

DEPARTMENT OF HEALTH SERVICES

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(916) 657-2941



March 16, 2000

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

Letter No.: 00-16

MEDI-CAL ELIGIBILITY FOR THE WORKING DISABLED (250 PERCENT WORKING DISABLED PROGRAM)

Effective April 1, 2000, the 250 Percent Working Disabled program expands Medi-Cal eligibility to working disabled individuals who meet certain eligibility conditions such as having family countable income less than 250 percent of the federal poverty level (FPL).

This letter provides information and draft Procedures for implementing the new 250 Percent Working Disabled (WD) program, effective April 1, 2000. New forms have been developed for this program and are currently in process within the Department of Health Services (DHS). While these forms are under development, we have developed similar forms that are included as part of the draft Procedures and which counties may copy and use until the new forms are available from the DHS warehouse. We will let counties know when these new forms are stocked in the warehouse and are ready for ordering.

BACKGROUND

To promote self-sufficiency and encourage the disabled to seek employment opportunities without fear of losing essential health care, Section 4733 of the federal Balanced Budget Act of 1997, Public Law 105-33, established a new optional categorically needy group known as the working disabled, which allows states to provide Medicaid coverage to certain working disabled individuals.

California recently enacted legislation to adopt this federal option (Assembly Bill 155, Chapter 820, Statutes of 1999, Migden.) The State elected to impose a monthly sliding-scale premium for eligibles, with a minimum payment of \$20 and a maximum payment of \$250 per month per individual. Combined monthly sliding-scale premiums ranging from \$30 to \$375 are imposed for eligible couples. DHS, not the counties, will be responsible for collection of such premiums. Share of cost Medi-Cal provisions are not applicable to the 250 Percent WD program.

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The 250 Percent WD Program establishes Medi-Cal eligibility for certain working disabled individuals such as those whose family's net nonexempt income is less than 250 percent of the FPL and whose unearned income and resources meet Supplemental Security Income and State Supplementary Payment Program (SSI/SSP) requirements. Under federal law, states were given the option of adopting more liberal income and resource methodologies than used in determining eligibility for SSI/SSP. California chose to adopt liberal provisions such as exempting all the disabled individual's disability income and all resources in the form of employer or individual retirement arrangements authorized under the Internal Revenue Code. These disregards are reflected on the 250 Percent WD income and property eligibility forms included in the draft Procedures.

ELIGIBILITY REQUIREMENTS:

1. Except for earnings, all applicants must continue to meet the federal definition of disability, as defined in federal law, and meet the nonfinancial requirements of the Medi-Cal program. Substantial gainful activity is not a consideration in determining whether disability exists.
2. Except for earnings, all applicants must meet the eligibility requirements of the SSI/SSP program, though neither prior nor current receipt of SSI/SSP is required.
3. Applicant's family's net nonexempt countable income must be less than 250 percent of the FPL. Income eligibility will primarily be based on methodology used in the SSI program, except that disability income of the applicant is exempt. In counting income, "family income" means using the following income:
 - The applicant's or beneficiary's own income, except for disability income;
 - The spouse's income, if the spouse has income above a certain SSI threshold;
and
 - The parent(s)' income, if the applicant or beneficiary is a child.
4. FPLs based on 250 percent FPL

Effective April 1, 2000, 250 Percent of the FPL for a single individual is \$1,740 per month and \$2,344 per month for two persons. (The FPLs generally increase each April 1. Counties are notified by DHS when these FPLs increase.)

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If the applicant is a single individual or is married but spousal deeming does not apply, 250 percent of the FPL for one person is used. If a couple is applying or the applicant is married and spousal deeming applies, 250 percent of the FPL for two persons is used.

The FPL limit is not increased by children living in the home. Instructions about how to determine whether spousal deeming applies are in Section VI B 4 of the Procedures relating to determining whether net nonexempt family income is less than 250 percent of the FPL.

5. All beneficiaries must pay a monthly premium, based on countable income, ranging from \$20 to \$250 for an eligible individual or from \$30 to \$375 for an eligible couple. Note: If the otherwise eligible individual or couple fails to pay full premiums for two consecutive months, he or she will be discontinued by DHS with a timely notice of action from the 250 Percent WD program.

AID CODE:

Eligibles for the 250 Percent WD program are identified under Aid Code 6G. This is a full-scope aid code. There is no other aid codes for this program.

ALIENS:

Aliens who are or would be limited to restricted services under a regular Medi-Cal program (such as the Medically Needy program) are ineligible under federal requirements for the SSI/SSP program. Restricted-scope aliens therefore are ineligible for the 250 Percent WD program since one of the 250 Percent WD program's eligibility requirements is that except for earnings, the individual must be eligible for SSI/SSP.

Aliens listed below who are or could be receiving full-scope services under regular Medi-Cal are not eligible for the 250 Percent WD program unless they are lawfully residing in the United States and were receiving SSI on August 22, 1996. These aliens who were on SSI on August 22, 1996, meet the SSI alien status requirement and must continue to be evaluated for the 250 Percent WD program:

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- Voluntary Departure (INS Section 242(b))
- Order of Supervision (INA Section 242)
- Registry Alien (INA Section 249)
- Indefinite Stay of Deportation
- Suspension of Deportation (INA Section 244)
- In United States with Permission of INS
- Deferred Action Status
- Indefinite Voluntary Departure
- Extended Voluntary Departure
- Stay of Deportation (INA Section 106)
- Immediate Relative Petition
- Application for Adjustment Status
- Lawful Temporary Resident

OVERVIEW:

County Responsibilities:

Counties will determine eligibility and the amount of the premium and report this information to the Medi-Cal Eligibility Data System (MEDS). The amount of the premium is reported in the share of cost field.

DHS will notify the county by a worker alert whenever an individual in that county is discontinued by DHS for failure to pay full premiums for two consecutive months. The county must conduct an immediate redetermination as to whether the individual is eligible for any other Medi-Cal program and if eligible, report that information to MEDS. Neither Ramos nor Edwards will apply.

DHS Responsibilities:

DHS is automating to the maximum extent possible the premium payment system.

Third Party Liability Branch (TPLB):

TPLB will be responsible for collecting the required premium payments and reporting this information to MEDS.

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Information Technology Services Division (ITSD):

ITSD will ensure that data changes are made to MEDS so that MEDS tracks the premium payments; sends invoices to those reported eligible by the county; discontinues (with timely notice) those eligibles who have failed to pay full premiums for two consecutive months and informs the county by a worker alert when this occurs.

Medi-Cal Eligibility Branch (MEB):

MEB will develop and submit the State Plan Amendment to the Health Care Financing Administration, prepare regulations, ensure that procedures are maintained, and revise forms as necessary.

INTERIM PROCEDURES:

Aid Code 6G will be effective mid-March 2000, after MEDS Renewal is run. The automated premium payment collection system is not expected to be effective until summer 2000. Until such time as that system is implemented, counties will need to assist DHS by providing 6G eligibles with the following:

1. The 250 Percent Working Disabled Program Interim Premium Payment Information Notice (See Enclosure 1) which explains about the premiums and related requirements; how the interim premium collection process will operate; and the interim instructions about making these payment payments.
2. At least four of the following envelopes that have preprinted invoices with blank fields, so beneficiaries can return their payments to DHS. (DHS will be sending counties a supply of preaddressed, postage-paid envelopes, with each envelope having an invoice preprinted on it.) Each invoice is to cover one month of eligibility. Counties must complete one invoice with the following information for each month through July 2000, beginning with the month of approval: the month for which a premium is due, the amount of the premium, and whether the month is one of the three retroactive months of eligibility as provided under Title 22, California Code of Regulations, Section 50710. Neither retroactive nor ongoing eligibility can begin earlier than April 2000.

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We have developed an interim notice of action for approvals. (See Enclosure 2.) Counties may copy and use this notice until full implementation, when counties will be given a different notice of action to use for approvals. All counties must be sure to reproduce the notice with the NA BACK 9 on the back.

WORKING DISABLED PROGRAM COUNTY COORDINATOR:

Each county needs to provide MEB in DHS with the name, phone number, and address of the individual who can be contacted when issues arise about this program or to whom information can be sent. This county coordinator information can be e-mailed to Mr. Terry Durham, MEB, at Tdurham@dhs.ca.gov or faxed to him at (916) 657-3224. The county coordinator is also responsible for ensuring that any premium payments misdirected to the county are expeditiously mailed to DHS at:

Department of Health Services
Recovery Section
P.O. Box 225
Dept 155
Sacramento, CA 95812-0225

All eligibility questions regarding the 250 Percent WD program should be directed to Mr. Terry Durham (916) 657-2701. Beginning April 1, 2000, questions relating to the collection of premiums should be directed to the DHS Premium Collection Unit at (916) 322-0019.

Sincerely,

ORIGINAL SIGNED BY

Angeline Mrva, Chief
Medi-Cal Eligibility Branch

Enclosures

County Stamp

250 PERCENT WORKING DISABLED PROGRAM INTERIM PREMIUM PAYMENT INFORMATION

There are two steps for coverage under the 250 Percent Working Disabled program. First, you must meet the eligibility requirements, such as California residency and the income and property tests. Second, once you are determined eligible, you must pay a monthly premium to be enrolled so that this program can cover services. This program requires that the monthly premium payment amount be paid even if there are no services received in that month, just like an insurance program does.

Eligible couples pay a combined monthly premium to be enrolled.

Your County Department of Social Services (CDSS) determines whether you are eligible and the amount of your premium. If you are eligible, your CDSS reports your eligibility and premium payment amount to the California Department of Health Services (DHS).

Your CDSS will provide you with four preaddressed postage-paid envelopes, with each envelope having an invoice preprinted on it, for you to use to make your payments. These payments are to be sent to DHS, NOT to your CDSS. If you need additional invoices, please contact your county eligibility worker.

It is very important that you:

- Put your name, address, and Social Security Number on your payment (on your check or money order) so DHS can immediately credit it to your account and
- Return your payment to DHS in the preaddressed envelope provided by your county. This will ensure expedited processing of the premium payment. **Please do not send your payment in cash.**

In a few months, the invoices and envelopes will be sent to you by DHS. Please follow the above instructions for returning your payments to DHS.

Your coverage will start within two days from the time DHS is notified of your eligibility. The plastic Beneficiary Identification Card (BIC) will be used for this program. If you do not have a BIC already, one will be issued to you shortly. Take the BIC to your doctor or other Medi-Cal provider when you request medical services.

If you have any questions about your eligibility or the amount of your premium, call your CDSS eligibility worker at _____. If you have any questions about the payments you have made or your account, please call the DHS Premium Collection Unit at (916) 322-0019.

County Stamp

**MEDI-CAL
(Interim) NOTICE OF ACTION
Approval For Benefits as a 250 Percent
Working Disabled Individual or Couple**

Date: _____

Case No: _____

Worker No: _____

This affects: _____

We have reviewed your application/case to see if you are eligible for the 250 Percent Working Disabled program. This program allows eligible individuals and couples to pay premiums for full coverage under Medi-Cal.

We have determined that beginning _____/_____/_____, you meet the basic eligibility requirements for the 250 Percent Working Disabled program. You are responsible for making premium payments for coverage.

The amount of your monthly premium is \$ _____. This is based on your net nonexempt income of \$ _____. We have not counted your disability income in making this determination. Payments are due by the 10th of the month.

Pre-addressed, postage-paid envelopes with preprinted invoices for the first few months of your coverage are included with this notice. Use these envelopes to return your payments to the California Department of Health Services.

TO EXPEDITE PROCESSING OF YOUR PAYMENT, ALSO INCLUDE YOUR NAME AND SOCIAL SECURITY NUMBER ON YOUR PAYMENT WHEN YOU RETURN IT IN THE SPECIAL ENVELOPE.

In the next few months, you will be receiving different pre-addressed, color-coded postage paid envelopes and invoices directly from DHS, not the county. When you receive them, please begin to use them for returning your payments to DHS.

This action is required by Welfare and Institutions Code Section 14007.9.

DRAFT

PROCEDURES

250 PERCENT WORKING DISABLED (WD) PROGRAM

- I. BACKGROUND
- II. SUMMARY
- III. AID CODE/MANAGED CARE INFORMATION
- IV. OVERVIEW OF ELIGIBILITY REQUIREMENTS
- V. MFBU COMPOSITION
- VI. COUNTY RESPONSIBILITY
- VII. INKIND SUPPORT AND MAINTENANCE (ISM)
- VIII. PREMIUM COLLECTION SYSTEM DESCRIPTION
- IX. NOTICE OF ACTION
- X. BENEFITS IDENTIFICATION CARD
- XI. FORMS
- ATTACHMENT. INKIND SUPPORT AND MAINTENANCE PAGES
FROM SECTION 14 OF THE PICKLE HANDBOOK

250 PERCENT WORKING DISABLED PROGRAM

I. BACKGROUND

Section 4733 of the federal Balanced Budget Act of 1997, Public Law 105-33, created a new optional categorically needy group for employed disabled individuals who meet specified eligibility requirements as outlined in Part IV below. State law (Assembly Bill 155, Chapter 820, Statutes of 1999) directs California to adopt this federal option that expands Medi-Cal eligibility to certain disabled employed persons.

II. SUMMARY

This new option provides an opportunity for working disabled persons to buy into the Medi-Cal Program by paying monthly premiums on a sliding-scale based on nonexempt countable income. Premiums will range from a minimum of \$20 to a maximum of \$250 per month for an eligible individual or from \$30 to \$375 for an eligible couple. The Department of Health Services (DHS) Third Party Liability Branch has the responsibility for the collection of such premiums.

An individual who is eligible for this program must meet the premium payment requirements to be enrolled for coverage under this program.

III. AID CODES

The aid code for the 250 Percent WD program is 6G. This is a full scope aid code. As explained in Section VI below, undocumented aliens are ineligible for the Supplemental Security Income/State Supplementary Payment program (SSI/SSP) and therefore are unable to meet the 250 Percent WD program's eligibility requirement that except for earnings, the individual must be eligible for SSI/SSP. Therefore, undocumented aliens are ineligible for the 250 Percent WD program and there are no other aid codes for this program. (Also see Section VI for a description of other ineligible aliens.)

The point of service message for Aid Code 6G is: "Recipient Medi-Cal Eligible with No Share of Cost."

Managed Care: Those in aid code 6G will not be allowed to enroll in managed care in counties where the Two-Plan, Geographic Managed Care, County Organized Health Systems, or Fee-For-Service Managed Care health plan models operate, until the Medi-Cal Managed Care Division develops new program rates for this aid code and processes the required contract amendments and internal system changes.

Counties will be notified when managed care enrollment for these beneficiaries can begin.

IV. OVERVIEW OF ELIGIBILITY REQUIREMENTS

Under the federal option for determining eligibility for the 250 percent program, States were given the option of adopting more liberal income and resource methodologies than used in the SSI/SSP program. California chose to adopt provisions to exempt the entire working disabled individual's state, federal and private disability income. Also, resources in the form of employer

or individual retirement arrangements authorized under the Internal Revenue Code are exempted for the disabled person. These disregards are reflected on newly-developed income and property eligibility forms.

To be eligible for the 250 Percent WD program, an individual must:

- ◆ Without regard to ability to perform Substantial Gainful Activity (SGA) (i.e., even if the disabled individual has earnings over \$700 per month), continue to meet the federal definition of disability as defined in federal law for Social Security disability programs.
- ◆ Be otherwise eligible to receive SSI/SSP benefits if earnings are disregarded.
- ◆ Have net nonexempt family income less than 250 percent of the FPL.
- ◆ Pay a monthly premium based on net countable income.
- ◆ Meet all other nonfinancial Medi-Cal eligibility program requirements.

V. MFBU COMPOSITION:

- A. An eligible 250 Percent working disabled individual will be in his/her own MFBU. An eligible couple will be together in their own MFBU.
- B. If there are other family members of the 250 percent working disabled individual/couple applying for or eligible for Medi-Cal, income from the 250 percent working disabled is available to those family members as follows:

TO BE COMPLETED AT A LATER DATE

VI. COUNTY RESPONSIBILITIES:

- A. 250 Percent WD Program Coordinator: All County Welfare Departments (CWD) are responsible for designating a coordinator, who will oversee program implementation in their respective counties. The county coordinator is also responsible for ensuring that any premium payments misdirected to the county are expeditiously mailed to DHS at:

Department of Health Services
Recovery Section
P.O. Box 225
Department 155
Sacramento, CA 95812-0225

- B. Determine Program Eligibility for Children and Adults:

Note: The term applicant also includes a beneficiary whose eligibility is being redetermined or reevaluated.

