CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES
Michelle Baass | Director

DATE: November 2, 2026

Medi-Cal Eligibility Division Information Letter No.: 26-29

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY ADMINISTRATIVE OFFICERS
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS

SUBJECT: CLARIFICATION ON THE TREATMENT OF IN-KIND INCOME (TAXABLE FRINGE BENEFITS) FOR MODIFIED ADJUSTED GROSS INCOME (MAGI)

The purpose of this Medi-Cal Eligibility Division Information Letter (MEDIL) is to inform counties of the treatment of in-kind income (taxable fringe benefits) for Modified Adjusted Gross Income (MAGI) Medi-Cal eligibility determinations.

Per Internal Revenue Service (IRS) 525, when the value of an in-kind benefit is treated as a taxable fringe benefit and included as taxable income, counties must count that amount and continue to include it as countable income for the purpose of MAGI Medi-Cal financial eligibility determinations. For questions regarding CalSAWS functionality or the entry of this income type in CalSAWS, counties should consult their county's CalSAWS representative.

For example, a property manager receives free rent in exchange for building duties for an apartment building. If the value of the housing is included as taxable income, counties must include the taxable amount when determining MAGI Medi-Cal financial eligibility.

For additional information on what counts as MAGI Income and Deduction under Medi-Cal rules, please refer to the MAGI Income and Deduction Types Chart.

If you have any questions or if we can provide further information, please send a policy clarification request to MCED-Policy@dhcs.ca.gov.

Sincerely,

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