



State of California—Health and Human Services Agency  
Department of Health Care Services



DATE: May 4, 2021

Medi-Cal Eligibility Division Information Letter No.: 21-07

TO: ALL COUNTY WELFARE DIRECTORS  
ALL COUNTY WELFARE ADMINISTRATIVE OFFICERS  
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS  
ALL COUNTY HEALTH EXECUTIVES  
ALL COUNTY MENTAL HEALTH DIRECTORS  
ALL COUNTY CONSORTIA MANAGERS  
ALL COUNTY MEDS LIAISONS

SUBJECT: UPDATED BUDGET STEPS WORKSHEET FOR HCBS SPOUSAL  
IMPOVERISHMENT EVALUATIONS

(References: All County Welfare Directors Letters [17-25](#) and [18-19](#))

The purpose of this letter is to provide counties with the updated budget steps worksheet for completing Spousal Impoverishment (SI) evaluations for those who request In-Home Support Services (IHSS), Home and Community Based Services (HCBS) applicants and beneficiaries who are HCBS Spouses at annual redetermination or change in circumstance. The updated budget steps worksheet is attached to this letter.

Updates have been made to “Step 2—Determine HCBS Spouse’s Eligibility for ABD FPL” of the budget steps worksheet to reflect the changes in the Aged, Blind, and Disabled Federal Poverty Level (ABD FPL) program, effective December 1, 2020. The following changes are outlined below:

- Change in the income limit from 100 percent of the FPL to 138 percent of the FPL.
- Removal of the standard income disregard of \$230 for an individual and \$310 for a couple.
- Removal of the “Pre Buy-In and Post Buy-In” columns in the “Enter Medicare Premiums and OHC costs” section (Line 16) of the worksheet, because of the Medicare Part B Premium Disregard, which allows individuals in the ABD FPL program to deduct the amount of the individual’s Medicare Part B premium regardless of who pays.

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Please note: For any HCBS Spousal Impoverishment evaluations prior to December 1, 2020, please use the budget steps worksheet provided in ACWDL 18-19.

As a reminder, counties are required to apply the Spousal Impoverishment provisions at the time of application for any individuals who request to participate in HCBS waivers or programs, including IHSS, and upon receipt of a doctor's verification or a completed needs assessment. CEWs are responsible for properly identifying cases that should have the Spousal Impoverishment provisions applied. Please see ACWDLs 17-25 and 18-19 for detailed instructions regarding the application of the Spousal Impoverishment provisions.

If you have any questions or if we can provide further information, please contact:

- Daniela Gutierrez at (916) 345-8501 or by e-mail at [Daniela.Gutierrez@dhcs.ca.gov](mailto:Daniela.Gutierrez@dhcs.ca.gov).
- Meuy Saeteune at (916)345-8064 or by email at [Meuy.Saeteune@dhcs.ca.gov](mailto:Meuy.Saeteune@dhcs.ca.gov).

Original Signed By

Theresa Hasbrouck, Acting Chief  
Policy Development Branch  
Medi-Cal Eligibility Division

Enclosure

**Case Name:****Case Number:****Current Date:****Month of Eligibility:**

# Budget Steps for HCBS Spousal Impoverishment

## **For Spousal Impoverishment Evaluations effective December 1, 2020 or after**

Effective December 1, 2020 the income limit for the Aged, Blind, and Disabled Federal Poverty Level (ABD FPL) program increased from 100% to 138% of the FPL. The standard income disregard of \$230 for an individual and \$310 for a couple will no longer be allowed in the ABD FPL program.

Effective December 1, 2020 Medicare premiums of the HCBS spouse in the ABD FPL program become an on-going Medicare exemption, equal to the amount of the Medicare premium, that starts in the month in which Buy-In is expected to occur.

