

**DEPARTMENT OF HEALTH SERVICES**

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May 4, 2001

TO: All County Welfare Directors  
All County Administrative Officers  
All County Medi-Cal Program Specialists/Liaisons  
All County Health Executives  
All County Mental Health Directors

Letter No.: 01-30

### CHANGES TO THE 100 HOUR DEPRIVATION EARNED INCOME TEST

Ref.: All County Welfare Directors Letter (ACWDL) Nos. 99-20, 99-39, 00-04,00-04E, 00-04EE, 00-04EEE, 00-27, and 00-47

The purpose of this letter is to inform counties that the Department of Health Services is requesting a State Plan amendment to exempt all earned income of children in the household when determining family income for the 100 percent federal poverty level (FPL) unemployed income test that is used when the principal wage earner is working 100 hours or more. It is anticipated that this plan will be approved in the next three months with the effective date of May 1, 2001. Counties should flag the case of any family who is denied due to lack of unemployment deprivation after May 1, 2001, because of excess earned income from children. These cases should be reevaluated when the State Plan has been approved.

Assembly Bill 1107 added Section 14008.85 to the Welfare and Institutions Code effective March 1, 2000, and requires an earned income test for applicants of Section 1931(b) and applicant and recipients of the Aid to Families with Dependent Children Medically Needy (AFDC-MN) program when the principal wage earner was working 100 hours or more. The nonexempt earned income of the family (principal wage earner, spouse or second parent, and the children) in the household is totaled and compared to the 100 percent of the FPL. If the family's income is at or below the 100 percent FPL limit, the children are considered to be deprived due to unemployment.

We have received comments from advocates urging us to apply Sneed to the unemployment test. Although Sneed does not apply to the deprivation determination, we have decided to exempt the earned income of children to alleviate these concerns that such a policy results in inappropriate deeming of income from children to parents and siblings to one another. This is in conformity with Section 14008.85 which allows the Department of Health Services to adopt additional deductions to be taken from a family's income.

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Counties were previously provided with a camera-ready copy of the new MC 337 worksheet entitled "Principal Wage Earner Working 100 Hours or More Unemployed Parent Determination Worksheet." This form will be revised to delete the lines that made reference to income from the children, change the title of the form, and include lines for other deductions which may be applicable to the AFDC-MN program or the MN program if there is an aged, blind, or disabled (ABD) person in the family. A draft copy of these corrections and additions is enclosed.

When the State Plan is officially approved, counties will be notified. At that time a revised MC 337 camera-ready copy will be sent to you. In the meantime, counties should allow all applicable earned income deductions when determining unemployment depending on whether the family is eligible for the Section 1931(b) or the MN program.

If you have any additional questions about these changes in the unemployed parent deprivation earned income test or the MC 337, please contact Margie Buzdas of my staff at (916) 657-0726.

Sincerely,

ORIGINAL SIGNED BY  
SHAR SCHROEPFER  
Shar Schroepfer, Chief  
Medi-Cal Eligibility Branch

Enclosure

## UNEMPLOYED PARENT DETERMINATION WORKSHEET

Case Name:	Case Number:
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<b>SECTION 1931(b) APPLICANTS AND MEDICALLY NEEDY (MN) FAMILIES</b>		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><b>If line 13 is <u>Yes</u>, then the PWE is considered an Unemployed Parent.</b></p> <p>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><b>If line 13 is <u>No</u>, then the PWE is employed and there is no Unemployed Parent deprivation.</b></p>	
Eligibility Worker Name:		Worker number
		Date: