

**DEPARTMENT OF HEALTH SERVICES**

714/744 P Street  
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(916) 657-2941



July 17, 2000

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

Letter No.: 00-04EE

**ERRATA TO ALL COUNTY WELFARE DIRECTORS LETTER (ACWDL) 00-04**

Ref.: All County Welfare Directors Letter (ACWDL) No. 00-04

This Errata letter transmits several revisions to ACWDL No. 00-04 which implemented statutorily-mandated changes to the Section 1931 program effective March 1, 2000. The revisions transmitted by this Errata letter are as follows:

1. Paragraph three on Page 2 clarifies what determines a change in deprivation and when the family is subject to the new "Unemployed Parent Test" if the principal wage earner is working 100 hours or more.
2. Paragraph two on Page 6 clarifies when the family is eligible for Transitional Medi-Cal (TMC).
3. Paragraph two on Page 15 corrects the statement "Dad and the mutual child would be eligible for TMC".

Since this ACWDL was reproduced "back-to-back", we have also enclosed pages 1, 5, and 16.

If you have any questions regarding these changes, please contact Marge Buzdas of my staff at (916) 657-0726.

Sincerely,

ORIGINAL SIGNED BY,

Angeline Mrva, Chief  
Medi-Cal Eligibility Branch

Enclosures

**DEPARTMENT OF HEALTH SERVICES**

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January 14, 2000

TO: All County Welfare Directors  
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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 DEPRIVATION -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 details and instructions to counties about the new definition of deprivation -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 with a share of cost 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 counties, it represents an opportunity to substantially reduce the number of medically indigent adults who are currently only eligible for 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 the next quarterly status report or annual redetermination (whichever 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 at or below 100 percent of the federal poverty level (FPL).

Both applicants and recipients who are determined to be the PWE for the Medically Needy program and 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. Further, they are not subject to this unemployed parent (U-parent) earned income test unless deprivation changes to unemployment from some other type of deprivation such as absent parent or incapacity or the family is terminated and the applicant does not have good cause for the notice to be rescinded. They will then be considered applicants for deprivation purposes. If they reapply or the case is restored within four months, they may remain recipients for income purposes.~~

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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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 and the earnings from employment was not from the caretaker relative or the PWE, the family should be evaluated for the U-parent earned income test as applicants for 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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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 is ineligible because he has no linkage. The mutual child would be eligible for the Medically Indigent or Percent program. Dad and the mutual child are not eligible for TMC because they were terminated from Section 1931(b) due to loss of deprivation rather than earnings from Mom's employment.

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 (SB 708). The Department is implementing SB 708 by means of an increase in the income limit for applicants and certain recipients. 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). Applicants are eligible if their net nonexempt income is at or below the FPL. No other changes are

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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.

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). Under Alternative A, recipients are eligible if their net nonexempt income is less than the MBSAC.

Alternative B: Under this Alternative, counties will deduct from the recipient's gross income the current Section 1931(b) income exclusions applicable to applicants. This means the recipients get the \$90 work expense deduction, but not the \$240 and ½ deduction. Under Alternative B, the applicable Section 1931(b) income limit is the FPL and recipients are eligible if their net nonexempt income is at or below 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.