

DEPARTMENT OF HEALTH SERVICES

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January 26, 2000

MEDI-CAL ELIGIBILITY PROCEDURES MANUAL LETTER NO.: 218

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

5S--SECTION 1931(b) PROGRAM

Enclosed is a new procedure section which describes the Section 1931(b) program as outlined in All County Welfare Directors Letters Nos. 98-43, 99-20, 99-42, and 99-56. Our Section 1931(b) procedures describing Property, Income, the Transitional Medi-Cal and Four-Month Continuing Programs, and the Medi-Cal Family Budget Unit will be forthcoming.

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

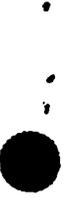
Sincerely,

Original-signed by

Argeline Mrva, Chief
 Medi-Cal Eligibility Branch

Enclosures





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- Article 5 -- MEDI-CAL PROGRAMS
- 5A -- AID CODES
 - 5B -- FOUR-MONTH CONTINUING ELIGIBILITY, TRANSITIONAL MEDI-CAL, AND WEDFARE
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5S – SECTION 1931(b) PROGRAM

A. BACKGROUND

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 (Public Law 104-193) established a new mandatory coverage group at Section 1931(b) of the Social Security Act. Section 1931(b) requires that Medi-Cal be provided to low-income families, who meet the provisions of the July 16, 1996, Aid to Families with Dependent Children (AFDC) State plan requirements for income, resources and deprivation, (subject to modification at State option). PRWORA also deleted many of the requirements for establishing deprivation based on unemployment.

Section 161 of AB 1542 (Chapter 270, Statutes of 1997) established the California Work Opportunity and Responsibility to Kids (CalWORKs) program and provided that it was to be implemented January 1, 1998. This law also provided that to the extent federal financial participation is available, the Department of Health Services shall extend eligibility for health care services under Medi-Cal to all recipients of aid under CalWORKs. This law adopted Section 14005.30 of the Welfare and Institutions (W&I) Code and also established Section 1931(b) only for families who met the former AFDC rules.

For purposes of establishing requirements for the Section 1931(b) group, the July 16, 1996, AFDC provisions have been modified as of January 1, 1998, to the extent possible as permitted by PRWORA, in order to align the Section 1931(b) program with CalWORKs. Therefore, former AFDC rules will be referred to as the Section 1931(b) rules.

B. PURPOSE OF THE SECTION 1931(B) PROGRAM

It is important to determine eligibility under the Section 1931(b) because:

1. Families that are discontinued from CalWORKs or Section 1931(b) due to excess earnings from employment or increased child/spousal support are eligible for either the Transitional Medi-Cal (TMC) or the Four-Month Continuing programs. Medically Needy (MN) persons are not.
2. Recipients may work over 100 hours and remain eligible if the family income is below the limit.
3. There are no time limits under this program. Families not eligible for CalWORKs because the time limit on their CalWORKs eligibility has expired may qualify for the Section 1931(b) program.
4. Families may choose to separately apply for the Section 1931(b) program because they do not wish to be CalWORKs recipients, or because they are not eligible for CalWORKs.
5. A family may not be eligible for CalWORKs but may be eligible for the Section 1931(b) program due to certain less restrictive AFDC rules no longer applicable to CalWORKs, but which continue to apply to the Section 1931(b) program. For example, families who have too much income to qualify for CalWORKs, but who have deductible child care costs, may qualify for the Section 1931(b) program.

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NOTE: Persons who are not eligible for CalWORKs such as those who are GAIN sanctioned, fleeing felons and aliens without satisfactory immigration status are eligible for Section 1931(b) without a separate determination, if other family members remain eligible for CalWORKs. The only exception to this would be a non-needy caretaker relative whose income is not considered by CalWORKs.

C. IMPLEMENTATION DATES

New Applications: All new Medi-Cal applications for families and children are to be evaluated for the Section 1931(b) program beginning no later than January 1, 1999. As counties handle these cases, they are to be evaluated for current and future Section 1931(b) eligibility.

Ongoing Cases: Because CalWORKs was effective January 1, 1998, the new Section 1931(b) provisions also went into effect on January 1, 1998. For this reason, retroactive eligibility for all AFDC-MN, MI children, federal poverty level cases with infants and children and Aid Code 38 (Edwards) with or without a share of cost (SOC) must be evaluated back to January 1, 1998. This is important in the event eligibility for Transitional Medi-Cal needs to be established.

