CALIFORNIA DEPARTMENT OF
HEALTH CARE SERVICES
Michelle Baass | Director

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TO: ALL COUNTY WELFARE DIRECTORS Letter No.:26-10
ALL COUNTY WELFARE ADMINISTRATIVE OFFICERS
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS
ALL COUNTY HEALTH EXECUTIVES
ALL COUNTY MENTAL HEALTH DIRECTORS
ALL COUNTY MEDS LIAISONS

SUBJECT: TRIBAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES AND MEDI-CAL ELIGIBILITY AND INCOME EXEMPTIONS

The purpose of this All County Welfare Directors Letter (ACWDL) is to provide counties with updated guidance previously issued in ACWDL 16-02 and Medi-Cal Eligibility Division Information Letter (MEDIL) 25-16, including current policy on the treatment of general welfare income. This letter outlines Medi-Cal processing requirements for individuals eligible for Tribal Temporary Assistance for Needy Families (Tribal TANF), assessing Tribal income for Modified Adjusted Gross Income (MAGI) Medi-Cal, Non-MAGI Medi-Cal, and Covered California (CCA), and best practices for working with Tribal TANF programs. Additionally, this ACWDL provides updated instructions regarding accurate entry of Tribal TANF and American Indian/Alaska Native (AI/AN) information in the California Statewide Automated Welfare System (CalSAWS) to ensure correct eligibility determinations.

ACWDL 16-02 and MEDIL 25-16 are now obsolete.

Background
This letter consolidates and updates guidance previously provided in ACWDL 16-02 and MEDIL 25-16. Updates include clarification on income types exempt under federal law, including income excluded under the IRS General Welfare Doctrine, and guidance about accurate system entry for AI/AN status and Tribal TANF income in CalSAWS. These updates ensure counties apply consistent, accurate income-counting rules for both MAGI and Non-MAGI Medi-Cal, and for Covered California evaluations.

As Tribal TANF and Medi-Cal eligibility are determined by different entities, Tribal TANF programs use their own methodologies. The Department of Health Care Services (DHCS) recognizes the challenges Tribal members may experience when navigating Medi-Cal. This merged guidance reinforces counties' responsibilities to correctly identify exempt Tribal income, avoid improper requests for Tribal documentation, and ensure CalSAWS entries accurately reflect AI/AN status to ensure timely and accurate eligibility outcomes for Tribal members. Counties are also encouraged to continue coordinating with Tribal TANF program and Tribal Organizations to support consistent application processes outlined in the letter.

Medi-Cal Application for Tribal TANF Recipients
When an individual attests to being AI/AN, on the Streamlined Application (SSApp), specific AI/AN income types are exempt for Medi-Cal eligibility. These AI/AN exemptions are applicable for MAGI and Non-MAGI Medi-Cal, but they do not apply to Advance Premium Tax Credits (APTC) and Cost Sharing Reductions (CSR). Individuals may self-attest or update their AI/AN status at application, renewal or change in circumstance.

The SSApp requests information about some, but not all, of the income types that qualify for AI/AN income exemptions on pages 34 and 35 of the SSApp. Only AI/AN exempt income information should be provided. The exemptions listed below in the *Treatment of Tribal TANF and Other Income* section should not be included unless specifically requested by the California Healthcare Eligibility Enrollment and Retention System (CalHEERS). Additionally, counties must not request paper verification, a reasonable explanation, or an affidavit unless CalHEERS indicates that the individual's income cannot be verified electronically.

If the county receives a referral or application from an individual who is already enrolled in Tribal TANF, the County Eligibility Worker (CEW) must process the Medi-Cal application using normal business processes, including collecting necessary information and progressing through the Medi-Cal hierarchy, to ensure an appropriate eligibility determination is made. AI/AN status may be self-attested for the purpose of applying for Medi-Cal. Federal regulations do not require verification of Tribal enrollment as a condition of eligibility. Therefore, the CEW must not request proof of Tribal enrollment, or delay or deny a case solely due to the lack of Tribal documentation. Any documentary evidence submitted by the Tribal member that identifies the individual as a member of a federally recognized Tribe may be used, if applicable, as verification of United States citizenship (Code of Federal Regulation § 435.407). As a best practice, counties should consider establishing a process to receive applications and/or verifications directly from the Tribal TANF program to ease the burden on the applicant/member and prevent them from having to submit the requested information multiple times.

