

**DEPARTMENT OF HEALTH SERVICES**

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January 14, 2000

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.: 00-04

**IMPLEMENTATION INSTRUCTIONS FOR CHANGES IN THE DEFINITION OF  
UNEMPLOYED PARENT AND INCREASE IN SECTION 1931(B) INCOME LIMIT**

Ref.: All County Welfare Directors Letter (ACWDL) Nos. 98-43, 99-41, 99-54, 99-56

The purpose of this letter is to provide more details to counties about the new definition of unemployed parent and an increase in the income limit for Section 1931(b), effective March 1, 2000 which was previously described in ACWDL No. 99-54.

This ACWDL is divided into sections. The first section provides information about changes in the definition of the unemployed parent and the second provides information about the increase in Section 1931(b) program income limit.

These new changes provide for a large expansion of the Medi-Cal program which will cover approximately 250,000 adults who are currently either on Medi-Cal or have only applied for Medi-Cal coverage for their children. Additionally, this expansion covers an unknown number of families who have not applied for Medi-Cal. Implementation of this program provides an opportunity to significantly reduce the number of uninsured adults in California. Further, for the counties, it represents an opportunity to substantially reduce the number of medically indigent adults who are currently only eligible county medical services. We request that counties give implementation of this program and outreach to potential eligible adults a high priority.

Counties should review each case at any quarterly status report or annual redetermination (which ever comes first), to determine if there are parents who could now be eligible or if the family may now be eligible for Section 1931(b). Counties must NOT deny eligibility to those families who are applying on the basis of unemployment if the principal wage earner is working over 100 hours on or after March 1, 2000, or deny or terminate a family for Section 1931(b) without review of the new income limit.

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## SECTION 1: CHANGES IN THE DEFINITION OF UNEMPLOYED PARENT

### Background

As previously stated in ACWDL 99-54, Assembly Bill (AB) 1107 (Chapter 146, Statutes of 1999), expands the definition of unemployment to allow the principal wage earner (PWE) to work over 100 hours if the family's net nonexempt earned income is not more than (at or below) 100 percent of the federal poverty level (FPL).

Applicants and recipients who are determined to be the PWE for the Medically Needy program or applicants for the Section 1931(b) program will be allowed to work over 100 hours if the family meets this new earned income limit. The children will continue to be considered deprived and the parents linked.

Currently, only Section 1931(b) recipients are allowed to work over 100 hours if the family income is below the Section 1931(b) income and property limit. Those persons may continue to work over 100 hours if they meet the Section 1931(b) recipient net nonexempt income (which includes both earned and unearned income) and the property limits and are not subject to this unemployed parent (U-parent) earned income test unless there is a break in aid or deprivation changes to unemployment from some other type of deprivation such as absent parent or incapacity. They will then become applicants.

### Family Income Definition

The earned income of all family members living in the home will be counted in determining the U-parent income test. This includes only the nonexempt earned income of all parents, spouses, and children under 21 who are required to be in the Medi-Cal Family Budget Unit (MFBU) regardless of whether they are eligible for Section 1931(b), the Medically Needy (MN), Medically Indigent (MI), or Percent programs. Sneede rules do NOT apply for this deprivation test.

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The only exceptions when earned income of a family member is not counted are when the earned income is from either:

1. An excluded child(ren), or
2. A family member who is not in the MFBU because he/she receiving Public Assistance (PA) or Other PA.

These persons are not included in the family size when determining the 100 percent limit.

If the child was excluded for the U-Parent income test, he/she must remain excluded for Medi-Cal benefits when the family is determined for the Section 1931(b) or the MN programs. The parents must have at least one other eligible child in the family income test as well as for regular Medi-Cal benefits if the parents wish to be linked to a deprived child.

Although a PA or Other PA child's earnings would not be counted in the U-parent income test, nor is the child part of the MFBU for Section 1931(b), the MN, or other programs, the child (as always) may be used as linkage.

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 the 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.

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### Earned Income Definition and Deductions

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.

Only earned income deductions which are used in the Section 1931(b) and the Percent programs are allowable. These include allowable income deductions for Section 1931(b) applicants and the AFDC-MN families program, e.g., court order child/spousal support, the \$90 work related expenses earned income disregard. Health insurance premium deductions and deductions which are solely applicable to those who are aged, blind, or disabled (ABD) are not allowable. We have enclosed a draft of the U-parent worksheet designed by Orange County which counties may use prior to the development of a final form.

NOTE: ACWDL 99-56, page 2, Question No. 3 states that applicants have a choice of Medi-Cal programs if they are eligible for Section 1931(b) and another program. This is only true if the other program is one of the federal mandatory programs such as the Pickle program or they only want limited services such as offered under the Income Disregard program for pregnant women, the Tuberculosis program, or the Medicare premium programs. Persons that are eligible for Section 1931(b) may not chose to be in the Medically Needy or Medically Indigent programs. We are in the process of amending Section 50153(c) to reflect this federal law.

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Examples (Modified from Materials Included in the November Southern Counties Agenda):

**Example 1**

U- Parent Income Test

Mom	\$	0
Dad (PWE working over 100 hours)	-	1,000 (net nonexempt earned income)
Mutual 10-year-old		0
Mutual 19-year-old	-	300 (net nonexempt earned income)
Total family net nonexempt earnings	=	\$1,300
U-parent limit 100% for 4	=	\$1,392

Married Mom, Dad, the 19-year-old and 10-year-old apply for Medi-Cal. Dad is the PWE and is working over 100 hours. The parents have no other basis for linkage. The family passes the U-Parent test and the PWE is considered unemployed. They are evaluated for the Section 1931(b) program using the existing property rules and the new March 1, 2000, income limits of 100% for applicants. The 19-year-old is ineligible for Section 1931(b) due to the age requirements; however, the rest of the family are eligible for Section 1931(b). Note: If this family had unearned income, they may not pass the income test for Section 1931(b). They would then be evaluated for the MN program. The 10-year-old would also be evaluated for the Percent program, if the family had a share of cost (SOC) in the MN program.

The 19-year-old is evaluated for the MN program because he/she is not considered a child for Section 1931(b). If he/she had unearned income, he/she may have a SOC. We are assuming he/she is property eligible.

One month later, the 19-year-old's net nonexempt earned income increases to \$500. The PWE continues to work over 100 hours.

Since the PWE in this family is eligible for Section 1931(b), the family would qualify as a recipient and is exempt from the 100 hour rule and the U-parent income limit test. Since there is a change in circumstances (the 19-year-old had an income increase), Section 1931(b) eligibility must be redetermined. The family members (including the 19-year-old) are all put back into the same Section 1931(b) MFBU) and must still meet

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the Section 1931(b) unearned and earned net nonexempt income and property limits of that program. Sneede rules apply and the 19-year-old would be in his own Mini Budget Unit (MBU) if the family was over the income limit.

If this family is no longer income eligible for Section 1931(b), and is not eligible for Transitional Medi-Cal (TMC) because the family did not receive CalWORKs or Section 1931(b) for three out of the last six months, the family should be evaluated for the U-parent earned income test as the MN program. In this case, the family's net nonexempt earned income is over the 100 Percent limit, there is no U-parent deprivation and the mutual 19-year-old child would be eligible under the MI program and the 10-year-old may be eligible for the Percent program.

The Sneede parental needs deduction will rise to \$687 (100 percent of the FPL for one person) in the case when it is more beneficial for the family than the current \$240 + 1/2 deduction and the current Section 1931(b) limit. We have enclosed a Sneede chart based on 100 percent of the FPL for your information.

**Example 2**

U-Parent Income Test

Mom	\$ 0 earned income
Dad (PWE working over 100 Hours)	\$1,000 (net nonexempt earned income)
Mutual 4-year-old child	\$ 0
Total net nonexempt earned income	\$1,000
U Parent 100% Limit for 3	\$1,157

This married couple and child apply for Medi-Cal and pass the U-parent deprivation test. They are then evaluated for the Section 1931(b) program.

Mom also has \$300 unemployment insurance benefits (UIB) unearned income; therefore, the total family net nonexempt unearned and earned income is \$1,300. The March 1, 2000 limit is 100 percent for the FPL for applicants (\$1,157). The family is income ineligible and must be evaluated for the MN program. We will assume the family is property eligible for both programs. The MN limit for three is \$934; therefore, the parents have a SOC. The 4-year-old is eligible for the 133 Percent program.

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Two months later, Mom begins working and receives net nonexempt earnings of \$400 per month. Since the U-parent income test applies to recipients of the MN program and the family's net nonexempt earnings are now \$1,400 which is over the 100 Percent U-parent limit for 3. Mom and Dad are no longer eligible as parents of a deprived child. The child is still eligible for the 133 Percent program.

**Example 3**

U-Parent Income Test

Mom	\$ 300 (net nonexempt earned income)
Dad (PWE)	\$1,000 (net nonexempt earned income)
Mom's separate child	\$ 300 (net nonexempt earned income)
Mutual child	\$ 0
Total net earned income	<u>\$1,600</u>
U Parent 100\$ Limit for 4	\$1,392

This unmarried couple and mutual (age 5) and separate children (age 19) apply for Medi-Cal. Dad is working over 100 hours and family is over the U-parent income limit. Dad and the mutual child are not eligible for the Section 1931(b) or the MN programs due to lack of deprivation. They are not eligible for TMC because they have not received CalWORKs or Section 1931(b) for three of the last six months. Since Mom's separate child is age 19, she has no deprived child in the home and is not eligible for Section 1931(b). Evaluate her and her separate child for the MN program. Evaluate the mutual child for the MI or Percent program, if applicable. Dad is ineligible for any program because he is not a spouse and cannot qualify as an essential person.

Mom has \$1,000 of net nonexempt unearned income. The total family unearned and earned income equals \$2,600. The maintenance need for the MN/MI program for 4 persons is \$1,110. Sneed rules apply.

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MBU #1

Mom's total net nonexempt income	\$1,300
Less Parental Needs Deduction	<u>- 600</u>
Income to be Allocated ÷ 2	\$ 700

MBU #2

Mom's Separate Child	\$300
Allocation from Mom	<u>350</u>
Total	\$650

MBU #3

<Dad's> total net nonexempt income	\$1,000
Less Parental Needs Deduction	<u>- 600</u>
Income to be Allocated ÷ 1	\$ 400

MBU #4

Mutual Child	\$ 0
Allocation from Mom	350
Allocation from Dad	<u>400</u>
Total income	\$750

Mom is eligible for the MN program with no SOC as a parent of a deprived child (age 21 for this program). Mom's separate child is also eligible with a SOC of \$50. Dad is not eligible for any Medi-Cal program. The mutual child has a SOC of \$150 under the MI program. Evaluate the mutual child for the 133 Percent program. Only the income of the mutual child and his/her parents are counted.