Counties shall complete their evaluation of Aid Code 38 cases for Section 1931(b) eligibility by April 30, 1999. Counties shall complete their evaluation of all other cases for Section 1931(b) within one year, i.e., no later than December 31, 1999.

Those MFBUs which had a SOC in a retroactive month but have no SOC for that month after the Section 1931(b) evaluation are entitled to:

1. Having future SOC amounts adjusted; or
2. Seeking reimbursement from the provider.

Please follow procedures outlined in Medi-Cal Procedures Manual Section 12-C (Processing Cases When a SOC Has Been Reduced Retroactively).

D. SECTION 1931(b) ELIGIBILITY REQUIREMENTS

Persons applying separately for the Section 1931(b)-Only program must first meet residency, age, deprivation, and family requirements. After these non-financial requirements have been met, persons must meet the income and property financial requirements.

◆ DEPRIVATION

Unemployed Parent

The MN and Section 1931(b) program follows similar rules for determining the unemployed parent as the former AFDC program. The principal wage earner (PWE) is the parent who has earned the greater amount of income in the 24-month period immediately proceeding either of the following: (1) The month of application, reapplication or restoration or (2) the date of a redetermination that a family's circumstances have changed in such a way as to meet the requirements for deprivation due to the unemployment of a parent. (See Section 50215(c). The only exception to this rule is if PWE is unemployed, becomes incapacitated, and then returns to work. The PWE is not redetermined. Section 1931(b) will continue to follow these rules. Therefore, if an absent parent returns to the home, deprivation may no longer exist if the PWE is not unemployed or a parent is not incapacitated.

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The deprivation rules for the Section 1931(b) program are the same as those for the medically needy (MN) program with the following exceptions:

1. The 100-Hour Rule:

The 100-hour rule requirement that the unemployed parent PWE work less than 100 hours in a month for unemployment to exist applies to applicants for Section 1931(b) and to applicants and beneficiaries applying for or receiving coverage under the AFDC-MN program.

The 100-hour rule does not apply to Section 1931(b) PWE recipients. A recipient for purposes of the 100-hour rule is a person who has been terminated from CalWORKs with no breaks in eligibility between CalWORKs and Section 1931(b) – only for Medi-Cal or the month after the person became eligible for 1931(b) as an applicant. Therefore, a recipient may begin working over 100 hours in the second month of receiving Section 1931(b) if the family income is below the Section 1931(b) limit even if the family was never receiving CalWORKs.

NOTE: SB 708 (Chapter 148, Statutes of 1990) amended Section 14005.30 of the W&I Code effective March 1, 2000. These rules will change to allow applicants and recipients for both Section 1931(b) and the AFDC-MN program to work over 100 hours if the total net non-exempt earned income of the family is not more than 100 percent of the federal poverty level (FPL).

2. Pregnant Woman in Her Last Trimester

A pregnant woman who has no other eligible children (but the unborn who when born would be deprived) may not be aided under the Section 1931(b) program until her last trimester. If the father of the unborn is living in the home, he may not be aided under this program until the baby is born and the baby is deprived. The father can be aided under the Medically Needy (MN) program because he has linkage. The father's income is counted in the Section 1931(b) Medi-Cal Family Budget Unit (MFBU) of the pregnant woman and the unborn even though he is an ineligible member of that MFBU until the child is born. The unborn may be counted in the maintenance need prior to the last trimester if there are other deprived children. If the parents are not married and the pregnant woman is ineligible for Section 1931(b) due to excess income or property, Sneed rules apply. Continuous eligibility rules apply to both the pregnant woman and the infant up to age one.

3. The Definition of a Child

Under Section 1931(b), children are only covered up to their eighteenth birthday except that children up to age 19 may be covered if they are attending school as discussed in the next sentence. As in the former AFDC program, a child 18 years of age is eligible only if he/she is enrolled as a full-time student (as defined by the school) in high school, or if he/she has not completed high school, is in a vocational or technical training program which cannot result in a college degree, provided he/she can reasonably be expected to complete either program before reaching age 19.

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4. Deprived Child With No Share of Cost

To be eligible for Section 1931(b), there must be at least one deprived child in the family who is eligible for no cost Medi-Cal in either the 1931(b), MN, MI, or the Percent programs. If the only eligible child has a share of cost (SOC), the parent is not eligible for Section 1931(b).