The ACA requires states to implement enrollment processes that enable other social service programs to determine Medi-Cal eligibility without a separate Medi-Cal application. Currently, there is no authority to provide automatic Medi-Cal eligibility to Tribal TANF participants, as each Tribal TANF program establishes its own income rules and income counting methodologies. As Tribal TANF and Medi-Cal eligibility are determined by different entities, the Department of Health Care Services (DHCS) acknowledges the challenges for Tribal members in accessing Medi-Cal. Given the challenges, DHCS encourages counties to adopt best practices that support coordination with Tribal TANF programs and help reduce barriers for AI/AN applicants below.

County Coordination with Tribal TANF Partners

Establishing a strong partnership with Tribes and Tribal Organizations provides a more streamlined process for individuals eligible for Tribal TANF benefits who are applying for Medi-Cal. The following are practices counties should consider implementing, as they may help foster a more robust operating relationship with Tribes and Tribal organizations:

- Establish a dedicated worker for Tribal TANF participants and Tribal TANF representatives or organizations for CalFresh/Medi-Cal applications, recertifications, and questions about cases.
- Conduct active outreach and engagement with Tribal TANF agencies. These local Tribal Organizations should be included in regular meetings that discuss the processing of applications for Tribal TANF participants.
- Establish a direct line of communication between the county and Tribal TANF case managers, ensuring a warm handoff between organizations.
- Develop workshops demonstrating how existing county programs can complement Tribal TANF benefits.
- Coordinate with Tribes to develop written procedures detailing qualifying Tribal income sources that can be referenced when reviewing income information provided by a Tribal applicant.

- Use culturally responsive communication when working with Tribal TANF participants, by remaining mindful of Tribal sovereignty, demonstrating respect for cultural traditions, and engaging without assumptions. To assist with this, counties can:
    - Communicate in a clear manner that is free of jargon.
    - Allow additional time for conversations and processes when appropriate.
    - Conduct interactions in a way that fosters trust and supports the understanding of AI/AN applicants or members.

DHCS will work closely with the California Department of Social Services (CDSS) and Covered California (CCA) to evaluate additional best practices for eligible Tribal TANF participants.

Data Sharing Agreement

Recognizing the important role Tribal TANF programs play in supporting their communities, DHCS encourages voluntary collaboration between Tribal TANF organizations and counties to explore data-sharing agreements that may benefit mutual members. These agreements, based on mutual consent, can help ensure that contact information and other relevant data are accurate and up to date, supporting access to Medi-Cal coverage and related services.

Such partnerships may help streamline processes related to Medi-Cal eligibility and annual renewals by improving coordination and ensuring that members receive timely information and support. Sharing agreed-upon data can strengthen communication and collaboration between Tribal TANF organizations and counties, with the shared goal of helping individuals maintain or gain access to needed benefits and services.

If a Tribal TANF organization is interested in exploring a data sharing agreement, DHCS recommends initiating discussions with the relevant county(ies). When establishing agreements with or on behalf of Tribal entities, counties should ensure that contracts and data-sharing arrangements are developed in a manner that respects Tribal sovereignty, including clear provisions for data privacy and protections for Tribal members. Counties are encouraged to consult directly with Tribal partners early in the process to ensure agreements reflect Tribal priorities and data governance expectations.

Treatment of Tribal TANF and Other Income

Tribal TANF is exempt income for both MAGI and Non-MAGI eligibility determinations.

The following income received by those who are eligible for Tribal TANF or who are AI/AN is exempt from the income calculation for MAGI and Non-MAGI Medi-Cal:

- Income that falls within the IRS General Welfare Doctrine (for more information, please see *IRS General Welfare Doctrine* section below).
- Distributions from Alaska Native Claims Settlement Act (ANCSA) Corporations and Settlement Trusts.
- Distributions from trust/reservation property.
- Income from property and rights related to hunting, fishing, and natural resources.
- Income from the sale and use of cultural/subsistence property.
- Student financial assistance provided by the Bureau of Indian Affairs and/or a Tribe.
- Any other income that is non-taxable according to federal law or IRS guidance (exempt from MAGI Medi-Cal only).
- Per capita payments made to individuals under Section 6 of Public Law 87-775 and Public Law 92-254.
- Per capita payments distributed pursuant to a judgment of the Indian Claims Commission or the Court of Indian Claims in favor of any Tribe.
- Payments to specific Tribes and groups.
- Payments made under Public Law 90-507. While not considered income, these payments are considered property. Counties must continue to evaluate such payments under Medi-Cal property rules, consistent with 22 CCR § 50537(a). Please refer to MEDIL 26-08 for more information.

