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MEDI-CAL ELIGIBILITY PROCEDURES MANUAL LETTER NO: 162

TO: All Holders of the Medi-Cal Eligibility Procedures Manual

FOUR MONTH CONTINUING ELIGIBILITY, TRANSITIONAL MEDI-CAL (TMC) AND WEDFARE -- ARTICLE 5B

Enclosed is Article 5B of the Medi-Cal Eligibility Procedures Manual. These revised procedures delete reference to the Nine Month Continuing Program which has been replaced and is now included in TMC. Article 5B contains updates for Fourth Month Continuing and new procedures on TMC and Wedfare. Instructions for the TMC and Wedfare programs were originally contained in All County Welfare Letters No. 90-32, 90-37, 90-66, 92-59, 94-47, 95-85, and 96-19

Procedure Revision	Description
Article 5B	Four Month Continuing, TMC, and Wedfare

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If you have any questions concerning a specific revision, please contact Margie Buzdas of my staff at (916) 657-0726.

Sincerely,

Original signed by

Tom Welch for
Frank S. Martucci, Chief
Medi-Cal Eligibility Branch

Enclosures

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Article 5 -- MEDI-CAL PROGRAMS

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5B FOUR MONTH CONTINUING ELIGIBILITY, TRANSITIONAL MEDI-CAL AND WEDFARE.

The following procedural instructions are for the purpose of further clarifying eligibility under the Four Month Continuing Eligibility and Transitional Medi-Cal (TMC) Programs.

1. FOUR MONTH CONTINUING COVERAGE

Medi-Cal regulations (Title 22, California Code of Regulations (CCR), Section 50243) allow persons who were discontinued from Aid to Families with Dependent Children (AFDC) due (wholly or in part) to the collection or increased collection of child/spousal support four months of no-cost Medi-Cal provided they were receiving AFDC in at least three of the six months prior to the month they became ineligible for AFDC.

A. Period of Eligibility

This program was effective August 1, 1984. Benefits shall begin the month in which the family became ineligible for AFDC or should have been considered ineligible for an AFDC payment. Therefore, if the family received no share-of-cost Medi-Cal under Edwards v. Kizer or an AFDC overpayment after the date the family became technically ineligible for AFDC, the family would only receive the remainder of the four months depending on how many months were remaining.

B. Conditions of Eligibility

Once determined eligible, there are no other requirements for this program except that the person(s) must reside in California. Should the person(s) leave California but then return to California prior to the expiration of the four months, he/she may receive the remainder. Persons who were terminated from AFDC in another state are not entitled to Four Month Continuing benefits in California.

C. Determining the Causal Relationship ("Wholly or in Part")

There must be a causal relationship between the support increase and the ineligibility for AFDC. For example, the family may be terminated from AFDC due to a change in family circumstance at the same time that support increased. If this increase would not in itself be the cause of the AFDC termination, the family would not be eligible for Four Month Continuing benefits. Four month continuing is allowed if the increase or collection of support is not enough to terminate the family from AFDC, but the increase would if combined with another circumstance e.g., an increase in unearned income.

> Example 1: An AFDC family of four receives $300 in countable child support for two of three children. The third child turns nineteen and moves out of the household. Assume that because the income exceeds the standard for assistance for a family of three, the family is ineligible for AFDC. Four Month Continuing benefits are not granted because there was no increase in support collection; ineligibility was caused by the adjustment in the standard of assistance.
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> Example 2: An AFDC family receives $325 in countable child support. The applicable standard of assistance is $375 for a family of that size. In the next month the countable support increases to $350 and at the same time one of the older children leaves home. The standard of assistance is reduced to $300 due to the reduction of family size and the family becomes ineligible for AFDC. Four Month Continuing benefits were not granted because the change in support collection was not sufficient in itself (wholly) to cause ineligibility, rather it was the reduction in the standard of assistance which caused the family to lose eligibility. Furthermore, since the reduction in the standard of assistance of $300 when compared to the original amount of child support of $325 was sufficient by itself to cause ineligibility, the ineligibility was not caused "partly" by the support collected. Thus the change in child support did not cause or actively contribute to the loss in eligibility.

Example 3: An AFDC family receives $100 in countable child support and $150 in Title II benefits. The applicable standard of assistance is $350 for a family of that size. In the next month both the child support and Title II increase by $75. The family's income (now at $400) makes them ineligible due to excess income. Because the increase in Title II benefits and child support were both necessary to cause ineligibility, that is, the child support actively contributes to ineligibility, the family is eligible for Four Month Continuing benefits.

