

DEPARTMENT OF HEALTH SERVICES

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MEDI-CAL ELIGIBILITY PROCEDURES MANUAL LETTER NO.: 258**TO: All Holders of the Medi-Cal Eligibility Procedures Manual****ARTICLE 5C DEPRIVATION – LINKAGE TO THE AID TO FAMILIES WITH DEPENDENT CHILDREN AND SECTION 1931(b) PROGRAM**

Enclosed are clarifications and changes to pages 13 through 23 of Article 5C of the Medi-Cal Eligibility Procedures Manual.

Many of the changes are corrections to the federal poverty limit which was increased on April 1, 2001.

The clarifications and changes are marked with a black line in the right margin.

A revised version of the MC 337 Unemployed Parent Determination Worksheet has also been included.

Filing Instructions:**Remove Pages:**

Article 5
Pages 5C-13 through 5C-23

Insert Pages:

Article 5
Pages 5C-13 through 5C- 23

If you have any questions, please contact Ms. Margie Buzdas of my staff at (916) 657-0727.

Sincerely

Original signed by

Richard Brantingham
Acting Chief
Medi-Cal Eligibility Branch

Enclosures





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Answer: In this situation, all of the above hours count as hours worked because all hours were spent promoting the business or attempting to or making contact with prospective or actual customers.

- (12) Some self-employed persons may possibly control their hours. If they work under 100 hours and are the PWE, or work 100 hours or more and pass the U-Parent earned income test which is effective March 1, 2000, do we have to aid them?

Answer: Yes. There is nothing that precludes us from doing so.

- (13) Are paid vacation and sick leave hours counted in determining hours?

Answer: Yes. Paid vacation and sick leave hours are counted in determining hours unless the PWE is incapacitated and is using sick leave or will not be returning to work after his vacation hours are depleted. In those cases, the PWE may apply as an incapacitated or unemployed parent if he/she meets those requirements.

- (14) Would we aid a working individual under U-Parent Deprivation if a person worked less than 100 hours in the prior two months, nor was expected to work 100 or more hours in the following month.

Answer: Yes.

- (15) Assume the U-parent has, without good cause quit a job or employment training or refused a bona fide offer of employment or employment related training. Do these requirements still exist to determine U-Parent deprivation in the MN Program?

Answer: No. These requirements no longer pertain to unemployment parent deprivation for the medically needy.

- (16) What if an individual comes in on the first day of the month, how would this case be treated?

Answer: The eligibility worker (EW) can look at the past history of the individual. If the person has no work history in the last month and indicates he/she does not expect to work the rest of the month, grant Medi-Cal if otherwise eligible. If the person has a sporadic work history where it is apparent that this individual has worked over 100 hours in past months and may do so in the current month, the EW can request that this individual verify (written verification from his employer) that he will not exceed the 100-hour requirement.

- (17) Effective March 1, 2000, Assembly Bill 1107, Chapter 146, Statutes of 1999 (Section 14008.85 of the Welfare and Institutions Code) allows the Medically Needy applicant and recipient PWE as well as the Section 1931(b) applicant PWE to work 100 hours or more if the family earned income is less than 100 percent of the federal poverty level. Section 1931(b) and CalWORKs recipient PWEs are already allowed to work 100 hours or more without this test as long as they remain otherwise eligible. Whose income is counted in this test, how is earned income defined, and what deductions are allowable?

Effective May 1, 2001, all earned income of the children will be exempt and only the earned income of the parents or the parent and the parent's spouse who are

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living in the home and in the MFBU will be counted in determining the U-parent income test. The earned income test is required for applicants of the Section 1931(b) program and applicants and recipients of the Medically Needy (MN) program. If a parent is not in the MFBU because he/she is receiving Public Assistance (PA) or Other PA, or who is not required to be aided such as the unmarried father whose only child is an unborn or a stepparent whose spouse is only requesting aid for his/her separate children, his/her earned income is not counted nor is he/she included in the family size when determining the 100 percent limit. Children up to age 21 should be included when determining the family size unless excluded or receiving PA or Other PA even though their earned income is exempt.