Most Tribal, cultural, and land-based income is also excluded. In accordance with the Title 42, Section 435.603(e)(3) of the Code of Federal Regulations, the following types of income are excluded when determining Medi-Cal eligibility for AI/AN individuals:

- Distributions from Alaska Native Corporations and Settlement Trusts. See additional information below.
- Distributions from property held in trust, subject to federal restrictions, located within the most recent boundaries of a prior federal reservation, or otherwise

under the supervision of the Secretary of the Interior. See additional information below.

- Payments from rents, leases, rights of way, royalties, usage rights, or natural resource extraction and harvest from:
    - Ownership or possession of lands described above, or
    - Federally protected rights related to off-reservation hunting, fishing, gathering, or use of natural resources.
- Distribution from real property ownership interests related to natural resources or improvements that are:
    - Located on or near a reservation or within the most recent boundaries of a prior federal reservation, or
    - Derived from the exercise of federally protected rights related to such property.
- Payments related to ownership or usage rights of items with religious, spiritual, traditional, or cultural significance, or that support a subsistence or traditional lifestyle under applicable Tribal law or custom.

Additional categories of Tribal-related income are noted below, which include but are not limited to the example income types in each category.

Alaska Native Claims Settlement Act (ANCSA) Corporations and settlements trusts:

- Cash distributions from an ANCSA corporation or settlement trust,
- Stock or bonds issued by or acquired from an ANCSA Corporation,
- A partnership interest distributed, and
- Land or an interest in land (including land or an interest in land received from an ANCSA Corporation as a dividend or distribution on stock).

Per capita payments or distributions from trust/reservation property:

- Rents from any such lands and any structures on the land (housing, retail facilities, etc.),

- Royalties or other compensation received from oil and gas production, mineral extraction, timber harvesting, and similar activities,
- Profits or revenues derived from economic activity on the land, such as the operation of motels, retail stores, gas stations, farms and ranches, etc., and;
- Payments from funds held in trust by the Secretary of the Interior for an Indian Tribe, including interest and investment income accrued while such funds are held in trust and initial purchases made with such funds **per 22 CCR § 50537(e).**
- Profits from the sale, lease, or harvest of mineral, timber, and other such resources,
- Income derived from hunting, fishing, gathering, and harvesting fish, wildlife, and plant resources pursuant to federally protected rights, including off-reservation rights.

Counties shall note that per capita distributions of Indian gaming revenue are countable payments for both MAGI and Non-MAGI individuals.

Student financial assistance provided by the Bureau of Indian Affairs:

- Student financial assistance provided under programs in Title IV of the Higher Education Act of 1965, and
- Grants from the Bureau of Indian Education's Higher Education program.

Payments which are exempt from federal income taxation under federal statute:

- Per Capita shares distributed to Indian Tribal Judgement Funds Use or Distribution Act (25 (25 U.S.C., Section 1401 et seq.), including interest and investment income earned on Judgment Funds while under administration, and
- Distributions from certain federal settlements, such as the Cobell v. Salazar class action settlement and some payments under the Keepseagle v. Vilsack settlement.

IRS General Welfare Doctrine
Final regulations issued December 15, 2025, (Treasury Decision 10040; 90 FR 58378), clarified that programs promoting general welfare are not required to be based on financial need to qualify for income exclusion. Specifically, the NPRM does not impose a

needs-based test and need not be conditioned on demonstrating financial need, to qualify for exclusion under section 139E(b)(2)(B).

General Welfare Income versus Per Capita Distributions General welfare payments are benefits provided through a Tribal government program to support the social, cultural, medical, educational, or general welfare needs of Tribal members. These payments are excluded from the financial eligibility determination because they are not considered countable income and do not require a needs-based test.