D. Medi-Cal Family Budget Unit (MFBU) Composition

Persons receiving Four Month Continuing Medi-Cal shall be ineligible members of the MFBU when determining Medi-Cal eligibility for other family members and may use their non-covered Medi-Cal health care costs to reduce the other family members' share of cost in accordance with Section 50379. Exception: In accordance with the Sneede v. Kizer lawsuit settlement, only responsible relatives may use their expenses to reduce family members' share of cost in other mini-budget units. (MBU's)

E. Intercounty Transfer Process

Although Medi-Cal regulations (Section 50136) require that an intercounty transfer be initiated within seven days of the date the county learns of a change in county of responsibility, Section 50137 requires that the initiating county maintain responsibility for monitoring, when appropriate, and discontinuing the case.

F. Aid Code

Persons who are eligible for Four Month Continuing should be reported to MEDS under aid code 54.

2. TRANSITIONAL MEDI-CAL (TMC)

Proposed Medi-Cal regulations (Section 50244) allow persons discontinued from AFDC due to an increase in the earnings or hours from employment of the caretaker relative or principal wage earner or the loss the $30 and one-third earned income disregard by anyone in the family a maximum of twelve months of no-cost Medi-Cal providing that they were members of a family who received AFDC in at least three of the six months immediately preceding the month in which they became ineligible for AFDC. Since this program is an incentive for families to obtain full time employment, increases in non-job related earnings which cause AFDC ineligibility do not qualify the family for TMC.

A. Period of Eligibility

This program was effective April 1, 1990. Benefits shall begin the month in which the family became ineligible for AFDC. If the family received no share-of-cost Medi-Cal under Edwards v. Kizer or an AFDC overpayment after the date the family became technically ineligible for AFDC, the family would only receive the remainder of the maximum of the 12 months depending on how many months were remaining.

Example 1

1. If the family inadvertently received Medi-Cal-Only for three months under Edwards (aid code 38), the family would only receive the remaining three months of initial TMC (aid code 39). Since the same zero share of cost Medi-Cal is available under TMC and Edwards, counties do not have to make any retroactive adjustments for the first three months. However, if theoretically, the family received Medi-Cal with a share of cost during the first three months, the county would have to ensure the family received zero share of cost TMC for the first three months.

2. If the spouse returns home on July 15th and the other family members are eligible to receive a three month readjustment period before AFDC is discontinued on October 30th, TMC would begin on November 1st.

B. Conditions of Eligibility

1. Initial Six-Month Period.

The first six-month period has no eligibility requirements other than the family must continue to have a child living in the family and the family must reside in California.

2. Additional Six-month Period.

The additional six-month period requires that in addition to the above requirements, that the family must remain employed, received Initial TMC for the entire six-month period, and meet certain reporting requirements unless good cause for failure exists. The family's average gross monthly earnings less child care costs necessary for the employment of the caretaker relative or principal wage earner may not exceed 185 percent of the Federal poverty level for a family of the same size.

EXAMPLE A: The only child left the home in the third month of the Initial TMC period. The family was terminated from TMC. In the fifth month, the child returned. The family is eligible to receive the remaining two months of the Initial TMC period; however, they are not eligible for additional TMC because they did not receive the entire Initial six months of TMC.

EXAMPLE B: The family moved to another state in the first month of the Initial TMC period. Although the family continues to meet all the TMC requirements, benefits must be discontinued because they are no longer in California. The family returned to California in the third month of the Initial TMC period. They may receive the remainder of the Initial six-month period and the six months of Additional TMC if they are otherwise eligible since the family continued to be eligible for TMC even though they did not actually receive TMC when they were living out of state.

C. Determining the TMC Family Members

Eligible Persons

In addition to the individuals who were included in the AFDC family unit at the time the family lost AFDC eligibility, family members who enter the home during the initial or additional 6-month period may be eligible for TMC. These persons include:

- Newborn or adopted children.
- Children or a parent/spouse who returns to the home.
- Persons under AFDC sanction for failure to cooperate with GAIN or child/spousal support whose income but not needs were included in the AFDC unit.
- Persons deemed to be receiving AFDC because they are participating in work supplementation programs.
- Persons who would have been eligible for AFDC if they had been in the home in the month the family was determined to be ineligible for AFDC.
- Persons who were terminated from Supplemental Security Income (SSI).

The earned income of an individual who has entered or returned must be included in the gross family income assessment if he/she wishes to receive TMC. Persons added to the TMC case only receive TMC for the remainder of the family's TMC period.

Ineligible Persons

The following persons are not eligible for TMC:

1. Persons who were not eligible or would not have been eligible for AFDC, e.g., undocumented aliens or persons receiving Supplemental Security Income (SSI), would not be eligible for TMC. These persons are described as "excluded persons" in the AFDC Department of Social Services Eligibility and Assistance (EAS) Manual Section 82-832.1.