5. Essential Stepparent

A stepparent may be aided as an "essential person" in the Section 1931(b) program which is similar to rules under the former AFDC and the current California Work Opportunity and Responsibility to Kids (CalWORKs) program regardless of whether he/she has deprived children or non deprived mutual children of his or her own. His linkage may be based only on the fact he/she is a spouse of a parent whom has a separate child deprived by an absent parent. The MN program only allows a stepparent to be linked if he/she is a spouse of a parent who has a separate child could deprived by that parents' incapacity. However, regardless of whether or not the stepparent wishes to be aided under Section 1931(b) he is included in the budget unit as an eligible or ineligible person depending on his/her choice. The exception would be when only the separate children of the spouse wish to be aided. He would not be in the budget unit; however, his wife would deem some of her income to him and any mutual children. This is also similar to the MN program.

6. Adult Parent, Minor Child, and Caretaker Relative Living in the Home

The CalWORKs program will allow an otherwise eligible adult parent, his/her minor child, and a caretaker to all be aided when they reside in the same home. The parent is still financially responsible even if the caretaker has care and control. Therefore, we will follow those rules for the Section 1931(b) program. However, the MN program (Section 50085 of the California Code of Regulations) does not aid a caretaker relative if there is an adult parent and his/her minor child in the home.

NOTE: Persons who are not eligible for CalWORKs such as those who are GAIN sanctioned, fleeing felons and aliens without satisfactory immigration status are eligible for Section 1931(b) without a separate determination, if other family members remain eligible for CalWORKs. The only exception to this would be a non-needy caretaker relative whose income is not considered by CalWORKs.

□ MFBU COMPOSITION

The (Medi-Cal Family Budget Unit) MFBU, including unborns, for Section 1931(b) shall be the basic unit for persons considered in determining an individual's or family's eligibility and share of cost. Note: Sneede is applicable to the Section 1931(b) determination.

A family (or an individual, if Sneede applies) must pass both the property and income tests specified below in order to meet the financial eligibility requirements of Section 1931(b).

More information about MFBU composition for Section 1931(b) will be provided in Section 8G.

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◆ INCOME

A family's countable income must be less than the Section 1931(b) income limit for that size family in order for the family to be income eligible for the Section 1931(b) program. A family cannot become eligible for Section 1931(b) by meeting their share of cost since Section 1931(b) has no share of cost process. A family's countable income is determined by subtracting certain income exclusions from the family's gross income. If the family is not income eligible for Section 1931(b), they should be evaluated for the AFDC-MN program or any other Medi-Cal program for which they may be eligible.

To meet federal and state law requirements, the Section 1931(b) program must provide income eligibility for a family or individual who would meet either the income eligibility criteria of the CalWORKs program or the former AFDC program. While most of the income rules for the CalWORKs program are unchanged from those of the former AFDC program, there are instances where CalWORKs rules have changed or are dissimilar from a corresponding AFDC rule. In these instances, the Section 1931(b) program adopts the more liberal of the two corresponding rules. Except for these changes, the computation of net nonexempt income for the Section 1931(b) program is very similar to AFDC and the Medi-Cal AFDC-MN program computations of net nonexempt income. More information on income will be provided in future procedures under Income. Counties should review the appropriate All County Welfare Director's Letters (ACWDLs).

◆ PROPERTY

PRWORA requires that the property methodologies of the Section 1931(b) program be no more restrictive than the rules of the former AFDC program as in effect July 16, 1996. State law requires that the Section 1931(b) regulations be expanded to ensure that all CalWORKs recipients are eligible for Medi-Cal under Section 1931(b). The CalWORKs program is using the Food Stamps property rules for personal property, motor vehicles and property limits, but is using the rules of the former AFDC program for real property. Generally, personal property shall be determined, defined, counted, and valued in accordance with the Food Stamps rules while real property shall be determined, defined, counted and valued in accordance with the July 16, 1996 AFDC rules.

The property limits are based on those in CalWORKs, i.e., the Food Stamps limits since they are higher than the limit in the July 16, 1996 AFDC program. The property limit is \$3,000 for MFBUs of one. For all other family sizes, the Medically Needy resource limits are used. More information about property rules may be reviewed in ACWDLs on this subject and future procedures under Property.