Mom's total income	\$1,300
Dad's total income	\$1,000
Child's total income	\$ 0
Mom's separate child	<u>N/A</u>
Total	\$2,300
Limit for 4 (133%)	\$1,851

Mutual child is not eligible for the 133 Percent program. He/She would have a \$150 SOC in the MI program.

Two months later, Mom and her separate child stop working. Redetermine the U-parent earned income deprivation income test. Since the PWE is still working over 100 hours and the family is not a recipient of the Section 1931(b) program, the U-parent income test is required. The net nonexempt earned income of Dad is \$1,000 which is under the 100 percent limit for 4.

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Dad's earned income	\$1,000
Mom's earned income	\$ 0
Mom's child " "	\$ 0
Mutual child " "	\$ 0
Total	\$1,000
Limit for 4 (100%)	\$1,392

Reevaluate family for the Section 1931(b) program as applicants.

Mom's total income	\$1,000
Dad's total income	\$1,000
Mom's separate child	\$ 0
Mutual child	\$ 0
Total	\$2,000
Section 1931(b) limit (4)	\$1,392

Mom, Dad, and the mutual child are not eligible for Section 1931(b). Sneede rules would then again apply.

Section 1931(b) MBU#1

Mom's net nonexempt income	\$1,000
Less Parental Needs	- 687
Income ÷ 2	\$ 313

Mom's Income	\$ 687
<Mom's separate child>	\$ 157 from Mom
Total	\$ 844
Limit for 2	\$ 922

MBU #3

Mutual Child	\$313 from Dad
	313 from Mom
Total	\$626
Limit	\$386

Section 1931(b) MBU #2

Dad's net nonexempt income	\$1,000
Less Parental Needs	- 687
Income ÷ 1	\$ 313

Dad's Income	\$ 687
Total	\$ 687
Limit for 1	\$ 687

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Dad and Mom are eligible for the Section 1931(b) program. The 19-year-old and the mutual child should be evaluated for the MN program.

MN MFBU

Mom's separate child	\$ 0
Mutual child	<u>0</u>
Limit	\$750

Since neither child has income, they are eligible with no SOC.

**Example 4**

Married couple and their children apply for Medi-Cal. They have one mutual 4-year-old child and each have one separate child under age 18. Dad is determined to be the PWE and he is working under 100 hours. No applicant U-parent earned income test is required. Mom has \$699 net nonexempt income and Dad has \$1000 net nonexempt income. The children have no income. We will assume that the family is property eligible.

Mom	\$ 699 net nonexempt income
Dad	1,000 net nonexempt income
Mutual Child	0
Dad's Separate Child	0
Mom's Separate Child	<u>0</u>
Total	\$1,699
Section 1931(b) Limit	\$1,627

Since the new March 1, 2000 income limit for Section 1931(b) applicants for 5 is \$1,627, the family fails to qualify for Section 1931(b). Sneed rules apply since this is a stepparent household.

Mom's Net Income	\$699	Dad's Net Income	\$1,000.00
Mom's Parental Needs	<u>- 687</u>	Dad's Parental Needs	<u>- 687.00</u>
Total	\$ 12	Total	\$ 313.00
Total Allocation ÷3	\$ 4	Total Allocation ÷3	\$ 104.30

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MBU #1		MBU #2		MBU #3	
Mom	\$687 + \$104	Mom's Child	\$ 4	Dad's Child	\$104
Mutual Child	\$4 + \$104	Total	<u>\$ 4</u>	Total	<u>\$104</u>
Dad	<u>\$687 + \$4</u>	Limit	\$461	Limit	\$461
Total	\$1,590				
Limit (3)	\$1,157				

Mom, Dad, and the mutual child in MBU #1 are not eligible. They must be evaluated for the MN program. Both Mom and Dad's separate children are eligible for Section 1931(b).

MN Program Determination

Mom	\$ 699	minus \$4 (allocation to Section 1931(b) eligible child)
Dad	\$1,000	minus \$104 (allocation to Section 1931(b) eligible child)
Mutual Child	<u>\$ 0</u>	
Total	\$1,591	
MN Limit	\$ 934	

Mom, Dad and mutual child have a share of cost of \$657. Evaluate mutual child for the 133 Percent program. Only the income of the mutual child and his/her parents are counted (although in this example they have no income).

Mom	\$ 699
Dad	1,000
Mutual Child	0
Dad's Separate Child	N/A
Mom's Separate Child	<u>N/A</u>
Total	\$1,699
133% Limit for 5 =	\$2,164

Mutual child is eligible for the 133 Percent program.

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Several months later, Dad takes a job and is now working over 100 hours. Since he and Mom are not recipients of the Section 1931(b) program the U-parent income test is required to determine whether unemployment linkage still exists even though the separate children are recipients of Section 1931(b) and the mutual child is in the 133 Percent program.

U-Parent Income Test

Mom	\$ 100	net nonexempt earned income
Dad	1,500	net nonexempt earned income
Mutual Child	0	
Dad's Separate Child	0	
Mom's Separate Child	0	
Total	\$1,600	
Section 1931(b) Limit	\$1,627	

The family's net nonexempt earned income is under the 100 percent limit for 5; therefore, they pass the U-parent test. The family should now be recombined into one MFBU to see if they will pass the regular Section 1931(b) income and property test. If the family does not pass Section 1931(b), only the separate children are eligible for TMC. They will be ineligible members of the other family members MFBU. The parents and the mutual child should be evaluated for the AFDC-MN program. If they have a SOC, the mutual child should be evaluated for the 133 Percent program.

**Example 5**

Unmarried Mom, Dad, their mutual 8-month-old child, and Mom's separate child (age 4) apply for Medi-Cal. Dad is incapacitated. Mom works part time and has \$1,287 net nonexempt income. Dad has \$500 net nonexempt income. The children have no income.

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Section 1931(b) Determination

Mom's net nonexempt income	\$1,287
Dad's net nonexempt income	500
Mutual child	0
Mom's child	<u>0</u>
Total income	\$1,787
Limit for 4	\$1,392

Since the family is above the Section 1931(b) income limit and the couple is not married, Sneede rules apply. We will assume they are property eligible.

Mom's income	\$1,287	Mom's Separate Child	\$ 0	Dad's income	\$500
Parental needs	<u>- 687</u>	Allocation from Mom	<u>300</u>	Parental Needs	<u>- 687</u>
Total	\$ 600	Total	\$300	Allocation	0
Allocation ÷ 2 =	\$ 300				

Mutual Child's income	\$ 0
Allocation from Mom	300
Allocation from Dad	<u>0</u>
Total	\$300

MBU #1	MBU #2	MBU #3
Mom	Mutual Child	Dad
\$687	\$ 0	\$500
Mom's Child	Mom's Allocation	Limit
<u>300</u>	<u>300</u>	\$687
Total	Total	
\$987	\$300	
Limit	Limit	
\$922	\$386	

Mom and her separate child fail to pass Section 1931(b). They should be evaluated for the MN program. The mutual child and Dad pass Section 1931(b).

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MN Program

Mom	\$1,287- \$300 (Allocation used for Section 1931(b) Mutual Child)
Separate Child	0
Total	987
Limit for 2	<u>750</u>
SOC	\$237

Mom has a SOC of \$237. Note: An unmarried parent may not deduct any income if their income was used to make the other parent eligible for Section 1931(b). Evaluate the separate child for the 133 Percent program. Only the income of Mom and the separate child is used.

133 Percent Program

Mom	\$1,287
Dad	N/A
Separate child	0
Mutual child	<u>N/A</u>
Total	\$1,287
Limit for 4	\$1,851

Mom's separate child is eligible for the 133 percent program.

Five months later Mom takes a full time job with a net nonexempt earned income of \$1,500 and she is working over 100 hours. Dad is no longer incapacitated and has \$500 net nonexempt earned income. Mom is determined to be the PWE. Because Mom is not a recipient of the Section 1931(b) program, the U-Parent income test applies.

U-Parent Test

Mom	\$1,500 net nonexempt earned income
Dad	<u>500 net nonexempt earned income</u>
Total	\$2,000
Limit for 4	\$1,392

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Mom still has deprivation because her separate child has an absent parent; however, Dad and the mutual child have no deprivation. Dad may not be an essential person because he is not married.

The family should be reevaluated for Section 1931(b). Dad and the mutual child are ineligible members of the MFBU. If Mom and her separate child are not eligible for Section 1931(b), they should be evaluated for the AFDC- MN program. Dad and the mutual child would be eligible for TMC.

Note: To be eligible for Section 1931(b), a parent must have at least one deprived child in some zero SOC program.

#### Other Information

We are enclosing a new Sneede chart based on 100 Percent of the FPL and updated draft of the regulations that amend Section 50215. Please disregard the previous draft regulations which were contained in ACWDL 99-54.

Other updated Sneede forms will be sent in a separate ACWDL. The current Sneede forms are not yet available in the warehouse.

#### SECTION 2: CHANGES IN THE SECTION 1931(b) INCOME ELIGIBILITY DETERMINATION FOR APPLICANTS AND RECIPIENTS

This section of this ACWDL provides directions for determining Section 1931(b) income eligibility pursuant to changes made in the Section 1931(b) program by recently enacted Senate Bill 708. This section finalizes the instructions provided in ACWDL 99-54.

Applicant (Non-Sneede) Income Eligibility Computations: Beginning March 1, 2000, the Section 1931(b) income limit applicable to applicants in Medi-Cal Family Budget Units (MFBUs) will be raised to (100 percent of) the federal poverty level (FPL). No other changes are required in the income eligibility determination for Section 1931(b) applicants. There is no change in the method for determining net nonexempt income for applicants. A copy of the "1999 Federal Poverty Level Chart" showing the FPLs for family sizes up through 10 is enclosed. The FPLs are changed in April of each year.

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Recipient (Non-Sneede) Income Eligibility Computations: Beginning March 1, 2000, recipients of the Section 1931(b) program (individuals who have passed the Section 1931(b) income eligibility requirements) will be income eligible for the Section 1931(b) program if they can meet the requirements of either of the two alternative Section 1931(b) income tests described below:

Alternative A: Under this Alternative, counties will use the current Section 1931(b) income computation procedures without any changes. Counties will deduct from the recipient's gross income the Section 1931(b) income exclusions applicable to recipients, including the \$240 and ½ deduction, and then compare the resulting net nonexempt income to the current Section 1931(b) income limit (equal to the CalWORKs Region 1 MBSAC for exempt persons).

Alternative B: Under this Alternative, counties will deduct from the recipient's gross income the Section 1931(b) current income exclusions applicable to applicants. This means the recipients get the \$90 work expense deduction, but not the \$240 and ½ deduction. The recipient will then be eligible if his/her resulting net nonexempt income is less than (100 percent of) the FPL. Under this alternative, the applicable Section 1931(b) income limit is the FPL.

