

DEPARTMENT OF HEALTH SERVICES

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September 28, 2001

MEDI-CAL ELIGIBILITY PROCEDURES MANUAL LETTER NO.: 250

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

5C DEPRIVATION – LINKAGE TO THE AID TO FAMILIES WITH DEPENDENT CHILDREN AND SECTION 1931(b) PROGRAM

Enclosed are changes and corrections to pages 13 and 14 of Article 5C of the Medi-Cal Eligibility Procedures Manual.

Page 13 is changed to reflect that effective May 1, 2001, the net non-exempt earned income of children living in the home will no longer be counted when determining unemployment deprivation if the principal wage earner is working 100 hours or more.

Page 14 is corrected to clarify that when determining the earned income deductions for the Unemployed Parent Determination Test, counties should use the same earned income deductions that are allowed in the applicable program, e.g., \$65 and ½ for the aged, blind, or disabled in the Medically Needy (MN) program or \$90 for the Section 1931(b) or the Aid to Families with Dependent Children (AFDC)-MN program.

The above changes are marked with a black line in the right margins.

The Unemployed Parent Determination Worksheet (MC 337) will be revised to delete the net non-exempt earned income of children and include other earned income deductions of the parents or spouse of a parent, including those for the aged, blind, or disabled in the Medically Needy program. Counties will receive a revised camera-ready copy when it is available.

Filing Instructions:**Remove Pages:**

Article 5
Pages 5C-13 and 5C-14

Insert Pages:

Article 5
Pages 5C-13 and 5C- 14



All Holders of the Medi-Cal Eligibility Procedures Manual
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If you have any questions, please contact Ms. Margie Buzdas, of my staff at (916) 657-0727.

Sincerely,

Original signed by

**Shar Schroepfer, 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) Assembly Bill 1107, Chapter 146, Statutes of 1999 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 on March 1, 2000. 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 parent's spouse who are the living in the home and in the MFBU will be counted in determining the U-parent income test. The earned

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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 has not chosen to be aided, his/her earned income is not counted nor is he/she included in the family size when determining the 100 percent limit. Children 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 in applicable program, e.g., Section 1931(b) applicants are allowed the \$90 work related expenses earned income disregard but not deductions which are solely applicable to the aged, blind, or disabled (ABD). MN families are allowed the \$90 or the \$65 + ½ rather than the \$90 and other ABD deductions if there is an ABD family member with earned income.

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 + ½ 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.