If the child is excluded for some reason, the parents must have at least one other eligible child included in the family income test as well as for all Medi-Cal programs that require the parents to be linked to a deprived child. Section 1931(b) requires that there be at least one deprived child who is eligible for Section 1931(b) or who has a zero share of cost in some other Medi-Cal program.

If the PWE is working over 100 hours and the family passes the U-parent income test, but is not eligible for Section 1931(b) due to income and property rules or other reasons, (e.g., some family members may not be eligible due to Sneede v. Kizer, the youngest child is above the age requirements, the father of the pregnant woman in her last trimester has no other deprived children), they should be evaluated for MN or other programs.

If the PWE is working over 100 hours, he/she is not a recipient of Section 1931(b), the family does not pass the U-parent test, and there is no other basis for deprivation, the family is not eligible for Section 1931(b) or the Aid to Families with Dependent Children (AFDC)-MN program. The children should be evaluated for the MI program or the Percent programs.

Earned income is defined in Article 10 of the California Code of Regulations and includes income from employment as well as other forms of earnings such as State Disability Insurance. This is different from the Transitional Medi-Cal Program, which only totals the average three months of gross earnings from employment minus child care deductions and does not include other types of earned income.

Counties should use the same earned income deductions for the Unemployed Parent Determination Test that are allowed for either the Section 1931(b) or the MN program, but not both. For example, if the family has health insurance premiums or an aged, blind, or disabled person in the MFBU and he/she, the parents or spouse have earned income, the MN deductions (\$20 and the \$65 plus 1/2) may be more beneficial than the \$90 work related expenses which is the Section 1931(b) program earned income disregard. If the parent is self employed, the 40% deduction which is allowable under the Section 1931(b) program may be more beneficial than using MN deductions.

NOTE: An exception to using the same deductions rule is when a Section 1931(b) recipient family has a change in circumstances and must be redetermined for unemployment deprivation. Although the \$240 + 1/2 deduction is an allowed earned income deduction for these recipients, it is not allowable for the U-parent earned income test. Only applicant deductions are allowable.

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Example 1

U-Parent Income Test

Mom	\$ 0
Dad (PWE working over 100 hours)	- \$1,200 (net nonexempt earned income)
Mutual 10-year-old	N/A
Mutual 19-year-old	N/A
Total family net nonexempt earnings =	\$1,200
U-parent earned income limit (100%) for 4 =	\$1,471

Married Mom, Dad, the 19-year-old and 10-year-old apply for Medi-Cal. Dad is the PWE and is working over 100 hours. The parents have no other basis for linkage. The family passes the U-Parent test because their earned income is at or below the 100% limit and the PWE is considered unemployed. They are evaluated for the Section 1931(b) program using the existing property rules and the income limits of 100 percent of the FPL for applicants. The 19-year-old has \$300 in net nonexempt earnings and is ineligible for Section 1931(b) due to the age requirements; however, the other family members are eligible for Section 1931(b). Note: If this family had unearned income, they may not pass the income test for Section 1931(b). They would then be evaluated for the MN program. The 10-year-old would also be evaluated for the Percent program, if the family had a share of cost (SOC) in the MN program.

The 19-year-old is evaluated for the MN program because he/she is not considered a child for Section 1931(b). If he/she had unearned income, he/she may have a SOC. We are assuming he/she is property eligible.

One month later, the 19-year-old takes a job and his net nonexempt earned income increases to \$2000. The PWE continues to work over 100 hours.

Since the PWE in this family is eligible for Section 1931(b), the family would qualify as recipients and are exempt from the 100 hour rule and the U-parent income limit test. Since there is an increase in the family's income, Section 1931(b) eligibility must be redetermined. The family members (including the 19-year-old) are all put back into the same Section 1931(b) MFBU and must still meet the Section 1931(b) unearned and earned net nonexempt income and property limits of that program. Sneede rules apply and the 19-year-old would be in his own Mini Budget Unit (MBU) if the family were over the income limit.