Changes in the Section 1931(b) Applicant Budget Form: Two changes to the Section 1931(b) Applicant Budget Form are required. Beginning March 1, counties will enter the FPL appropriate for the family size as the income limit on line 13 of the form in place of the Section 1931(b) MBSAC-based income limit that is currently entered. The other change is that this form will also be used as part of the process for determining the income eligibility of Section 1931(b) recipients as described below. To reflect this, the form has been re-titled as the Section 1931(b) Applicant and Recipient Form. A camera-ready copy of this form is enclosed. This form is not yet available in the warehouse.

Changes in the Section 1931(b) Recipient Budget Form: There are no changes to this form other than its new title: "The Recipient Budget Form. . ." The current Section 1931(b) MBSAC-based income limit is applicable when using this form. A camera-ready copy of this form is enclosed. This form is not yet available in the warehouse.

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No Changes to the Supplemental Section 1931(b) Budget Form for Families with 3 or More Earners: Counties will recall that when there are 3 or more recipients in a budget unit with earnings, a supplemental budget form was used. No changes have been made to this form. A camera-ready copy of this form accompanied ACWDL 99-41.

How to Determine the Income Eligibility of Recipients and Which Form to Use: As described above, recipients will be income-eligible for Section 1931(b) if they can meet the requirements of either of the two alternative income tests. The income test described in Alternative A will tend to favor families with more earned income. The income test described in Alternative B will tend to favor families with more unearned income. The "Recipient Budget Form" will be used when determining the family's income eligibility under Alternative A, and the "Applicant and Recipient Budget Form" will be used when determining the family's income eligibility under Alternative B.

Generally, Alternative A will be more favorable to recipients if the amount of income disregarded from application of the "\$240 and ½" deduction (see ACWDL 98-43) is greater than the amount by which the FPL exceeds the Section 1931(b) MBSAC for that size family.

MFBUs Containing Both Applicants and Recipients: Due to Sneed and other circumstances, it is possible for a MFBU to contain both applicants and recipients. Such situations would present problems to income eligibility determinations under the new legislation because two different income limits would potentially apply to such an MFBU. To avoid complex income limit pro-rations, and other difficult eligibility computations, when determining the eligibility of a "mixed" family, a family containing both Section 1931(b) applicants and recipients, deem everyone in the household whose income is being considered for purposes of determining the family's Section 1931(b) income eligibility to be recipients. This deeming is effective only for purposes of determining income eligibility. This deeming does not apply and the instructions in this paragraph are not applicable when determining deprivation under the 100-hour rule or the "U-Parent income test" for unemployed parents.

Examples of situations which can give rise to "mixed" families include: (1) Recombination of Sneed mini-budget units (MBUs) in which some family members qualified as recipients last month but other family members did not, and (2) A family which in the previous month contained members who did who not pass the deprivation test and family members who did pass the deprivation test (and all the other Section 1931(b) requirements).

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  
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### SECTION 3: SNEEDE RULES

If the recipient family fails to pass Section 1931(b) after both alternatives are applied and there is a Sneede class member, Sneede rules would then apply. Counties should apply either Alternative A or B to each MBU depending on which appears to be most beneficial). If the MBU does not pass using the first alternative, counties must apply the other alternative. If a MBU cannot pass under either alternative, the individual(s) in the MBU will not be eligible for the Section 1931(b) program. These individual(s) will be then evaluated for eligibility for other applicable Medi-Cal programs.

### SECTION 4: POVERTY LEVEL CHANGES AND CASE CONVERSION

As previously stated, beginning on March 1, 2000, counties must review cases which may contain parents who are working over 100 hours and may have been previously denied or terminated when the county becomes aware of a case when the parents may qualify under the new rule. These persons may currently be receiving benefits through county medical programs or may be receiving Transitional Medi-Cal. If the PWE is working over 100 hours and meets the family U-parent test as an applicant at the time of review, the family should be evaluated for Section 1931(b) or the MN program if they are not eligible for Section 1931(b).

Counties should also use the same method when reviewing an AFDC-MN case, with or without a SOC, which could now be eligible for Section 1931(b) due to these income changes.

If, on March 1, 2000, the family is slightly over the U-parent 100 percent limit, counties should flag the case since the new federal poverty levels will be available shortly after that date. Counties should also be able to identify these persons by a special county computer run after this change is programmed to identify persons when the poverty level rises similar to other poverty level programs.

All County Welfare Directors  
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All County Public Health Directors  
All County Mental Health Directors  
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## SECTION 5: STATE AND COUNTY OUTREACH

We are planning to send outreach letters in March 2000 to the parents of children in the Poverty Level, MI and MN with a share of cost programs notifying them of changes in Medi-Cal law that may now make them eligible. They will be instructed to contact their county welfare department if they think them may be eligible under either of the program changes. We also request that counties conduct their own outreach to this population.