Conversely, distributions made to Tribal members on a per capita basis, i.e. equal payments made to each eligible individual regardless of individual need and typically funded by Tribal gaming or trust revenue, do not fall under the general welfare doctrine. Because these payments are not tied to a specific social welfare program or based on individual need and are provided without regard to the recipient's financial status, health, educational background, or employment status, they are generally considered taxable and may be included in the recipient's gross income.
Benefits provided broadly to promote the general welfare of Tribal members can be excluded from MAGI income calculations as long as the program:

- Is administered under specific guidelines,
- Is not lavish or extravagant,
- Is not compensation for services, and
- Does not discriminate in favor of Tribal leadership.

Income excluded under the General Welfare Doctrine include:

- Housing assistance,
- Education assistance,
- Programs serving elders and individuals with disabilities,
- Cultural and religious programs,
- Disaster relief, and
- Payments used to help establish an AI/AN business on or near a reservation.

For more information on guidelines for general welfare, please refer to the U.S Department of Treasury Fact Sheet: Tribal General Welfare Exclusion Act—Final Regulations, and the Centers for Medicare & Medicaid Services American Indian and

Alaska Native Trust Income and MAGI for examples. A comparison table distinguishing between General welfare distributions and per capita payments is included below.

Comparison Table: Per Capita Payments vs. General Welfare Benefits		
Category	Per Capita Payments	General Welfare Benefits
Definition	Equal payments made to all eligible Tribal members, regardless of circumstances.	Payments provided under a Tribal government program for social, medical, educational, housing, or general welfare purposes.
Basis for Payment	Not based on individual need or specific program participation.	Provided pursuant to a Tribal program; need-based testing is NOT required.
Source of Funds	Tribal revenue such as gaming profits, trust revenue, or other unrestricted Tribal funds.	Tribal funds allocated for specific program purposes (e.g., housing, education, cultural support). Must not be sourced from gaming revenue if claiming exclusion.
IRS Treatment	Generally taxable and included in gross income because they are not tied to a welfare program	Excluded from taxable income under the Tribal General Welfare Exclusion Act if criteria are met.
Medi-Cal Treatment	Generally countable income unless another exemption applies.	Not countable income

Tribal Cultural Practices and Subsistence Activities

It is important to be aware that many Tribal cultural practices and subsistence activities, such as traditional harvesting, gathering, or community sharing, are not forms of income and should not be treated as informal or unverified income. Recognizing these practices helps ensure AI/AN applicants and members are not incorrectly asked for income verification or assessed using standards that do not reflect Tribal lifeways. Income from the sale and use of cultural or subsistence property may include:

- Earnings from ownership interests and usage rights to items that have unique religious, spiritual, traditional, or cultural significance that support subsistence or traditional lifestyle.
- Materials such as the sale of sage or sweetgrass for use in a healing or spiritual ceremony.
- The sale of artwork, pottery, or jewelry with cultural or religious significance.
- Crafts made from fish and wildlife resources taken for personal or family consumption, and
- Proceeds of subsistence fish and game.

Important Reminders on Ensuring Accurate Entry in the California Statewide Automated Welfare System (CalSAWS)

<u>Ensuring Accurate Tribal Income and AI/AN Status in CalSAWS</u>
Accurate entry of AI/AN status in CalSAWS is essential to ensuring correct financial eligibility determinations, including the proper application of exemptions from the Work and Community Engagement requirements and the six-month renewal cycle.

Individuals eligible to receive Tribal TANF may receive other Tribal income that is also exempt from Medi-Cal. It is important to understand the different types of income an individual may have and to ensure that Tribal TANF grant and other non-exempt income is entered on the “Other Program Assistance” page in CalSAWS for accurate income calculations. If the CEW is unsure about the type of income received, they must engage with the individual directly or seek technical assistance from the Tribal TANF program for confirmation.

Additionally, missing or inaccurate information in CalSAWS can result in incorrect eligibility outcomes and directly affect AI/AN applicants and members. As noted above, documentation of Tribal status is not required. A CEW must not request proof of Tribal enrollment, or delay or deny a case solely due to the lack of Tribal documentation.