If this family is no longer income eligible for Section 1931(b) and is not eligible for Transitional Medi-Cal (TMC) because the family did not receive CalWORKs or Section 1931(b) for three out of the last six months nor was the increase in earnings from the PWE or the caretaker relative, the family should be evaluated for the U-parent earned income test as applicants for the MN program. In this case, the parent's net nonexempt earned income is still under the 100 Percent limit. The parents and the mutual 19-year-old child would be eligible under the MN program with a SOC and the 10-year-old may be eligible for the Percent program.

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Example 2

U-Parent Income Test

Mom	\$ 0 earned income
Dad (PWE working over 100 Hours)	\$1,000 (net nonexempt earned income)
Mutual 4-year-old child	\$ N/A
Total net nonexempt earned income	\$1,000
U Parent earned income limit (100%) for 3 =	\$1,220

This married couple and child apply for Medi-Cal on April 1, 2001, and pass the U-parent deprivation test. They are then evaluated for the Section 1931(b) program.

Mom also has \$300 unemployment insurance benefits (UIB) unearned income and the child has no income; therefore, the total family net nonexempt unearned and earned income is \$1,300. The family is income ineligible for the Section 1931(b) program and must be evaluated for the MN program. We will assume the family is property eligible for both programs. The MN limit for three is \$934; therefore, the parents have a SOC. The four-year-old is eligible for the 133 Percent program.

Two months later, Mom begins working and receives net nonexempt earnings of \$400 per month. Since the U-parent income test applies to recipients of the MN program and the family's net nonexempt earnings are now \$1,400 which is over the 100 Percent U-parent limit for three. Mom and Dad are no longer eligible as parents of a deprived child. The child is still eligible for the 133 Percent program.

Example 3

U-Parent Income Test

Mom	\$ 300 (net nonexempt earned income)
Dad (PWE)	\$1,500 (net nonexempt earned income)
Mom's separate child	\$ N/A
Mutual child	\$ 0
Total net earned income	<u>\$1,800</u>
U Parent earned income limit (100%) for 4 =	\$1,471

This unmarried couple, their mutual child (age 5), and Mom's separate child (age 19), apply for Medi-Cal. Dad is working over 100 hours and family is over the U-parent income limit. Dad and the mutual child are not eligible for the Section 1931(b) or the MN programs due to lack of deprivation. They are not eligible for TMC because they have not received CalWORKs or Section 1931(b) for three of the last six months. Since Mom's separate child is age 19, Mom has no deprived "child" in the home as defined under the Section 1931(b) program and is not eligible for Section 1931(b). Evaluate her and her separate child for the MN program. Mom's separate child has \$300 from child support. Evaluate the mutual child for the MI or Percent program. Dad is ineligible for any program because he has no other linkage and he is not a spouse and cannot qualify as an essential person.

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Mom has \$1,000 of net nonexempt unearned income. The total family unearned and earned income equals \$3,100. The maintenance need for the MN/MI program for four persons is \$1,100. Sneede rules apply.

MBU #1

Mom's total net nonexempt income	\$1,300
Less Parental Needs Deduction	<u>- 600</u>
Total Income	\$ 700
Allocation (Total ÷ 2)	\$350
Limit	\$ 600

MBU #2

Mom's Separate Child	\$300
Allocation from Mom	<u>350</u>
Total	\$650
Limit	\$375

MBU #3

<Dad's> total net nonexempt income	\$1,500
Less Parental Needs Deduction	<u>- 600</u>
Income to be Allocated ÷ 1	\$ 900
Limit	\$ 600

MBU #4

Mutual Child	\$ 0
Allocation from Mom	350
Allocation from Dad	<u>900</u>
Total income	\$1250
Limit	\$ 312

Mom is eligible for the MN program with no SOC as a parent of a deprived child (age 21 for this program). Mom's separate child is also eligible with a SOC of \$275. Dad is not eligible for any Medi-Cal program. The mutual child has a SOC of \$938 under the MI program. Evaluate the mutual child for the 133 Percent program. Only the income of the mutual child and his/her parents are counted.

Mom's total income	\$1,300
Dad's total income	\$1,500
Child's total income	\$ 0
Mom's separate child	<u>N/A</u>
Total	\$2,800
Limit for 4 (133%)	\$1,957

Mutual child is not eligible for the 133 Percent program. He/she would have a \$938 SOC in the MI program.