Note: A family which is not eligible for the Section 1931(b) program only because it had excess income or property should be evaluated for eligibility for the MN program which, for some families, has less restrictive financial eligibility requirements.

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CalWORKs looks at the entire family's income and resources in terms of evaluating a child's continued eligibility for CalWORKs. If a child is eligible for CalWORKs, but the parents are not aided for a non-financial reason such as time limits, then the parents still meet the Section 1931(b) requirements which do not impose time-limit requirements. This means the parents can be put into Section 1931(b) aid codes (as described below) without a separate Medi-Cal-Only determination. Counties may find it easier to allow CalWORKs workers to put parents into Section 1931(b) without a separate Medi-Cal determination or a separate Medi-Cal case.

E. AID CODES FOR THE SECTION 1931(b) PROGRAM

Aid Code 3N: [(1931(b).] Individuals who are not CalWORKs recipients but who meet the Section 1931(b) requirements will be identified on Medi-Cal Eligibility Data System (MEDS) under the new Aid Code 3N which will provide full-scope benefits with no share of cost (SOC).

Aid Code 3V: (1931(b)-Only - Restricted). Not Qualified Aliens who are not CalWORKs recipients but who meet the Section 1931(b) requirements will be identified on MEDS under the new Aid Code 3V which will provide benefits restricted to pregnancy-only and emergency services with no SOC.

These two new aid codes will not roll into Edwards (Aid Code 38) when terminated.

F. SNEEDE REQUIREMENTS

The requirements of the Sneede lawsuit apply to the Section 1931(b) determination. That is, there is a mandatory exception to using the modified July 16, 1996 AFDC methodology. This exception relates to the Medi-Cal Sneede lawsuit which limits financial responsibility to a spouse for a spouse or a parent for a child. Such prohibitions did not exist in the AFDC program, but the Health Care Financing Administration indicated that Sneede must apply to the Section 1931(b) program as it does for all other Medi-Cal programs.

This means that if a family is determined ineligible for Section 1931(b) rules because of excess property or failure to meet the MBSAC income test, Sneede provisions apply if there is a Sneede class member.

Generally, the same Sneede methodology used in the regular Medi-Cal program is followed under Section 1931(b) except for the following:

Income exceptions: Under regular Sneede, deductions for the aged, blind, and disabled are applicable. These deductions are not permitted in the Section 1931(b) Sneede determination. Under regular Sneede, the SOC is based on the Maintenance Need Income Level (MNIL) (or prorated amount), and a parental needs amount of \$600 (which relates to the MNIL for one) is allowed for the parent before the parent allocates to others for whom that parent is responsible. Under Section 1931(b) Sneede, income eligibility is based on the MBSAC (or its prorated amount) and the parent is allowed a \$389 parental needs deduction as of July 1, 1999 (which relates to the MBSAC for one as specified in the AFDC Title IV-A State Plan in effect on July 16, 1996) before allocating to others. This amount changes based on the CalWORKs income limit.

Note: The \$240 deduction and the "½" earned income deduction is not applied to applicants; however, under Sneede, each recipients may receive these deductions if applicable, which is similar to regular Sneede rules described in Section 8F of the Medi-Cal Eligibility Procedures Manual. As of March 1, 2000, recipients will have a choice between the \$240 and ½ and the current 1931(b) income limit or \$90 and an income limit of 100 percent of the FPL. Applicant income limits will be raised to 100% of the FPL.

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Property exception: Under regular Sneede, property eligibility is based on the property limits under the regular Medi-Cal program (or a prorated amount). These property limits increase according to family size. Because Sneede does not apply to MFBUs with only one person, the property limits under Section 1931(b) Sneede are the same as under regular Sneede.

G. TRANSITIONAL MEDI-CAL (TMC) PROGRAM

Previously, TMC only applied to certain persons terminated from AFDC for employment related reasons. PRWORA now provides TMC to recipients of the Section 1931(b) program who are discontinued for the same reasons as before. To be eligible for the TMC program the individual must: (1) have been eligible for the CalWORKs program or Section 1931(b) program in three of the six months preceding the month of discontinuance and (2) have lost CalWORKs or Section 1931(b) program eligibility for increased earnings from employment. While PRWORA includes loss of a time-limited earned income disregard or hours of employment as employment related reasons, there are no time-limited earned income disregards that apply to California's Section 1931(b) program, nor does the 100-hour rule apply to Section 1931(b) recipients. Therefore, these two reasons are not applicable. Persons who have been terminated from CalWORKs must be first evaluated for Section 1931(b) before placing them into the TMC program. If they are eligible for Section 1931(b), they remain in that program until their earnings causes them to be ineligible. The family should then be determined if eligibility exists under TMC. See Section 5B in Medi-Cal Procedures for more information.

