STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY GEORGE DEUKMEJIAN, Governor

DEPARTMENT OF HEALTH SERVICES
714/744 P STREET
SACRAMENTO, CA 95814

July 8, 1987

TO: All County Welfare Directors
All County Administrative Officers

Letter No.: 87-37

SUBJECT: TAXES WITHHELD FROM UNEARNED INCOME

Reference: All County Welfare Directors Letter No. 83-60

This is to advise you that the instructions contained in ACWD Letter No. 83-60 regarding the unavailability of amounts of unearned income withheld monthly or paid in lump sums for federal or state income tax are hereby rescinded. As a result of a recent federal quality control difference finding over this issue we have re-examined our policy and find no basis in State law or regulations for continuing to consider such amounts unavailable.

Effective immediately at Intake, shares of cost must be determined using the gross amount of monthly unearned income rather than the net amount after taxes have been deducted. For continuing cases, we do not expect you to perform a caseload search to identify and change affected cases. However on a case-by-case basis, when a specific case must be handled for another reason (for example the beneficiary reports a change in income or the annual redetermination is being completed), the case must be evaluated and the share of cost recalculated, if appropriate, in accordance with the policy expressed in this letter.

Income tax refunds will continue to be evaluated as property in the month of receipt pursuant to Title 22, California Administrative Code, Section 50454.

If you have any questions regarding this letter, please contact Ruthell Ussery at (916) 322-6238.

Sincerely,

Original signed by

Frank S. Martucci, Chief
Medi-Cal Eligibility Branch

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants

Expiration Date: July 1, 1988