Two months later, Mom and her separate child stop working. Redetermine the U-parent earned income deprivation income test. Since the PWE is still working over 100 hours and the family is not a recipient of the Section 1931(b) program, the U-parent income test is required. The net nonexempt earned income of Dad is \$1,000 which is under the 100 percent limit for 4.

U-Parent Income Test

Dad's earned income	\$1,000
Mom's earned income	\$ 0
Mom's child " "	\$ N/A
Mutual child " "	<u>\$ N/A</u>
Total	\$1,000
U Parent earned income limit (100%) for 4 =	\$1,471

Reevaluate family for the Section 1931(b) program as applicants.

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Section 1931(b)

Mom's total income	\$1,000
Dad's total income	\$1,000
<Mom's separate child>	\$ 0
Mutual child	\$ 0
Total	\$2,000
Section 1931(b) limit (4)	\$1,471

Mom, Dad, and the mutual child are not eligible for Section 1931(b). Sneede rules would then again apply.

Section 1931(b) MBU#1

Mom's net nonexempt income	\$1,000
Less Parental Needs	- 716
Total	\$ 284
Allocation (Total ÷ 2)	\$ 142

Mom's Income	\$ 716
<Mom's separate child>	\$ 142 from Mom
Total	\$ 858
Limit for 2	\$ 938

Section 1931(b) MBU #2

Dad's net nonexempt income	\$1,000
Less Parental Needs	- 716
Total	\$ 284
Allocation (Total ÷ 1)	\$ 284

Dad's Income	\$ 716
Total	\$ 716
Limit for 1	\$ 716

MBU #3

Mutual Child	\$284 from Dad
	\$142 from Mom
Total	\$426
Limit	\$407

Dad and Mom are financially eligible for the Section 1931(b) program. The parents are eligible for Section 1931(b) because they have deprived children with zero SOC as determined in the next step. The 19-year-old separate child and the mutual child should be evaluated for the MN program.

MN MFBU

Mom's separate child	\$ 0
Mutual child	0
Limit	\$750

Since neither child has income, they are eligible with no SOC. In the second month, the entire family should be redetermined as recipients using the recipient deductions.

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Example 4

Married couple and their children apply for Medi-Cal. They have one mutual four-year-old child and each have one separate child under age 18. Dad is determined to be the PWE and he is working under 100 hours. No applicant U-parent earned income test is required. Mom has \$725 net nonexempt income and Dad has \$1,000 net nonexempt income. The children have no income. We will assume that the family is property eligible. Evaluate for Section 1931(b).

Mom	\$ 725 net nonexempt income
Dad	1,000 net nonexempt income
Mutual Child	0
Dad's Separate Child	0
Mom's Separate Child	0
Total	\$1,725
Section 1931(b) Limit	\$1,723

The family fails to qualify for Section 1931(b). Sneede rules apply since this is a stepparent household.

Mom's Net Income	\$725	Dad's Net Income	\$1,000
Mom's Parental Needs	- 716	Dad's Parental Needs	- 716
Total	\$ 9	Total	\$ 284
Allocation (Total ÷3)	\$ 3	Allocation (Total ÷3)	\$ 94.60

MBU #1		MBU #2		MBU #3	
Mom	\$716+ \$94.60	Mom's Child	\$ 3	Dad's Child	\$94.60
Mutual Child	\$ 3 + \$94.60	Total	\$ 3	Total	\$94.60
Dad	\$716 + \$3	Limit	\$484	Limit	\$484
Total	\$1627.20				
Limit (3)	\$1,220				

Mom, Dad, and the mutual child in MBU #1 are not eligible. They must be evaluated for the MN program. Both Mom's and Dad's separate children are eligible for Section 1931(b).

MN Program Determination

Mom	\$ 725 minus \$3 (allocation to Section 1931(b) eligible child)
Dad	\$1,000 minus \$94.60 (allocation to Section 1931(b) eligible child)
Mutual Child	\$ 0
Total	\$1,627.40
MN Limit	\$ 934

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Mom, Dad and mutual child have a share of cost of \$693.40. Evaluate mutual child for the 133 Percent program. Only the income of the mutual child and his/her parents are counted (although in this example the other children have no income).