H. FOUR-MONTH CONTINUING (AID CODE 54)

Four-month Continuing Medi-Cal applies to Section 1931(b) recipients as well as CalWORKs if they are terminated due to the collection or increased collection of child or spousal support payments. See Section 5B in Medi-Cal Procedures for more information.

I. NOTICES OF ACTION

If a family is determined eligible for the Section 1931(b) program, counties may use the same approval notice used for approval of Medically Needy zero SOC Medi-Cal.

J. DETERMINING CARE AND CONTROL BY THE CARETAKER RELATIVE

The caretaker relative may be any relation by blood, marriage, or adoption who is within the fifth degree of kinship to the dependent child. This description is used for both Medi-Cal and CalWORKs. The county may wish to review ACWDL 94-66 to establish whether or not the caretaker is a relative. We have enclosed page 919 from the Department of Social Services Manual which may be helpful when determining relatedness.

Verification includes most types of legal documents, as well as records from church, insurance policies, school, medical, or social services agencies.

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The following factors may be considered when determining whether the caretaker has care and control when the child is living in the home with a caretaker relative:

- Deciding where the child attends school or child care.
- Dealing with the school on educational decisions and problems.
- Controlling participation in extracurricular and recreational activities.
- Arranging medical and dental care services
- Claiming the child as a tax dependent
- Purchasing and maintaining the child's clothing.

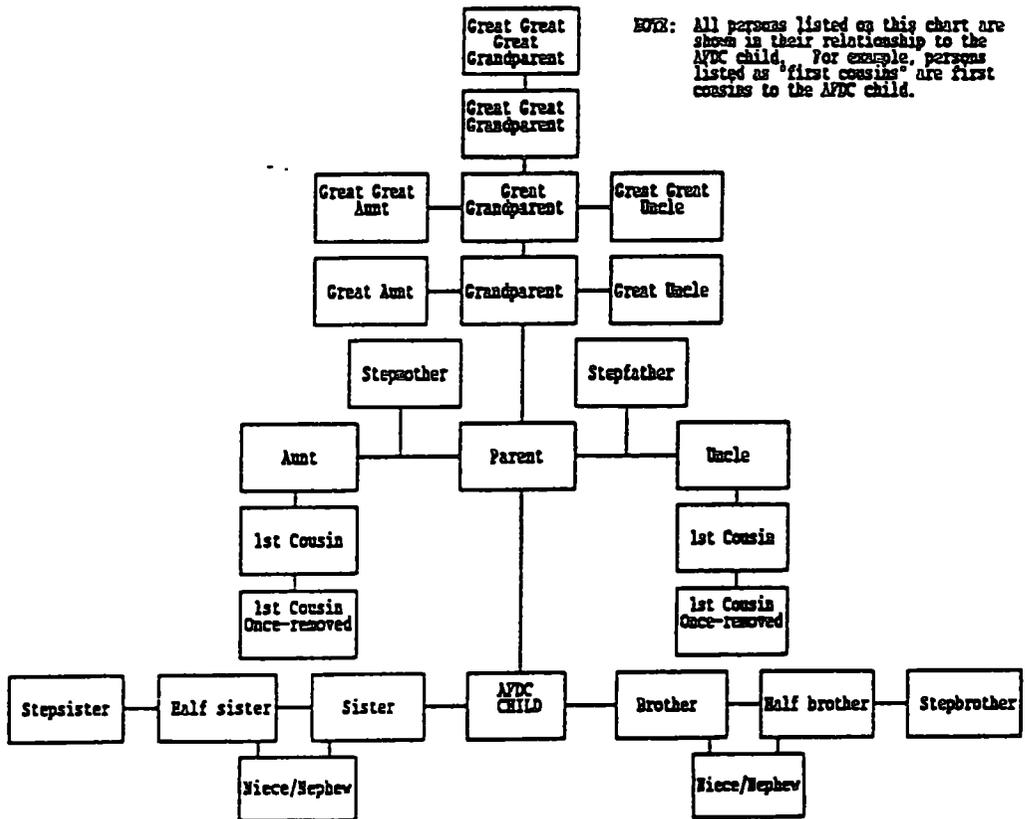
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**ELIGIBILITY AND ASSISTANCE STANDARDS
Regulations CHART FOR DETERMINING RELATEDNESS OF CARETAKER RELATIVES**