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

Sincerely,

### **ORIGINAL SIGNED BY**

Angeline Mrva, Chief  
Medi-Cal Eligibility Branch

Enclosures

**PRINCIPAL WAGE EARNER (PWE) WORKING OVER 100 HOURS  
UNEMPLOYED PARENT DETERMINATION WORKSHEET**

Case Name:	Case Number:
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<b>SECTION 1931(b) APPLICANTS AND MEDICALLY NEEDY (MN) FAMILIES</b>		County Use:
<i>Note: If the PWE is a Section 1931(b) recipient he/she may work over 100 hours without a separate unemployment income test.</i>		
1	Earnings of Principal Wage Earner (PWE) - \$90	
2	Earnings of Second Parent/Spouse - \$90	
3	Earnings of Child #1 - \$90	
4	Earnings of Child #2 - \$90	
5	Earnings of Child #3 - \$90	
6	<b>Countable Earned Income</b> (lines 1+2+3+4+5)	\$
7	Dependent Care Deduction	
8	Court Ordered Child/Spousal Support Deduction	
9	Allocation to PA Member	
10	Allocation to Excluded Children	
11	<b>Total Deductions</b> (lines 7+8+9+10)	\$
12	<b>Total Net Nonexempt Earned Income</b> (lines 6-11)	\$
13	100% FPL Limit for Family Size of  <u>                    </u> (# in MFBU)	\$
14	Is Total Net Nonexempt Earned Income at or below 100% of the FPL?	<input type="checkbox"/> Yes  <input type="checkbox"/> No
15	<p><b>If line 14 is <u>Yes</u>, then the PWE is considered an Unemployed Parent.</b></p> <p>Evaluate family for the Section 1931(b) program if the youngest child in the home is under 18 or 18 and enrolled in school and expected to graduate prior to age 19. If not and the youngest child is under 21, then determine eligibility for the Medically Needy program.</p> <p><b>If line 14 is <u>No</u>, then the PWE is employed and there is no Unemployed Parent deprivation.</b></p>	

Eligibility Worker Name:	Worker #:	Date:
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1999 FEDERAL POVERTY LEVEL CHART

Effective 4/1/99

Persons	MMNL(\$)	% of FPL	100%(\$)	Annual(\$)	120%(\$)	Annual(\$)	133%(\$)	Annual(\$)	185%(\$)	Annual(\$)	200%(\$)	Annual(\$)
1	600	88	687	8,240	824	9,888	914	10,960	1,271	15,244	1,374	16,480
2	750	82	922	11,060	1,106	13,272	1,226	14,710	1,706	20,461	1,844	22,120
2 Adults	934	102	922	11,060	1,106	13,272	1,226	14,710	1,706	20,461	1,844	22,120
3	934	81	1,157	13,880	1,388	16,656	1,539	18,461	2,140	25,678	2,314	27,760
4	1,100	80	1,392	16,700	1,670	20,040	1,851	22,211	2,575	30,895	2,784	33,400
5	1,259	78	1,627	19,520	1,952	23,424	2,164	25,962	3,010	36,112	3,254	39,040
6	1,417	77	1,862	22,340	2,234	26,808	2,477	29,713	3,445	41,329	3,724	44,680
7	1,550	74	2,097	25,160	2,516	30,192	2,789	33,463	3,879	46,546	4,194	50,320
8	1,692	73	2,332	27,980	2,798	33,576	3,102	37,214	4,314	51,763	4,664	55,960
9	1,825	72	2,567	30,800	3,080	36,960	3,414	40,964	4,749	56,980	5,134	61,600
10	1,959	70	2,802	33,620	3,362	40,344	3,727	44,715	5,184	62,197	5,604	67,240
For each addn'l member add:	14		235	2,820	282	3,384	313	3,751	435	5,217	470	5,640

Medi-Cal maintenance need limit for person in LTC = \$35

Medi-Cal regular maintenance need level = MMNL

Qualified Medicare Beneficiary (QMB) = 100%

Children ages 6 up to 19 = 100%

Specified Low Income Beneficiaries < 120%

Children age 1 up to age 6 = 133%

Pregnant women and infants up to age 1: Income Disregard Program: use the 200% chart (the disregard is built into the 200% chart.)

Qualified Disabled Working Individuals = 200%

Transitional Medi-Cal (TMC) = 185%

\*Decimals are rounded up to the nearest dollar

**Section 1931(b) Determinations: Sneede v. Kizer  
Prorated FPL Income Standard and Property Levels  
- March 1, 2000 -**

**I. MBU Contains an Adult - May also Include an Unborn**

Person Type	1931(b) Income	Property
Single Parent	\$ 687	\$3,000
Single Parent with Unborn	922	3,000
Married Couple - Two Adults	922	3,000
Married Couple with Unborn	1,157	3,150
Unmarried Couple - Each Unmarried Partner	687	3,000

**II. MBU Contains Adult(s) and Child(ren)**

Allow the full non-Sneede Section 1931(b) income/property limits for the MBU based on the number of individuals in the MBU.

**III. MBU Contains a Nonparent Caretaker Relative, or Child(ren) with No Parents Living in the Home, or Child(ren) Whose Parent is PA/Other PA and Not in the MFBU**

Each MBU receives full non-Sneede 1931(b) income/property limit based on the number of persons in each MBU. If there is a pregnant minor in the MFBU, include the unborn in the pregnant minor's MBU.

**IV. MBU Contains Only Children Who Live with One or Both Parents (Not Stepparents) and They Are in the Same MFBU (Do not include a parent who is PA/other PA and not in the MFBU. Also, if there is a pregnant minor in the MFBU, her unborn is considered as another child in the pregnant minor's MBU.)**

No. of Children in MBU	One Parent		Two Parents	
	Prorated Income	Prorated Property	Prorated Income	Prorated Property
1	\$ 461	\$1,500	\$ 386	\$1,050
2	772	2,100	696	1,650
3	1,044	2,475	977	2,070
4	1,302	2,760	1,242	2,400
5	1,552	3,000	1,498	2,679
6	1,798	3,215	1,749	2,925
7	2,041	3,413	1,997	3,150
8	2,282	3,600	2,242	3,360
9	2,522	3,780	2,304	3,437
10*	2,560	3,819	2,359	3,500

**\*NOTE:** Add \$14 for each additional child after 10 to Section 1931(b) income standards to determine prorated income standards.