<u>Ensuring Accurate Assessment for Covered California</u>

Individuals losing MAGI Medi-Cal must be screened for other Medi-Cal eligibility, including Consumer Protection Programs such as Transitional Medi-Cal. Updated guidance on Transitional Medi-Cal will be released in the coming months.

When individuals are not eligible for Medi-Cal without a Share of Cost, their eligibility for Covered California programs should be determined automatically. Some Covered California programs, such as cost-saving reductions for members of federally recognized Tribes, may require documentation to verify Tribal membership. To ensure that individuals are assessed correctly for these programs, it is critical that the AI/AN information is entered accurately in the Individual Demographics page in CalSAWS. Incorrect or incomplete data entry can lead to a delay in, and potential denial of, services to which an individual is entitled. While certain Covered California programs may require documentation of Tribal membership, CEWs must *not* request this documentation for Medi-Cal, or Covered California, eligibility purposes.

Questions and Answers:
The following questions and answers have been developed from information provided by the Centers for Medicare and Medicaid Services regarding AI/AN income exemptions.

Q: Are there special rules for calculating MAGI for these individuals?

A: Yes. MAGI is based on a modification of taxable, adjusted gross income reported to the Internal Revenue Service (IRS). Because some types of AI/AN income are non-taxable, this income is excluded when determining eligibility for Medi-Cal and Children's Health Insurance Program (CHIP). Certain additional types of AI/AN income are excluded when determining eligibility for Medi-Cal and CHIP, even though they might be taxable. This means that MAGI might be slightly higher for the purposes of APTC/CSR than it is for Medi-Cal eligibility.

Q: What types of AI/AN income are generally exempt from MAGI?

A: The following categories of AI/AN income are excluded from MAGI:

- Distributions from Alaska Native Claims Settlement Act (ANCSA) Corporations and Settlement Trusts,

- Distributions from trust/reservation property,
- Income from property and rights related to hunting, fishing and natural resources,
- Income from the sale and use of cultural/ subsistence property,
- Student financial assistance provided by the Bureau of Indian Affairs and/or a Tribe,
- Income that falls within the IRS "General Welfare Doctrine" (see below), and
- Any other income that is non-taxable according to federal law or IRS guidance.

Q: Income exempt under the "General Welfare Doctrine" is excluded from MAGI. What is the General Welfare Doctrine?

A: The General Welfare Doctrine is a federal tax concept recognizing that payments made under government social benefit programs that promote general welfare. Under section 139E of the Internal Revenue Code, which was added by the Tribal General Welfare Exclusion Act of 2014, payments made under social benefit programs for the promotion of general welfare may be excluded from gross income under a concept known as the general welfare doctrine.

Q: Is my Tribal gaming per capita payment excluded from MAGI?

A: No. Gaming per capita payments are taxable, and if paid as a lump sum payment (a single payment, an annual distribution, or a payment that represents two or more of a series of payments), then they are countable only in the month of receipt for MAGI and are not included in projected annual income. If the gaming per capita payments are paid on a monthly basis, they must be included as MAGI current monthly income, as well as MAGI projected annual income.

Q: The list of AI/AN income includes distributions and payments from activities on trust property. Does that property have to be located on a reservation for the income to be excluded from MAGI?

A: No. This income is exempt from MAGI so long as it is derived from property that is held in trust by the federal government, subject to federal restrictions, located on an

Indian reservation or within the most recent boundaries of a prior federal reservation, or otherwise under the supervision of the Secretary of the Interior.

Q: How are AI/AN income listed on the application or entered into CalHEERS or the Statewide Automated Welfare System, for MAGI Medi-Cal and CHIP?

A: Only taxable income, gross Social Security (taxed and untaxed), untaxed foreign earnings, and gross interest (taxed and untaxed) should be listed or entered into the system for MAGI Medi-Cal and CHIP. Do not include AI/AN income that the IRS exempts from taxation. AI/AN income that is exempt from federal taxation should not be entered, as doing so may lead to inaccurate eligibility results. As indicated above, per capita income from gaming is taxable and should be included on the application and entered into the systems for MAGI and CHIP eligibility.

If you have any questions or if we can provide further information, please contact the Medi-Cal Eligibility Division (MCED) Policy inbox at MCED-Policy@dhcs.ca.gov.

Sincerely,

Sarah Crow, Chief
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