APPENDIX A

HANDBOOK BEGINS HERE

CHART FOR DETERMINING RELATEDNESS OF CARETAKER RELATIVES

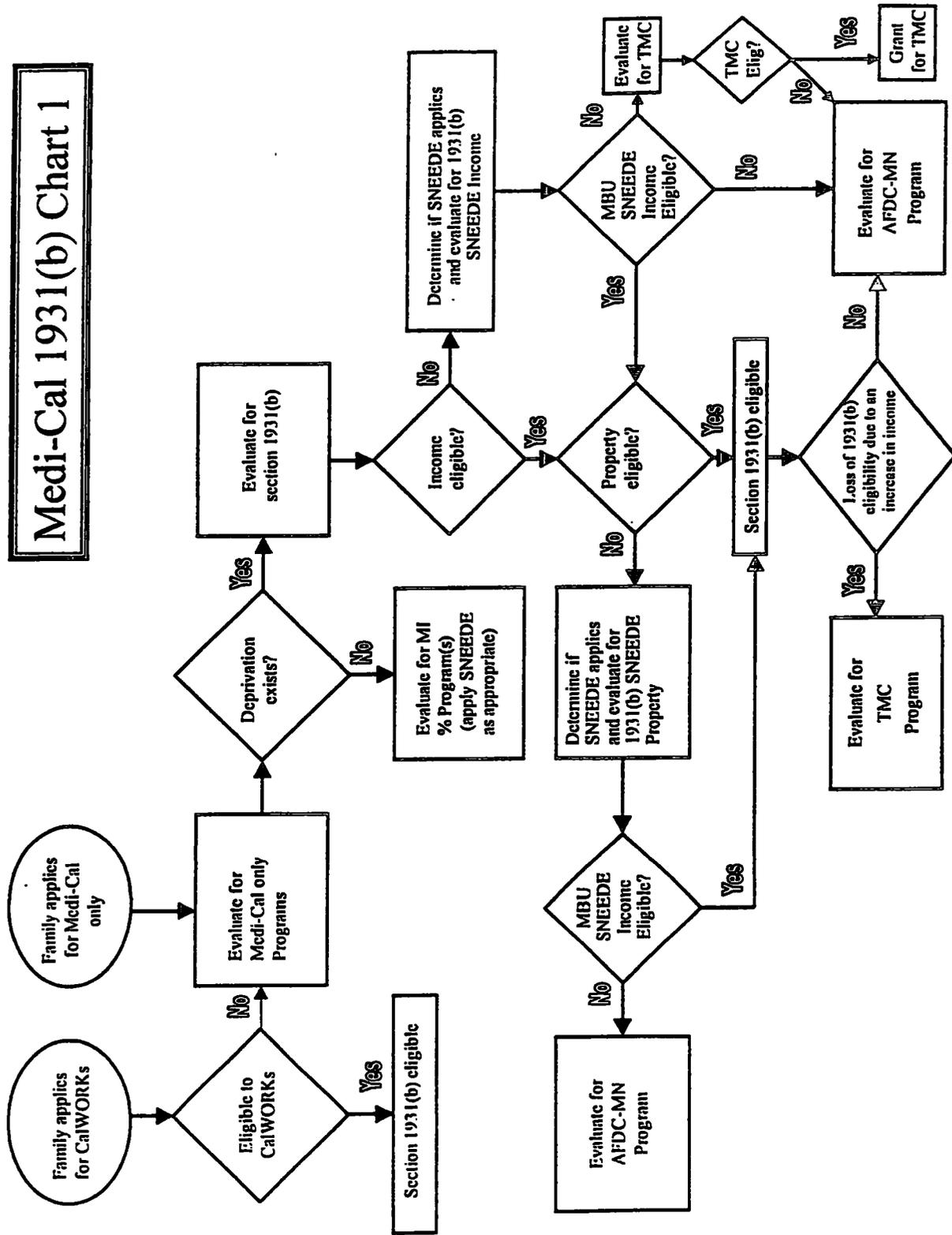


- 1) The caretaker relative also includes the spouse or former spouse of the relatives listed above.
- 2) The caretaker relative also includes the adoptive parents and their relatives as listed above.