Mom	\$ 725
Dad	1,000
Mutual Child	0
Dad's Separate Child	N/A
Mom's Separate Child	N/A
Total	<u>\$1,725</u>
133% Limit for 5 =	\$2,291

The mutual child is eligible for the 133 Percent program.

In the next month, reevaluate the family as recipients of the Section 1931(b) program because the parent's separate children were Section 1931(b) applicants in the first month. Assume Dad is still working under 100 hours and they all pass using the \$240 + 1/2 deduction.

Five months later, Dad takes a full time job and is now working over 100 hours. Since all are recipients of the Section 1931(b) program, the U-parent income test is not required to determine whether unemployment linkage still exists. Dad's earnings from employment increase to \$3,000 per month. Assume the family fails to pass the Section 1931(b) income limit. The family is eligible for TMC.

Example 5

Unmarried Mom, Dad, their mutual eight-month-old child, and Mom's separate child (age four) apply for Medi-Cal. Dad is incapacitated. Mom works part time and has \$1,400 net nonexempt income. Dad has \$500 net nonexempt income. The children have no income.

Section 1931(b) Determination

Mom's net nonexempt earned income	\$1,400
Dad's net nonexempt unearned income	\$ 500
Mutual child	\$ 0
Mom's child	<u>\$ 0</u>
Total income	\$1,900
Section 1931(b) limit for 4	\$1,471

Since the family is above the Section 1931(b) income limit and the couple is not married, Sneede rules apply. We will assume they are property eligible.

Mom's income	\$1,400	Mom's Separate Child	\$ 0	Dad's income	\$500
Parental needs	<u>- 716</u>	Allocation from Mom	<u>\$342</u>	Parental Needs	<u>-716</u>
Total	\$ 684	Total	\$342	Allocation	0
Allocation (Total ÷ 2) =	\$ 342				

Mutual Child's income	\$ 0
Allocation from Mom	\$342
Allocation from Dad	<u>0</u>
Total	\$342

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MBU #1		MBU #2		MBU #3	
Mom	\$684	Mutual Child	\$342	Dad	\$500
Mom's Child	<u>\$342</u>	Total	<u>\$342</u>	Total	<u>\$500</u>
Total	\$1026	Limit	\$407	Limit	\$716
Limit	\$968				

Mom and her separate child fail to pass Section 1931(b). They should be evaluated for the MN program. The mutual child and Dad pass Section 1931(b).

MN Program

Mom	\$1,400- \$342 (Allocation used for eligible Section 1931(b) Mutual Child)
Separate Child	<u>0</u>
Total	\$1058
Limit for 2	\$ 968
SOC	\$ 90

Mom has a SOC of \$90. Note: An unmarried parent may not deduct any income that was used to make the other parent eligible for Section 1931(b). Evaluate the separate child for the 133 Percent program. Only the income of Mom and the separate child is used.

133 Percent Program

Mom	\$1,400
Dad	N/A
Separate child	0
Mutual child	<u>N/A</u>
Total	\$1,300
Limit for 4	\$1,957

Mom's separate child is eligible for the 133 percent program.

The next month, the family is reevaluated for the Section 1931(b) program as recipients. Assume they all pass.

Five months later Mom takes a full time job with a net nonexempt earned income of \$2,000 and she is working over 100 hours. Dad is no longer incapacitated and has \$1000 net nonexempt earned income. He no longer receives the \$500 unearned income. Mom is determined to be the PWE. Because the family has a change in circumstances that require that unemployment deprivation be established, the U-Parent income test applies.

U-Parent Test

Mom	\$2,000	net nonexempt earned income
Dad	1,000	net nonexempt earned income
Mom's Child	N/A	
Mutual Child	<u>N/A</u>	
Total	\$3,000	
Limit for 4	\$1,471	

The family fails the U-Parent test.

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Mom still has deprivation because her separate child has an absent parent; however, Dad and the mutual child have no deprivation. Dad may not be an essential person because he is not married.

