STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY

GRAY DAVIS, Governor

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October 14, 1999

TO: All County Welfare Directors
All County Administrative Officers
All County Medi-Cal Program Specialists/Liaisons
All County Outstationed Eligibility Workers Coordinators
All County Public Health Directors
All County Mental Health Directors

Letter No.: 99-54

CHANGES IN THE DEFINITION OF UNEMPLOYED PARENT AND THE INCOME LIMIT FOR SECTION 1931(b)

Background

Assembly Bill (AB) 1107, Chapter 146, Statutes of 1999, expands the definition of the unemployed parent for purposes of establishing eligibility based upon deprivation of a child. Currently, if the principal wage earner (PWE) works less than 100 hours per month, based upon the Aid to Families with Dependent Children (AFDC) rules in effect July 16, 1996, or is considered unemployed under the terms of an existing federal waiver of the 100-hour rule for recipients of the 1931(b) Medi-Cal program, then deprivation exists for purposes of the child's eligibility. AB 1107 expands the definition of unemployment to include families with a total net nonexempt earned income of not more than 100 percent of the federal poverty level (FPL) as most recently calculated by the Federal Government. In addition, Senate Bill (SB) 708, chaptered on July 22, 1999, raises the income limits for the Section 1931(b) program to 100 percent of the FPL.

These changes will allow families with a higher income to qualify for Section 1931(b) and will expand the Section 1931(b)-only program by allowing low-income applicants and recipients with children to work over 100 hours, thereby providing Medi-Cal linkage to low-income employed applicant and recipient two-parent households who were previously only eligible for county medical services.

The effective date for both changes is March 1, 2000.

Unemployed Parent

Title 22, California Code of Regulations (CCR), Section 50215 will be amended to allow the PWE to work over 100 hours if the family's net nonexempt earned income is not more than 100 percent of the FPL. Earned income is defined under the Aid to Families with Dependent Children-Medically Needy (AFDC-MN) Medi-Cal rules and is not limited to earnings from employment as it is in the Transitional Medi-Cal (TMC) program.

Applicants and recipients who are determined to be the PWE for either the Medically Needy or the Section 1931(b) program are allowed to work over 100 hours if they meet this new income limit. Previously, only Section 1931(b) recipients were allowed to work over 100 hours if the family income was below the Section 1931(b) limit.

Enclosed is a draft of the regulation changes to Section 50215 which will implement these provisions. Other changes to this regulation are being made based on the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 (Public Law 104-93) which no longer requires a 30-day waiting period of eligibility or that there be a connection to the labor force. These PRWORA changes were described in ACWDL Nos. 97-17, 97-26, and 97-37 and are already in effect.

Income Changes For 1931(b)

Recently enacted state legislation will require some modification to the income eligibility computation for the Section 1931 program. Senate Bill 708 amended Section 14005.30 of the Welfare and Institutions Code. This letter provides a brief summary of the forthcoming changes in determining income eligibility for the Section 1931 program.

Applicant Income Eligibility Computations: Beginning March 1, 2000, the Section 1931(b) income limit applicable to applicants will be raised to 100 percent of the federal poverty level. No other changes are required to the income eligibility determination for Section 1931 (b) applicants.

Recipient Income Eligibility Computations: Beginning March 1, 2000, recipients of the Section 1931(b) program will have their income eligibility determined under the more advantageous of two alternative methods as follows:

Alternative Method No. 1: Under the first method, counties will use the current Section 1931(b) income computation procedures without any changes. Counties will deduct from the recipients' gross income the Section 1931(b) income exclusions applicable to recipients and then compare the resulting net nonexempt income to the current Section 1931 (b) income limit (equal to the California Work and Opportunity and Responsibility to Kids [CalWORKs] Region 1 Minimum Basic Standard of Adequate Care [MBSAC] for exempt persons).

Alternative Method No. 2: Under the second method, counties will deduct from the recipients' gross income the Section 1931 income exclusions applicable to recipients with one change: the recipient will receive the $90 work expense deduction (currently given to applicants) but will not receive the $240 and one-half deduction currently applicable to recipients. The recipient will then be eligible if his/her resulting net nonexempt income is less than (100 percent of) the federal poverty level. Under this alternative, the applicable Section 1931(b) income limit is the federal poverty level.

