be an option. Counties must report post eligibility with the appropriate aid code, ELIG-INFO-EFF-DATE and TERM-DATE. Since all post eligibility will be reported on the appropriate post aid code (39, 54 or 59), you will no longer be able to use POST codes when reporting eligibility.

NOTE: Late terminations under the old "4" month program can still use this option through May MOE.

WORKER ALERTS

Worker alerts will be generated for both Initial TMC and Additional TMC, beginning with renewal for August 1990 MOE and for February 1991 MOE, respectively. Alert messages will be sent to the counties in the two months prior to the posted term date indicating "Approaching End of Initial TMC, Determine Additional TMC" and "Approaching End of Additional TMC, Redetermination Necessary", for aid codes 39 and 59 respectively. These worker alerts are informational only and will be optional. There will not be a worker alert advising the county of the termination action.

TRANSFERRING COUNTY OF RESPONSIBILITY

Cases with TMC eligibility can transfer county of responsibility, following the same regulations as other cases with ongoing post eligibility, Title 22, CAC, Section 50137.

When doing an intercounty transfer transaction (EW05), within the same TMC aid code, if the termination date on the transaction does not match the termination date on MEDS, the transaction will be accepted but the termination date on MEDS will not change. This is consistent with current handling of cases in continuing eligibility categories. As is also consistent with current procedures, a message will be sent advising the worker the term date did not change on the record.

If you have any questions regarding policy and procedures, please contact Kristi Allen at 916-445-6855. If you have any questions regarding the MEDS Network systems changes, please contact your State MEDS Liaison.

Sincerely,

ORIGINAL SIGNED BY

Frank S. Martucci, Chief
Medi-Cal Eligibility Branch

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants

Expiration Date: March 30, 1991