August 27, 2002

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

Letter No.: 02-44

$240 DEDUCTION FROM DISABILITY INCOME FOR APPLICANTS OF THE
SECTION 1931 PROGRAM

This is to inform counties that, effective November 1, 2002, applicants being evaluated
for eligibility for the Section 1931 program will have $240 deducted from their disability
income when determining monthly countable income. This $240 disability deduction
applies to the combined disability income of the members of the Medi-Cal Family
Budget Unit.

Disability income is defined, per page two of Attachment 1 (regarding Section 1931
income eligibility) to All County Welfare Directors (ACWDL) No. 98-43 as follows:

Disability-Based Income (DBI): Certain kinds of unearned income are considered to be
DBI, and will receive special treatment under the Section 1931 program. For the
Section 1931 program, the two types of unearned income which will be treated as
DBI income are:

1. Disability insurance payments from the Social Security Administration; and

2. Private disability benefits. Private disability benefits are benefits paid to a covered
disabled individual by his or her insurer under a disability insurance plan which the
individual purchased through premiums.

Two other kinds of income, Temporary Workers Compensation and State Disability
Insurance payments, will be treated as earned, not disability based, income for
purposes of determining income eligibility for the Section 1931(b) program, pursuant to
the mandates resulting from the Tinoco and Sawyer lawsuits.
In contrast to the application of the $240 income deduction to recipients, any part of the $240 deduction not applied to the disability income of applicants, is NOT "carried over" and applied to the applicants’ earnings, as it is for recipients.

This ACWDL will be followed shortly by a transmittal to counties of the revised Section 1931 budget form for applicants that incorporates this $240 disability income deduction. This Section 1931 income budget form for applicants was last revised in May 1999 and transmitted by ACWDL No. 99-32.

There are no changes to rules regarding the application of the "$240 and one-half deduction" to recipients of the Section 1931 program.

If you have questions regarding this ACWDL, please contact Mr. Dave Rappolee at (916) 657-0163.

Sincerely,

ORIGINAL SIGNED BY

Richard Brantingham
Acting Chief
Medi-Cal Eligibility Branch