The Department of Health Services anticipates that the first alternative (status quo) will be more advantageous to a recipient when the amount deducted as a result of the application of the $240 and one-half deduction to his/her income exceeds the amount equal to the sum obtained from adding the applicable $90 work expense deduction to the difference between the applicable federal poverty level and the "current" Section 1931(b) income limit (equal to the Region 1 MBSAC for exempt individuals).

Counties should begin to prepare for implementation of these changes at this time. Procedures, changes to forms, and requirements for implementation will be provided to counties in a forthcoming ACWDL.

For questions on the unemployed parent, please contact Margie Buzdas at (916) 657-0726 or Erin Lynch at (916) 654-5769. For questions about the 1931(b) income limit, please contact Dave Rappolee at (916) 657-0163.

Sincerely,

ORIGINAL SIGNED BY

ANGELINE MRVA, Chief
Medi-Cal Eligibility Branch

Enclosure

§50215. Deprivation-Unemployed Parent.

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(a) Deprivation of parental support or care exists if a parent with whom the ~~the~~ child lives is any of the following as limited by (b), (c) and (d):

(1) Not working.

(2) Working less than 100 hours a month.

(3) Employed on an intermittent basis more than 100 hours per month and the hours in excess of 100 hours are of a temporary nature. Temporary nature is shown if the parent was under the 100 hour standard for the two prior calendar months and is expected to be under the standard during the next month.

~~(4) Unemployed and has been accepted for or is participating in an education or training program essential to future self-support which is all of the following:~~

~~(A) Directed toward a specific occupation and will qualify the unemployed person for an occupation in demand in the local area.~~

~~(B) A program which will be completed by the unemployed person within a maximum of two years.~~

~~(C) Not a program which involves post baccalaureate work.~~

(4) The total net nonexempt earned income for the family is not more than 100 percent of the federal poverty level.

(b) For deprivation due to unemployment to exist, the unemployed parent must meet all of the following conditions:

(1) Is the principal wage earner as determined in accordance with (c).

~~(2) Has not been employed, or has worked less than 100 hours, in the last 30 days.~~

(2) Meets one of the conditions in (a).

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~~2. The person performed work not covered by Unemployment Compensation Law, and the coverage of such work, if combined with any covered work, would create eligibility to receive unemployment compensation upon filing an application.~~

~~(8) Is not unemployed throughout the month as a result of participation in a labor dispute.~~

(c) The principal wage earner is the parent who has earned the greater amount of income in the 24-month period immediately preceding either of the following:

(1) The month of application, reapplication or restoration.

(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.

(d) The following persons shall be linked to AFDC on the basis of this deprivation factor:

(1) The children of the unemployed parent.

(2) The unemployed parent.

(3) The second parent of the children whose basis of deprivation is unemployed parent.

NOTE: Authority cited: Sections 10725 and 14124.5, Welfare and Institutions Code.
Reference: Sections 14005.4, 14005.7, Section 14008.5, and 14051, Welfare and Institutions Code., Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193.

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~~(3) Is available for and actively seeking employment.~~

~~(4) Has not, without good cause, within the last 30 days either:~~

~~(A) Quit a job or employment related training.~~

~~(B) Refused a bona fide offer of employment or employment related training.~~

~~(5) Possesses, or has applied for, a Social Security number.~~

~~(6) Has not refused to apply for and accept any unemployment insurance benefits (UIB) to which he is entitled.~~

~~(7) Has established a connection with the labor force in either of the following ways:~~

~~(A) By meeting one of the following requirements in 6 calendar quarters within any 13 calendar quarter period ending within the year prior to the month of application for Medi-Cal:~~

~~1. Earns a gross income of at least $50 during the quarter.~~

~~2. Participated for at least five days during the quarter in any activity administered under any of the following:~~

~~a. The Work Incentive (WIN) program.~~

~~b. The Work Incentive Demonstration Program (WIN Demo).~~

~~c. The Community Work Experience Program (CWEP).~~

~~d. The Greater Avenues for Independence (GAIN) Program.~~

~~3. A combination of 1. and 2.~~

~~(B) By having received, or having been eligible to receive, UIB within the year prior to the month of application. A person is eligible to receive UIB if either of the following conditions is met:~~

~~1. The person would have been eligible to receive unemployment compensation upon filing an application.~~