$$\frac{\text{No. Children in MBU}}{\text{Parent(s) + No. Children in MBU}} \times \text{1931(b) Income Standard for Parent(s) + Child(ren) in MBU} = \text{Prorated income}$$

## SEC. 1931 APPLICANT AND RECIPIENT BUDGET FORM: FOR DETERMINING NET NON-EXEMPT INCOME AND SECTION 1931 INCOME ELIGIBILITY FOR APPLICANTS; AND FOR RECIPIENTS UNDER ALTERNATIVE B

CASE NAME:			COUNTY DISTRICT:	COUNTY USE:		
<input type="checkbox"/> NEW APP. <input type="checkbox"/> REDETERMINATION <input type="checkbox"/> CHANGE <input type="checkbox"/> RETRO ELIG. <input type="checkbox"/> CORRECTION			EFFECTIVE ELIG. DATE FOR THIS BUDGET; MONTH: _____ YEAR: _____			
NAME MFBU MEMBER #1:		NAME MFBU MEMBER #6:		OTHER COVERAGE:		
NAME MFBU MEMBER #2:		NAME MFBU MEMBER #7:				
NAME MFBU MEMBER #3:		NAME MFBU MEMBER #8:				
NAME MFBU MEMBER #4:		NAME MFBU MEMBER #9:				
NAME MFBU MEMBER #5:		NAME MFBU MEMBER #10:				
1	ENTER UNEARNED INCOME OF EACH MFBU MEMBER, THEN TOTAL FOR MFBU (INCLUDE NON-EXEMPT DISABILITY-BASED INCOME HERE).	TOTAL MFBU UNEARNED INCOME:	UNEARNED INCOME MFBU MEMBER # ____	UNEARNED INCOME MFBU MEMBER # ____		
		\$ _____	\$ _____ +	\$ _____ +		
2	<input type="checkbox"/> EDUCATIONAL EXPENSE (§50547)	- \$ _____	EXEMPT INCOME (LIST EXEMPT INCOME HERE):			
		-				
3	<input type="checkbox"/> \$50 SUPPORT RECEIVED (§50554.5)	- \$ _____				
		-				
4	REMAINING NON-EXEMPT UNEARNED INCOME	BOX 4 = \$ _____				
5	ENTER EARNINGS OF EACH MFBU MEMBER, SUBTRACT \$90 WORK EXPENSE DEDUCTION FROM EACH, THEN TOTAL REMAINDERS FOR MFBU.	TOTAL MFBU EARNINGS:	EARNINGS, MFBU MEMBER # ____	EARNINGS, MFBU MEMBER # ____	EARNINGS, MFBU MEMBER # ____	EARNINGS, MFBU MEMBER # ____
		\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
		- \$90 WRK EXP DED	- \$90 WRK EXP DED	- \$90 WRK EXP DED	- \$90 WRK EXP DED	
		= \$ _____	= \$ _____	= \$ _____	= \$ _____	
6	<input type="checkbox"/> DEPENDENT CARE DEDUCTION (§50553.5)	- \$ _____	COUNTY USE			
7	REMAINING NON-EXEMPT EARNED INCOME	BOX 7 = \$ _____				
8	TOTAL REMAINING INCOME: NON-EXEMPT UNEARNED INCOME & NON-EXEMPT EARNED INCOME (LINES 4 + 7)	\$ _____				
9	<input type="checkbox"/> CHILD/SPOUSAL SUPPORT PYMTS (§50554)	- \$ _____				
10	<input type="checkbox"/> ALLOCATION TO EXCLUDED CHILDREN (§50558)	- \$ _____				
11	<input type="checkbox"/> ALLOCATION TO PA FAMILY MEMBER (§50557)	± \$ _____				
12	TOTAL MFBU NET NON-EXEMPT INCOME (ROUNDED DOWN TO THE NEAREST DOLLAR).	= \$ _____				
13	SEC. 1931 FPL INCOME LIMIT FOR FAMILY	\$ _____ (ENTER FPL INCOME LIMIT APPROPRIATE FOR FAMILY SIZE HERE)				
IF INCOME FROM LINE 12 IS LESS THAN LIMIT FROM LINE 13, FAMILY IS INCOME ELIGIBLE.		<input type="checkbox"/> ELIGIBLE	<input type="checkbox"/> NOT ELIGIBLE: IF NO SNEEDE - ELIGIBLE CLASS MEMBER, EVALUATE FOR OTHER MEDICAL PROGRAMS; IF SNEEDE - ELIGIBLE CLASS MEMBER, EVALUATE FOR SEC. 1931 UNDER SNEEDE.			
ELIGIBILITY WORKERS SIGNATURE:		WORKER NUMBER:	COMPUTATION DATE:	COUNTY USE:		

**SEC. 1931 RECIPIENT BUDGET FORM: FOR DETERMINING NET NON-EXEMPT INCOME AND SECTION 1931 INCOME ELIGIBILITY FOR RECIPIENTS UNDER ALTERNATIVE A**