The family should be reevaluated for Section 1931(b) as recipients for income purposes. Dad and the mutual child are ineligible members of the MFBU. Assume Mom and her separate child are eligible for Section 1931(b) using the \$240 + 1/2 deduction. Dad has no linkage. He and the mutual child are eligible for TMC because they were terminated from Section 1931(b) due to increased hours of employment (loss of deprivation). If Mom and her child become ineligible for Section 1931(b) for increased earnings, they will be eligible for TMC.

Note: To be eligible for Section 1931(b), a parent must have at least one deprived child in a zero SOC program.

e. Multiple Linkage Factors

A husband and wife have one mutual child. The wife has two children by a previous marriage, and the husband has three children by a previous marriage. They all live together. Neither absent parent is deceased. The father is unemployed according to the provision of Title 22, CCR, Section 50215. All are requesting Medi-Cal. Is there deprivation for each child? Are the parents linked?

Answer: Yes. The wife's separate children and the husband's separate children are deprived by the absence of a parent. Both parents may be linked by absence. The mutual child is deprived by the unemployment of his father. Only the mutual child will lose linkage once the father returns to work but may be aided under the federal poverty programs, the Medically Indigent program, or the Transitional Medi-Cal program.

Note: If there were no deprived mutual children and one spouse had no separate children, that spouse's only linkage for the MN program must be through the spouse's incapacity (see previous example), or pregnancy or disability. The spouse may not be linked through the unemployment of the spouse for the AFDC MN program. A stepparent may be eligible as an essential person under the Section 1931(b) program although he/she has no children.

f. Forms

1. Principal Wage Earner (PWE) Working 100 Hours or More Unemployed Parent Determination Worksheet - MC 337
2. Vocational and Work History - MC 210 S-W.
3. Vocational and Work History- Spanish MC 210 S-W (SP)
4. Medical Report for Incapacitated Parent - CA 61

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UNEMPLOYED PARENT DETERMINATION WORKSHEET

Case Name:	Case Number:
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SECTION 1931(b) APPLICANTS AND MEDICALLY NEEDY (MN) FAMILIES		County Use:
<i>Note: Section 1931(b) Recipients may work over 100 hours without a separate unemployment income test unless there is a "break in aid" or a change.</i>		
1	Earnings of Principal Wage Earner (PWE) \$ _____ -\$90 \$ <small>(Use the \$65 +1/2 and the unused \$20 rather than the \$90 if there is an ABD person in the MN determination)</small>	
2	Earnings of Second Parent/Spouse \$ _____ -\$90 \$ <small>(Use the \$65 +1/2 and the unused \$20 rather than the \$90 if there is an ABD person in the MN determination)</small>	
3	Countable Earned Income (lines 1+2) \$	
4	Dependent Care Deduction \$	
5	Court Ordered Child/Spousal Support Deduction \$	
6	Allocation to PA Member \$	
7	Allocation to Excluded Children \$	
8	Other Applicable Section 1931(b), AFDC-MN, or ABD-MN Deductions (if ABD-MN Person is in the MN Family) \$	
9	Other Applicable Deductions \$	
10	Total Deductions (lines 4-9) \$	
11	Total Net Nonexempt Earned Income (line 3 minus line 10 rounded down to the nearest dollar) \$	
12	100% FPL Limit for Family Size of _____ \$ <small>(Number in MFBU including children except persons who are PA or excluded)</small>	
13	Is Total Net Nonexempt Earned Income at or below 100% of the FPL? <input type="checkbox"/> Yes <input type="checkbox"/> No	
14	<p>If line 13 is <u>Yes</u>, then the PWE is considered an Unemployed Parent. Evaluate family for the Section 1931(b) program if the youngest child in the home is under 18 or 18 and enrolled in school and expected to graduate prior to age 19. If not and the youngest child is under 21, then determine eligibility for the Medically Needy program.</p> <p>If line 13 is <u>No</u>, then the PWE is employed and there is no Unemployed Parent deprivation.</p>	
Eligibility Worker Name:		Worker number
		Date:

MC 337 (4/01)

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