### **STEP 1 – DETERMINE POTENTIAL SPOUSAL INCOME ALLOCATION**

<b>Potential Spousal Income Allocation</b>		<b>Community Spouse</b>
	<b>Gross Nonexempt Income</b>	
1	RSDI (Social Security Title II)	
2	Net Income from Rental Property (22 CCR Section 50508)	
3	In-Kind Income (22 CCR 50511)	
4	Other Nonexempt Unearned Income (identify)	
5	Other Nonexempt Unearned Income (identify)	
6	Gross Nonexempt Earned Income (includes Net Income from Self-Employment 22 CCR Section 50505)	
7	<b>Subtotal Gross Nonexempt Income</b> - Add Lines 1 through 6 and enter the result here.	
8	Enter Medicare Premiums and OHC Costs paid by the Community Spouse	—
9	<b>Total Gross Nonexempt Income</b> - Subtract Line 8 from Line 7 and enter the result here.	
10	Enter the MMMNA Standard Amount	
11	Enter Total Gross Nonexempt Income from Line 9	—
12	<p><b>Amount of Potential Spousal Income Allocation</b> - Subtract Line 11 from Line 10 and enter the result here. This amount may be lowered if the spouses want a lower amount allocated to the community spouse to, for example, preserve eligibility for the community spouse.</p> <ul style="list-style-type: none"> <li>• If result is = 0 or &lt; 0, then there is no potential spousal income allocation, unless... (see note below).</li> <li>• If the result is &gt; 0, then the result is the spousal income allocation, unless... (see note below).</li> </ul> <p>NOTE: If a fair hearing or a court order for support has established a greater spousal income allocation or a spousal support amount, then the ordered amount shall be deducted from the HCBS spouse's income.</p>	

Case Name:

Case Number:

Current Date:

Month of Eligibility:

**STEP 2 – DETERMINE HCBS SPOUSE’S ELIGIBILITY FOR ABD FPL**

ABD FPL Eligibility		HCBS Spouse
	<b>Gross Unearned Nonexempt Income</b>	
1	Gross RSDI (Social Security Title II)	
2	Net Income from Rental Property (22 CCR Section 50508)	
3	In-Kind Income (22 CCR 50511)	
4	Other Gross Nonexempt Unearned Income (identify)	
5	Other Gross Nonexempt Unearned Income (identify)	
6	<b>Total Gross Nonexempt Unearned Income</b> - Add Lines 1 through 5 and enter the result here.	
7	Enter Any Income Deduction (\$20)	–
8	<b>Countable Unearned Income</b> - Subtract Line 7 from Line 6 and enter the result here.	
	<b>Earned Nonexempt Income</b>	
9	<b>Enter Gross Nonexempt Earned Income</b> (includes Net Income from Self-Employment 22 CCR Section 50505)	
10	Enter Unused \$20 Any Income Deduction	–
11	Enter Earned Income Deduction (\$65)	–
12	<b>Remaining Earned Income</b> - Subtract Line 10 and 11 from Line 9 and enter result here.	
13	Divide Remaining Earned Income by 2 and enter result here	–
14	<b>Countable Earned Income</b> - Subtract Line 13 from Line 12 and enter result here.	
15	<b>Total Countable Unearned and Earned Income</b> - Add Line 8 and Line 14 and enter the result here.	
16	Enter Medicare Premiums and OHC costs (For ABD FPL - The Medicare Part B Premium Disregard will continue even after the State begins paying the Part B premium.)	–
17	Income used to determine PA eligibility	–
18	Other deductions, if any (for example, Board & Care Deduction (See Title 22, CCR, Section 50515(a)(3) and ACWDL 00-56).	–
19	If a fair hearing order or a court order for support sets a spousal income allocation that is greater than the spousal income allocation calculated in Step 1, enter that amount here. If not, enter 0.	–
20	<b>Net Nonexempt Income</b> Subtract Lines 16 through 19 from Line 15. Round 49 cents or less down to the next whole dollar, round 50 cents or more up to the next whole dollar. Enter result here.	
21	Enter 138% FPL for one person	–

Case Name:

Case Number:

Current Date:

Month of Eligibility:

ABD FPL Eligibility		HCBS Spouse
Earned Nonexempt Income [continued]		
22	Subtract Line 21 from Line 20 and enter the result here. <ul style="list-style-type: none"> <li>If result is = 0 or &lt; 0, then the HCBS spouse is eligible. If there was no amount entered in Line 19 above as set by fair hearing or court order, there is nothing available to allocate.</li> <li>If result is &gt; 0 and there was no amount entered in Line 19 above as set by fair hearing or court order, then the result is <b>Excess Income</b>. Proceed to Line 23.</li> <li>If the result is &gt; 0 and there was an amount entered in Line 19 above as set by fair hearing or court order, then the result is <b>Excess Income</b>. Proceed to and enter the result in Line 24.</li> </ul>	<input type="checkbox"/> Eligible
23	Enter the amount of the potential spousal income allocation calculated in Step 1 here	–
24	<b>Excess Income</b> - Subtract Line 23 from Line 22 and enter the result here, unless entering Excess Income directly from Line 22. <ul style="list-style-type: none"> <li>If result is = 0 or &lt; 0, then HCBS spouse is eligible.</li> <li>If the result is &gt;0 and there are:               <ul style="list-style-type: none"> <li>No dependent family members residing with the community spouse, proceed to Step 3.</li> <li>Dependent family members residing with the community spouse, proceed to Line 25.</li> </ul> </li> </ul>	<input type="checkbox"/> Eligible
25	Enter Family Member Base Allocation	
26	Enter the number of dependent family members residing with the community spouse	X
27	Multiply Line 25 by Line 26 and enter the result here	
28	Enter Total Gross Nonexempt Earned and Unearned Income of all dependent family members identified in Line 26.	–
29	<b>Potential Family Member Allocation</b> – Subtract Line 28 from Line 27 and enter the result here	
30	Enter <b>Excess Income</b> from Line 24	
31	Enter potential family member allocation from Line 29	–

**Case Name:**

**Case Number:**

**Current Date:**

**Month of Eligibility:**

	<b>ABD FPL Eligibility</b>	<b>HCBS Spouse</b>
32	<p>Remainder - Subtract Line 31 from Line 30. Round 49 cents or less down to the next whole dollar, round 50 cents or more up to the next whole dollar. Enter result here.</p> <ul style="list-style-type: none"><li>• If the remainder is = 0 or &lt; 0, then the HCBS spouse is eligible. The Excess Income from Line 24 equals the <b>Total Family Member Allocation</b>. The spouses will need to decide how to divide the family member allocation between any family members who also apply.</li><li>• If the remainder is &gt; 0, then go to Step 3.</li></ul>	<input type="checkbox"/> Eligible

Case Name:

Case Number:

Current Date:

Month of Eligibility:

**Step 3 – DETERMINE HCBS SPOUSE'S ELIGIBILITY FOR 250% Working Disabled Program****Complete only if the HCBS spouse is working. If not working, move to Step 4.**

250% Working Disabled Program Eligibility		HCBS Spouse
1	Enter <b>Total Gross Nonexempt Unearned Income</b> from Step 2, Line 6	
2	Enter Gross Disability Income (this includes SSDI and Title II Retirement Income that used to be SSDI)	—
3	Enter Any Income Deduction \$20	—
4	<b>Countable Unearned Income</b> - Subtract Lines 2 and 3 from Line 1 and enter the result here.	
5	Enter <b>Gross Nonexempt Earned Income</b> from Step 2, Line 9	
6	Enter Unused \$20 Any Income Deduction	—
7	Enter Impairment-Related Work Expenses (IRWEs)	—
8	Enter Earned Income Deduction (\$65)	—
9	Remainder - Subtract Lines 6, 7 and 8 from Line 5 and enter result here.	
10	Divide Remainder by 2 - Divide Line 9 by 2 enter result here.	—
11	<b>Countable Earned Income</b> - Subtract Line 10 from Line 9 and enter result here.	
12	<b>Subtotal Countable Earned and Unearned Income</b> - Add Line 4 and Line 11 and enter result.	
13a	Other deductions, if any (identify)	—
13b	Other deduction, if any (identify)	—
14	<b>Total Countable Earned and Unearned Income</b> - Subtract Line 13a and 13b from Line 12 and enter result here.	
15	If a fair hearing order or a court order for support sets a spousal income allocation that is greater than the potential spousal income allocation calculated in Step 1, enter that amount here. If not, enter 0.	—
16	<b>Net Nonexempt Income</b> - Subtract Line 15 from Line 14 and enter result here. Round 49 cents or less down to the next whole dollar, round 50 cents or more up to the next whole dollar. Enter result here. Calculate premium based upon this amount.	
17	Enter 250% FPL for one person	—