CASE NAME:			COUNTY DISTRICT:	COUNTY USE:
<input type="checkbox"/> NEW APP. <input type="checkbox"/> REDETERMINATION <input type="checkbox"/> CHANGE <input type="checkbox"/> RETRO ELIG. <input type="checkbox"/> CORRECTION			EFFECTIVE ELIG. DATE FOR THIS BUDGET; MONTH: _____ YEAR: _____	
NAME MFBU MEMBER #1:		NAME MFBU MEMBER #6:		OTHER COVERAGE:
NAME MFBU MEMBER #2:		NAME MFBU MEMBER #7:		
NAME MFBU MEMBER #3:		NAME MFBU MEMBER #8:		
NAME MFBU MEMBER #4:		NAME MFBU MEMBER #9:		
NAME MFBU MEMBER #5:		NAME MFBU MEMBER #10:		
1	ENTER UNEARNED INCOME OF EACH MFBU MEMBER, THEN TOTAL FOR MFBU (INCLUDE NON-EXEMPT DISABILITY-BASED INCOME HERE).	TOTAL MFBU UNEARNED INCOME:	UNEARNED INCOME MFBU MEMBER # _____ \$ _____ +	UNEARNED INCOME MFBU MEMBER # _____ \$ _____ +
		\$ _____	UNEARNED INCOME MFBU MEMBER # _____ \$ _____ +	UNEARNED INCOME MFBU MEMBER # _____ \$ _____ +
2	<input type="checkbox"/> EDUCATIONAL EXPENSE (§50547)	- \$ _____	EXEMPT INCOME (LIST EXEMPT INCOME HERE):	
3	<input type="checkbox"/> \$50 SUPPORT RECEIVED (§50554.5)	- \$ _____		
4	REMAINING NON-EXEMPT UNEARNED INCOME	BOX 4 = \$ _____		
5	ENTER EARNINGS OF EACH MFBU MEMBER, SUBTRACT \$90 WORK EXPENSE DEDUCTION FROM EACH, THEN TOTAL REMAINDERS FOR MFBU.	TOTAL MFBU EARNINGS:	DBI OF MFBU MEMBER # _____ \$ _____ +	DBI OF MFBU MEMBER # _____ \$ _____ +
		\$ _____	DBI OF MFBU MEMBER # _____ \$ _____ +	DBI OF MFBU MEMBER # _____ \$ _____ +
6	\$240 DEDUCTION	- \$240		
7	REMAINING NON-EXEMPT DISABILITY - BASED INCOME (DBI) (IF DEDUCTION EXCEEDS DISABILITY BASED INCOME, ENTER '0')	BOX 7 = \$ _____	7A UNUSED \$240 (LINE 6 - LINE 5; IF NEGATIVE ENTER 0)	\$ _____ (UNUSED \$240)
8	ENTER EARNINGS FOR UP TO TWO MFBU MEMBERS, THEN TOTAL FOR MFBU (IF 3 OR MORE PERSONS WITH EARNINGS, SKIP LINES 8 & 9 AND PROCEED TO WORKSHEET FOR 3+ EARNERS).	TOTAL MFBU EARNINGS: \$ _____	EARNINGS OF MFBU MEMBER # _____ \$ _____	EARNINGS OF MFBU MEMBER # _____ \$ _____
9	<input type="checkbox"/> UNUSED \$240 DEDUCTION (FROM BOX 7A)	- \$ _____	14	TOTAL REMAINING NON-EXEMPT UNEARNED INCOME, NON-EXEMPT DISABILITY-BASED INCOME & NON-EXEMPT EARNED INCOME (TOTAL FROM BOX 4, 7 & 13) \$ _____
10	REMAINING NON-EXEMPT EARNED INCOME (OR FROM LINE 12 WORKSHEET); IF DEDUCTION EXCEEDS EARNED INCOME, ENTER '0'	= \$ _____	15	<input type="checkbox"/> CHILD/SPOUSAL SUPPORT PYMTS (§50554) - \$ _____
11	50% DEDUCTION (DIVIDE AMOUNT IN LINE 10 BY 2)	= \$ _____	16	<input type="checkbox"/> ALLOCATION TO EXCLUDED CHILDREN (§50558) - \$ _____
12	<input type="checkbox"/> DEPENDENT CARE DEDUCTION (§50553.5)	- \$ _____	17	<input type="checkbox"/> ALLOCATION TO PA FAMILY MEMBER (§50557) + \$ _____
13	REMAINING NON-EXEMPT EARNED INCOME	BOX 13 \$ _____	18	TOTAL MFBU NET NON-EXEMPT INCOME (ROUNDED DOWN TO THE NEAREST DOLLAR) = \$ _____
			19	SEC. 1931 MBSAC INCOME LIMIT FOR FAMILY \$ _____
IF INCOME FROM LINE 18 IS LESS THAN LIMIT FROM LINE 19, FAMILY IS INCOME ELIGIBLE.		<input type="checkbox"/> ELIGIBLE	<input type="checkbox"/> NOT ELIGIBLE: IF NO SNEEDE - ELIGIBLE CLASS MEMBER, EVALUATE FOR OTHER MEDICAL PROGRAMS; IF SNEEDE - ELIGIBLE CLASS MEMBER, EVALUATE FOR SEC. 1931 UNDER SNEEDE.	
ELIGIBILITY WORKERS SIGNATURE:		WORKER NUMBER:	COMPUTATION DATE:	COUNTY USE:

DRAFT

R-25-99

(1) Amend Section 50215 to read:

50215. Deprivation-Unemployed Parent.

(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.

(5) Is a recipient of the Section 1931(b) program.

(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).~~

~~(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.~~

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

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

~~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.~~

~~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:

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- (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.

Repeal Section 50216 – Refusal of Employment

NOTE: Authority cited: Sections 10725 and 14124.5, Welfare and Institutions Code.  
Reference: Sections 14005.4, 15005.7, 14008.85, and 14051, Welfare and Institutions Code and 1931u-1 Section 42 United States Code.