2. Persons terminated from AFDC due to the change in the treatment of state disability insurance (SDI) payments from unearned to earned income are not eligible for TMC since this is not considered actual earnings from employment.

3. Persons in state only AFDC programs who were terminated for increased hours or earnings or employment.

4. Persons who committed fraud during the last six months in which the family was receiving AFDC are also not eligible for TMC.

Persons Leaving the Home

TMC will continue for families if the parent/spouse or children leave the home in either the initial or additional TMC period; however, the remaining TMC family must continue to reside in the state and include a child. The family size will be reduced when comparing average earned income during the additional six month period since the person(s) who left will no longer be included in the MFBU. The family's earned income may also be reduced to the extent the person who left had earned income. If the family size has changed during the preceding three-month period, use the current family size.

D. Determining the Causal Relationship ("Entirely or Partially")

Loss of AFDC eligibility would be considered to be "because of" an increase in earned income (or loss of the earnings disregards) under either of the following conditions:

- o If the increase in earned income or countable income resulting from the loss of the disregard were, by itself, sufficient to make the family ineligible or
- o If the increase in earned income were not sufficient, by itself , to make the family ineligible, but together with an increase in the family's earned income or countable income resulting from the loss of the disregard resulted in the family's loss of eligibility for AFDC.

Steps

1. Determine if the increase in income or hours of employment or loss of the disregards would have resulted in the loss of AFDC eligibility if all other factors in the case remained the same (i.e., as if there were no other change in income, no change in family composition, no change in AFDC standards, etc.)

If yes, the family is eligible to receive TMC.

If no, go to Step 2

2. Determine if events other than the increase in income or hours of employment or loss of the disregards would have resulted in loss of AFDC eligibility if the income (hours or disregards) had stayed the same.

If yes, the family is not eligible for TMC. Do not go to Step 3.

If no, go to Step 3.

3. Determine if the family is ineligible for AFDC when all changes are considered.

If yes, the family is eligible for extended Medicaid benefits. The increase in earnings or hours of employment or loss of the disregards was essential to the loss of AFDC eligibility. Without that increase, the family would not have lost AFDC eligibility.

If no, the family is still eligible for AFDC.

Example 1: The caretaker relative, in a family with no other income, becomes employed on June 1 and reports countable earned income of $100 in June. At the same time the caretaker relative reports that beginning with June the family is receiving monthly unearned income of $500. Assume the AFDC standard is $400 and the family is no longer eligible for AFDC in June due to excess income which is both earned and unearned.

Step 1. The answer is "no". The earned income of $100 alone did not result in the loss of AFDC. That is, if all other factors in the case remained the same, the $100 would not have caused ineligibility. Continue to Step 2.

Step 2. The answer is "yes". The unearned income alone would have resulted in the loss of AFDC. Therefore, the family is not eligible for TMC. Do not continue to Step 3.

That is, the $500 increase in unearned income was sufficient alone to make the family ineligible for AFDC even if all other factors stayed the same.

Example 2: The principal wage earner (PWE), in a family with no other income, becomes employed on June 1 and reports countable earned income of $375 in June. In July, one child leaves the household. As a result, the AFDC standard for the family in July is reduced to $325. The family is no longer for AFDC in July due to excess income, all of which is earned. However, the family is not eligible for TMC because the earnings of the PWE did not increase in July, the month in which AFDC eligibility was lost.

Example 3: A caretaker relative is employed and has monthly countable earned income of $375. The caretaker relative reports that she no longer has to pay for day care in June because free care is available. Without child care expenses, her countable earned income increased to $450 in June. The family is no longer eligible for AFDC in June because of excess income. However, the family is not eligible for TMC because the earnings of the caretaker relative did not increase in June, the month in which AFDC eligibility is lost.

E. Reporting Requirements

1. The family should receive a Notice of Action (NOA) upon approval of TMC which also informs them to keep their earning and child care receipts.

2. In the third month, a NOA should be sent to the family informing them to report by the 21st day of the next month (fourth), the family's gross monthly earnings and the cost for child care necessary for the employment of the caretaker relative or principal wage earner for the preceding three months (months 1, 2, and 3).

3. In the sixth month, a NOA should be sent to the family informing them to report the family's gross

monthly earnings and the cost for child care necessary for the employment of the caretaker relative or principal wage earner by (a) the 21st day of the next month (seventh), for each of months 4, 5, and 6 and (b) by the 21st day of the tenth month for each of months 7, 8, and 9.

Although the information collected is not used during the initial period, this information is required to determine if the family is eligible for the additional 6 months of TMC.

