



DATE: September 28, 2026

TO: ALL COUNTY WELFARE DIRECTORS Letter No.:26-19
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: ELIMINATION OF FOOD AS INCOME-IN-KIND

Purpose

The purpose of this All County Welfare Directors Letter (ACWDL) is to inform counties of a change regarding the treatment of food as Income-In-Kind (IIC) and In-Kind Support and Maintenance (ISM). Beginning September 30, 2024, food was eliminated from the definition of ISM for the Supplemental Security Income (SSI) Program. Therefore, to remain no more restrictive than the SSI program, In-Kind amounts for food must be eliminated from the following Medi-Cal programs:

- Pickle, Disabled Adult Child (DAC), Disabled Widow(er)
- Medicare Savings Programs (MSP)
- Aged, Blind, and Disabled Federal Poverty Level (ABD FPL)
- 250 Percent Working Disabled Program (WDP)
- Medically Needy (MN)

Implementation

DHCS will coordinate with CalSAWS to ensure timely and accurate implementation of these system changes. DHCS will distribute lists to counties for any cases potentially impacted by this policy change. Until implementation, counties shall exclude food as



Income-In-Kind to ensure there is no negative impact on case determinations, and document any occurrences.

Due to the delay in implementing this change, for any month of eligibility on or after September 30, 2024, counties shall rescind any discontinuance or denial for no-cost Medi-Cal programs resulting from counting food as IIK or redetermine the SOC for cases that included food as IIK. Counties shall review cases and remove food as IIK at the earliest of the following dates:

- At the time of the annual redetermination
- When reopening any case closed since September 30, 2024
- When the case appears on a DHCS issued list identifying cases potentially affected by this policy change.

Income-In-Kind Medically Needy Values

When determining eligibility for the programs listed above apply the standard monthly In-Kind values, use the existing values shown in the budget calculation table:

TABLE: MN EFFECTIVE 7/01/89 INCOME-IN-KIND

# IN MFBU	HOUSING	UTILITIES
1	\$153	\$33
2	\$206	\$38
3	\$225	\$40
4 or more	\$236	\$41

Share of Cost (SOC) Impact

Since food is no longer considered IIK under this policy, counties must ensure SOC determinations reflect this updated change accordingly. If IIK food amounts were previously included in the income calculation and resulted in the individual being determined eligible with a SOC, or an increase to the SOC, the counties must recalculate the SOC using the revised income rules excluding food from IIK, effective September 30, 2024, and onward. If the incorrect inclusion of IIK food amounts resulted in a SOC, or a higher SOC amount, the county must rescind that incorrect SOC determination and apply the correct SOC amount based on the updated policy.

An MC 180 Letter of Authorization (LOA) should be issued for individuals to allow the submission of retroactive claims when applicable. Individuals who are redetermined eligible with zero SOC or with a resulting lower SOC Medi-Cal, when removing food as IIK, who had out of pocket expenses for covered medical or dental services, may be eligible for retroactive expense reimbursements (Conlan). For additional information about the Conlan process see MEDIL [107-02](#) and [DHCS website](#).

Examples

Scenario 1: Food as Iik caused SOC

In reviewing a January 2026 redetermination, the County Eligibility Worker (CEW) discovers that the case previously counted food as Income-In-Kind (IIK). Because food is no longer a countable IIK item, the worker must correct past determinations.

Step-by-Step Example

1. Original determination (2025):

- The CEW identifies an individual whose 2025 Non-MAG Medi-Cal determination included food under Income-In-Kind.
- CalSAWS budget counted food IIK, assigning a chart value of \$86.
- This increased countable income enough to trigger a Share-of-Cost (SOC) beginning February 2025.

2. CEW discovery (2026):

- During renewal, CEW notes updated policy:
- Food is no longer a countable IIK item for Non-MAGI Medi-Cal determinations.

3. Correction process:

- CEW removes food IIK from each month where it was previously counted (e.g., January 2025–January 2026).
- Reruns Non-MAGI budgets for those months.

- SOC is eliminated because food can no longer be used as IIK.
- CEW documents a retroactive correction and updates historical eligibility to reflect the proper countable income.
- If the member paid SOC during those months, CEW follows county procedure for potential SOC reimbursement review.

Scenario 2: Food IIK Did Not Affect ABD FPL Eligibility

A case shows food IIK in the budget, but after reviewing eligibility, CEW confirms the IIK amount did not impact the individual's enrollment in ABD FPL.

Step-by-Step Example

1. Initial eligibility:

- The adult receives meals from a neighbor but meets ABD FPL income guidelines regardless of the small IIK food value.

2. CEW review:

- CEW identifies food listed under Unearned Income-In-Kind in CalSAWS.
- CEW verifies that removing food IIK does not change eligibility category or income level enough to affect ABD-FPL.

3. Prospective correction only:

- CEW removes food as Income-In-Kind from the current and future months' budgets in CalSAWS.
- No retroactive reevaluation is required because the prior eligibility was correct and unaffected.
- CEW documents the change and confirms future budgets no longer list food under IIK.

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DHCS will revise Section 14 of the Pickle Handbook to reflect these updates and release it in future guidance.

If you have any questions regarding the information provided in this letter, please contact the Non-MAGI unit at NonMAGIInbox@dhcs.ca.gov. County questions regarding policy guidance should be sent to MCED-Policy@dhcs.ca.gov.

Sincerely,

Sarah Crow, Chief
Medi-Cal Eligibility Division
Department of Health Care Services