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Department of Health Care Services



GAVIN NEWSOM
Governor

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Medi-Cal Eligibility Division Information Letter No.: I 22-23

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

SUBJECT: Medi-Cal Income Eligibility and Guaranteed Income Payment Programs

The purpose of this Medi-Cal Eligibility Division Letter (MEDIL) is for the Department of Health Care Services (DHCS) to provide counties with general guidance on how income from “unconditional guaranteed income” or Universal Basic Income (UBI) programs may be treated for Modified Adjusted Gross Income (MAGI) and Non-Modified Adjusted Gross Income (Non-MAGI) Medi-Cal programs.

Background

DHCS has received numerous requests from counties inquiring about the treatment of various income pilot programs being proposed or implemented throughout the state. These programs’ titles vary but are generally categorized as guaranteed income or UBI pilot programs. Guaranteed income is typically categorized as an unconditional financial assistance program in which certain individuals or households receive a set amount of recurring money. Guaranteed income programs can also be referenced as citizen’s income, guaranteed minimum income, or basic income. These programs are being administered at various levels of government, funded by private and/or public entities.

Factors in Identifying Guaranteed Income Payment Treatment

At this time, guaranteed income programs are all individualized and will be assessed on a case-by-case basis. Since the programs vary by city, county, or region, each program has different qualifying rules or may structure the payments differently. Additionally, because each program is unique, MAGI and Non-MAGI programs may count the income differently. This letter contains general guidance, as well as instances of specific treatment for MAGI and Non-MAGI for guaranteed income programs.

Counties that are seeking to determine if guaranteed income is counted or not counted towards MAGI or Non-MAGI financial eligibility determinations may send an inquiry to

DHCS with as much information as possible about the payment. To help expedite the process for determining if the guaranteed income will count towards MAGI or Non-MAGI financial eligibility determinations, CEWs must attempt to identify the following factors below:

- Whether or not the income is federally taxable ([IRS Publication 525](#)),
- What entity is providing the payments,
- The source of the funding from the entity (public, private, mixed funds, etc.),
- If the target population receives Medi-Cal coverage,
- If the payments are going towards disaster relief, such as COVID-19 related assistance,
- The frequency of the payment, such as if the payment is a single cash payment, or a residual monthly payment, and
- Provide the URL to the website of the guaranteed income program (if available) in order to confirm the program being referenced.

The sections below detail how some guaranteed income programs may be treated, based on pilot programs researched thus far. Please note that when participation in any of these programs end, CEWs are to follow current business processes when a change in circumstance is reported and they must complete a redetermination of benefits.

Guaranteed Income Payments and MAGI Eligibility

If income is not taxable per IRS rules, the income can generally be excluded for purposes of MAGI Medi-Cal eligibility determinations. For more information on MAGI Medi-Cal income, please see [ACWDL 21-04](#).

When determining guaranteed income programs' countable status for MAGI, the factors listed above, such as the funding and how the money is distributed, and who they are targeting for payments, may help identify the treatment. For example, many pilot programs targeted payments towards disaster relief due to the impact of COVID-19 and the Public Health Emergency. Disaster relief is considered exempt or non-taxable income for MAGI Medi-Cal ([IRS Publication 525](#)). Additionally, other pilot programs may be structured so that the payment is considered as a "gift" and may fall under the IRS threshold for taxable gifts ([IRS Publication 559](#)).

In addition to guidance in [ACWDL 21-04](#), counties shall continue to utilize the [Income and Deductions chart](#) for income types that are counted for MAGI eligibility.

Guaranteed Income Payments and Non-MAGI Eligibility

Payments made to individuals under guaranteed income programs are counted as income and property when determining Non-MAGI Medi-Cal program eligibility unless an

exemption applies. Under Non-MAGI rules, the payments would be counted as income in the month of receipt and as property in the month following the month of receipt.

For property evaluation: For guaranteed income programs providing disaster relief, [22 California Code of Regulations \(CCR\) § 50481](#) states that disaster and emergency assistance payments, regardless of the date of receipt, and any interest earned from such payments, shall be permanently exempt and shall not be included in the property reserve. This exemption applies only to payments received from federal, state, or local government agencies, or disaster assistance organizations.

For income evaluation: Disaster and emergency assistance payments, whether in cash or in-kind, regardless of the date of receipt, and any interest earned from such payments, shall be exempt and shall not be included in the share-of-cost computation. [\(22 CCR § 50535.5\)](#). This exemption applies only to payments received from federal, state, and local government agencies, or disaster assistance organizations.

Guaranteed income payments that are gifts would be counted as unearned income in the month of receipt pursuant to [22 CCR § 50507\(a\)\(13\)](#), and property in the month after the month of receipt when determining eligibility for Non-MAGI Medi-Cal programs.

California Guaranteed Income Pilot Program

Under [Welfare and Institutions Code § 18997\(d\)](#), payments received from projects and pilots funded by the [California Guaranteed Income Pilot Program](#) shall not count as income and are excluded as a resource for 12 months for Medi-Cal eligibility purposes. For MAGI Medi-Cal, payments from this pilot program are considered a “gift” and not taxable if under the annual IRS gift tax threshold per [IRS Publication 559](#).

For Non-MAGI Medi-Cal, DHCS is seeking federal approval for an income and resource disregard that would allow payments received from projects and pilots that are funded by the California Guaranteed Income Pilot Program to be treated as exempt income and an exempt resource for 12 months for Non-MAGI eligibility purposes. Until such time as federal approval is received, counties shall count these payments as income and property when determining Non-MAGI Medi-Cal program eligibility unless an exemption applies. Under Non-MAGI rules, the payments are counted as income in the month of receipt and as property in the month following the month of receipt. DHCS will provide updated information to counties once federal approval is obtained.

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If you have any questions on this letter, please contact Leejuan Camarena at 916-345-8073 or by email at Leejuan.Camarena@dhcs.ca.gov.

Original Signed By

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