HANDBOOK ENDS HERE

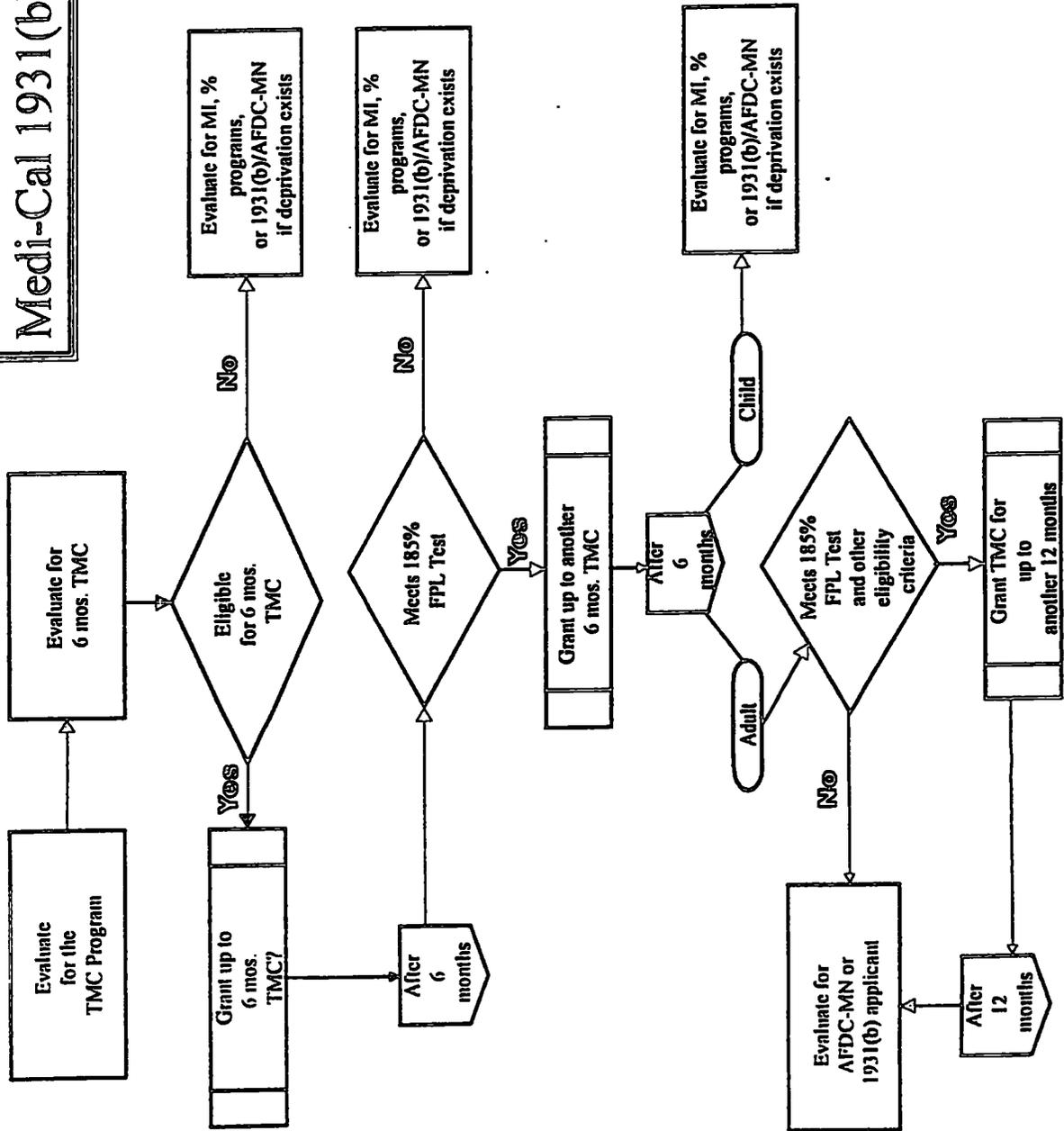
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Medi-Cal 1931(b) Chart 1



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Medi-Cal 1931(b) Chart 2



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Medi-Cal 1931(b) Chart 3