**Case Name:****Case Number:****Current Date:****Month of Eligibility:**

<b>250% Working Disabled Program Eligibility</b>		<b>HCBS Spouse</b>
18	Subtract Line 17 from Line 16 and enter result here <ul style="list-style-type: none"> <li>If result = 0 or is &lt; 0, then the HCBS spouse is eligible. If there was no amount entered in Line 15 above as set by fair hearing or court order, there is nothing available to allocate.</li> <li>If result is &gt; 0 and there was no amount entered in Line 15 above as set by fair hearing or court order, then the result is <b>Excess Income</b>. Proceed to Line 19.</li> <li>If the result is &gt; 0 and there was an amount entered in Line 15 above as set by Fair Hearing or Court Order, then the result is <b>Excess Income</b>. Proceed to and enter the result in Line 20.</li> </ul>	<input type="checkbox"/> Eligible
19	Enter the potential spousal income allocation if there was no fair hearing or court order calculated in Step 1 here	–
20	<b>Excess Income</b> - Subtract Line 19 from Line 18 and enter the result here, unless entering Excess Income directly from Line 18. <ul style="list-style-type: none"> <li>If result is = 0 or &lt; 0, then HCBS spouse is eligible.</li> <li>If the result is &gt;0 and there are:               <ul style="list-style-type: none"> <li>No dependent family members residing with the community spouse, proceed to Step 4.</li> <li>Dependent family members residing with the community spouse, proceed to Line 21.</li> </ul> </li> </ul>	<input type="checkbox"/> Eligible
21	Enter Family Member Base Allocation	
22	Enter the number of dependent family members residing with the community spouse.	X
23	Multiply Line 21 by Line 22 and enter the result here.	
24	Enter Total Gross Nonexempt Earned and Unearned Income of all dependent family members identified in Line 22.	–
25	<b>Potential Family Member Allocation</b> – Subtract Line 24 from Line 23 and enter result here.	
26	Enter <b>Excess Income</b> from Line 20.	
27	Enter potential family member allocation from Line 25.	–



Case Name:

Case Number:

Current Date:

Month of Eligibility:

250% Working Disabled Program Eligibility		HCBS Spouse
28	<p>Remainder - Subtract Line 27 from Line 26. Round 49 cents or less down to the next whole dollar, round 50 cents or more up to the next whole dollar. Enter result here.</p> <ul style="list-style-type: none"><li>• If the remainder is <math>= 0</math> or <math>&lt; 0</math>, then the HCBS spouse is eligible. The Excess Income from Line 26 is <math>\leq</math> the <b>Total Family Member Allocation</b>. The spouses will need to decide how to divide the family member allocation between any family members who also apply.</li><li>• If the remainder is <math>&gt; 0</math>, then go to Step 4.</li></ul>	<input type="checkbox"/> Eligible

Case Name:

Case Number:

Current Date:

Month of Eligibility:

**STEP 4 – DETERMINE HCBS SPOUSE’S ELIGIBILITY FOR Medically Needy Program**

Medically Needy Program Eligibility		HCBS Spouse	
1	Enter <b>Total Countable Unearned and Earned Income</b> from Step 2, Line 15.		
2	Enter Income Used to Determine Public Assistance Eligibility.	–	
3a	Enter Medicare Premiums and OHC Costs - Buy-In is predicted to occur in the third month from the current month.	Pre-Buy-In –	Post Buy-In –
3b	Other deductions, if any (identify (for example, Board & Care Deduction, (See Title 22, CCR, Section 50515(a)(3) and ACWDL 00-56).	–	–
3c	Other deductions, if any (identify)	–	–
4	If a fair hearing or a court order for support sets a spousal income allocation that is greater than the potential spousal income allocation calculated in Step 1, enter that amount here. If not, enter 0.	–	
5	<b>Net Nonexempt Income</b> - Subtract Lines 2 through 4 from Line 1. Round 49 cents or less down to the next whole dollar, round 50 cents or more up to the next whole dollar. Enter result here.	Pre-Buy-In	Post Buy-In
<b>Maintenance Need/Share of Cost (SOC)</b>			
6	Enter \$600 MNL for one person	–	
7	Subtract Line 6 from Line 5 and enter result here. <ul style="list-style-type: none"> <li>If result is = 0 or &lt; 0, then the HCBS spouse is eligible. If there was no amount entered in Line 4 above as set by fair hearing or court order, there is nothing available to allocate.</li> <li>If result is &gt; 0 and there was no amount entered in Line 4 above as set by fair hearing or court order, then the result is <b>Excess Income</b>. Proceed to Line 8.</li> <li>If the result is &gt; 0 and there was an amount entered in Line 4 above as set by fair hearing or court order, then the result is <b>Excess Income</b>. Proceed to and enter the result in Line 9.</li> </ul>	Pre-Buy-In <input type="checkbox"/> Eligible	Post Buy-In <input type="checkbox"/> Eligible
8	Enter the amount of the potential spousal income allocation calculated in Step 1 here.	–	

Case Name:

Case Number:

Current Date:

Month of Eligibility:

Medically Needy Program Eligibility		HCBS Spouse	
	Maintenance Need/Share of Cost (SOC) [continued]		
9	<b>Excess Income</b> - Subtract Line 8 from Line 7 and enter the result here, unless Excess Income was entered directly from Line 7. <ul style="list-style-type: none"> <li>If result is = 0 or &lt; 0, then HCBS spouse is eligible and there is <b>no SOC</b>.</li> <li>If the result is &gt; 0 and there are: <ul style="list-style-type: none"> <li>No dependent family members residing with the community spouse, then the HCBS spouse is eligible and the result is the <b>SOC</b>.</li> <li>Dependent family members residing with the community spouse, proceed to Line 10.</li> </ul> </li> </ul>	Pre-Buy-In <input type="checkbox"/> Eligible	Post Buy-In <input type="checkbox"/> Eligible
10	Enter Family Member Base Allocation		
11	Enter the number of family members residing with the community spouse.	<b>X</b>	
12	Multiply Line 10 by Line 11 and enter the result here.		
13	Enter Total Gross Nonexempt Earned and Unearned Income of all dependent family members identified in Line 11.	<b>-</b>	
14	<b>Potential Family Member Allocation</b> – Subtract Line 13 from Line 12 and enter result here.		
15	Enter <b>Excess Income</b> from Line 9.	Pre-Buy-In	Post-Buy-In
16	Enter potential family member allocation from Line 14.	Pre-Buy-In <b>-</b>	Post-Buy-In <b>-</b>
17	Remainder is <b>SOC</b> - Subtract Line 16 from Line 15. Round 49 cents or less down to the next whole dollar, round 50 cents or more up to the next whole dollar. Enter result here. <ul style="list-style-type: none"> <li>If the remainder is = 0 or &lt; 0, then the HCBS spouse is eligible with a <b>Zero SOC</b>. The Excess Income from Line 9 equals the <b>Total Family Member Allocation</b>. The spouses will need to decide how to divide the family member allocation between any family members who also apply.</li> <li>If the remainder is &gt; 0, then the remainder is the <b>SOC</b>. The HCBS spouse is eligible with a SOC and there will be no Medicare Part B Buy-In unless SOC is met.</li> </ul>	Pre-Buy-In <input type="checkbox"/> Eligible	Post-Buy-In <input type="checkbox"/> Eligible
18	Underpayment Adjustment, if any (22 CCR 50653.3)	<b>-</b>	<b>-</b>
19	<b>Adjusted SOC</b> - Subtract Line 18 from Line 17. Enter result here.		