Families who fail to report by the 21st day of the required months must be provided a ten day notice prior to termination unless the county determines that they have good cause for filing late as specified in Section 50175 of the California Code of Regulations.

F. Determining Earned Income

Family earnings must remain at or below 185 percent of the Federal poverty level (FPL) to be eligible for additional TMC. The average monthly gross earnings for the preceding three-month period after deduction of any monthly child care expenses necessary for the employment of the caretaker are compared to 185 percent of the Federal poverty level (FPL) for the current family size. Child care expenses that are reimbursed by the state are not allowable nor are any other deductions.

Do not include any income of the family member who joined the TMC case after the family was terminated from AFDC unless that person wishes to be added and is eligible to be added. If this person is not included, do not use him/her when determining the family size. A person who has been determined ineligible for TMC should have his/her income included with the family's income during the additional TMC period if his income was used to determine the family's eligibility for AFDC even if he/she did not receive AFDC.

For example: The Smith family budget (4 members of the household).

Month	Gross Earned Income	Child Care Expenses
May	$200	$ 95
June	$300	$105
July	$400	$100
Total	$900	$300

Average Monthly Gross Income	= $900 divided by 3 =	$300
Average Monthly Child Care	= $300 divided by 3 =	$100
Adjusted Monthly Income	=	$200

A family is eligible for TMC when its "adjusted" monthly income is less than or equal to 185 percent of the FPL for a family of that size. For purposes of the TMC program, adjusted monthly income is the family's average monthly gross income less the family's average monthly expenses for child care. Thus, in the above example the family is eligible for TMC because its adjusted monthly income of $200 is less than 185 percent of the FPL for four persons. After calculating the adjusted monthly income, round it to the nearest dollar before comparing to the 185 percent of the FPL income standard. Use the usual Medi-Cal rounding rules: if the decimal number is .49 or less, round down; and if the decimal number is .50 or larger, round up. Unearned income is not counted when computing this income test. Individuals receiving TMC are not affected by excess resources.

If the caretaker or principal wage earner had no earnings in one or more of the months in the preceding three-month period unless the lack of earnings were due to involuntary loss of employment or illness, the family is no longer eligible for TMC.

G. Intercounty Transfer

Persons receiving TMC who move to another county are treated no differently from any other family receiving regular Medi-Cal in accordance with Section 50137.

H. Aid Codes

Persons who are eligible for initial TMC should be reported to MEDS under aid code 39. Persons who are eligible for additional TMC should be reported to MEDS under aid code 59. Persons who are added to a family already receiving initial TMC must be reported under an AFDC aid code for their first TMC month of eligibility because MEDS currently will not allow counties to report persons who were not previously on AFDC to MEDS under aid code 39.

I. MFBU Composition

Persons receiving TMC shall be ineligible members of the MFBU when determining Medi-Cal eligibility for other family members and may use their non-covered Medi-Cal health care costs to reduce other family members' or responsible relatives' share of cost in accordance with Section 50379 and the Sneede v. Kizer lawsuit settlement.

J. Return to AFDC

If a family returns to AFDC during the initial or additional TMC period and is then terminated due to another reason which does not met the requirements of TMC, e.g., is not related to employment or does not meet the three out of the preceding six-month requirement, the family is eligible for the remainder of the original TMC period if they are otherwise eligible. The months of zero share-of-cost Medi-Cal which the family received when they returned to AFDC are counted as if TMC were received in those months, i.e., they are counted as part of initial and/or additional TMC months for purposes of determining the remaining original TMC period. If they met the requirements of TMC when terminated, they are evaluated for a new (second) TMC period.

For example:

The family was terminated from AFDC due to increased earnings from employment of the caretaker relative. They received TMC for four months. The caretaker became unemployed and the family was again eligible for AFDC. After two months, the caretaker found another job and was terminated from AFDC. NOTE: The two months of AFDC cash-based Medi-Cal counted as if TMC were received and completes the initial TMC period. The family is not eligible for initial TMC under a new TMC program because they did not receive AFDC for three out of the preceding six-month requirement; however, they are eligible to receive an additional six months of the original TMC period if all other eligibility criteria are met.

3. WEDFARE

Effective October 1, 1995, TMC was expanded to include families who are discontinued from AFDC due to marriage or the reuniting of spouses, and whose assets and/or income increased above the AFDC limits or they no longer meet the deprivation requirements. This program does not apply to unmarried parents who reunite.

Wedfare is a federal waiver program initiated by the Department of Social Services. This demonstration project does not apply to certain control cases in some counties.

The same basic rules, regulations, and aid codes apply to persons receiving TMC due to the Wedfare program as do those receiving TMC due to the loss of the disregard or increased hours or earnings from employment.