The CWD shall determine whether an applicant meets nonfinancial requirements (including California residency) for the Medi-Cal program and, in addition, meets all program requirements for the 250 Percent WD program.

Definition of a Child: A child must be unmarried and not the head of a household and either (i) under age 18 or (ii) under age 22 and a student regularly attending school, college, or training that is designed to prepare him/her for a paying job.

1. Determine whether disability exist;

Disability exists if the conditions of the California Code of Regulations, (CCR), Title 22, Section 50223 are met. If the applicant has not had a disability determination, the CWD shall prepare a disability packet in the same manner used for any applicant applying for Medi-Cal under the disability category, except the applicant cannot be denied Medi-Cal by the CWD or the State Disability and Adult Programs Division (DAPD) for performing SGA (i.e., for having his/her earnings exceed \$700 per month). The CWD shall send the completed disability packet to DAPD in accordance with the provisions outlined in Section 22-C-6 of the Medi-Cal Eligibility Procedures Manual. When completing the MC 221, the county shall **check** the box identified as “Other” in Section No. 8 and **annotate** the following in Section No. 10, “**250 Percent Working Disabled Program- No SGA Determination Required.**”

2. Determine net nonexempt income: Income is determined in accordance with the provisions outlined in CCR, Title 22, Article 5, except as follows:

- (i) The inkind income provisions in Article 5 are not applied. Instead, SSI’s requirements for treating inkind support and maintenance (ISM) as unearned income are used. See Section VII below. Also, Section 14 of the Pickle Handbook which provides detailed instructions about ISM is included as an Attachment to these Procedures.
- (ii) All disability income, including workman’s compensation, of the working disabled individual is disregarded (e.g., federal, state, or private disability income).
- (iii) Impairment related work expenses (IRWE) are a deduction from income, based on SSI methodology. Section 50045.1 defines IRWE as, “...those expenses of a working QMB or SLMB program applicant/beneficiary which are necessary to become or remain employed...” Examples of IRWEs are attendant care services, transportation costs and medical devices.

This section will also apply to applicants/beneficiaries of 250 Percent Working Disabled program.

- (iv) Spousal/parental deeming based on SSI methodology applies.

- (v) One-third of child support received by an applicant who is a child is disregarded before the remainder is treated as unearned income.

Note: The methodology for determining income including the above exceptions is contained in the new income test worksheet forms.

3. Determine net nonexempt property: Property is determined in accordance with the provisions outlined in Article 9, except as follows:
 - (i) Resources of the working disabled individual in the form of retirement arrangements authorized under the Internal Revenue Code shall be exempt. These include Individual Retirement Accounts (IRAs); work related pension funds for income when employment ends which are administered by an employer or union including such plans as Deferred Compensation Plans and Thrift Plans; and plans for self-employed individuals such as KEOGH Plans.
 - (ii). Section 50491 (dealing with the Section 1931(b) program) is not applicable.
4. Determine whether the net nonexempt family income of the disabled working applicant is less than 250 percent of the FPL.

Essentially, SSI/SSP methodology is used. Only the income of the working disabled individual and his/her spouse (or parent(s), if a child) are considered. New Medi-Cal forms with instructions have been developed for this determination. For adults, this form is the MC 338 entitled, "250 Percent Income Test Worksheet for the 250 Percent Working Disabled program -ADULTS." The instructions are in form, MC 338.Instr. For a child, this form is the MC338B entitled "250 Percent and the SSI/SSP Income Tests Worksheet for the 250 Percent Working Disabled program – CHILD."

Note: If: A child is applying; an individual without a spouse is applying; or an individual with an ineligible spouse is applying, but spousal deeming does not apply (as determined when the MC 338 is completed), net nonexempt family income must be less than 250 percent of the FPL for one person.

If: The applicant has a spouse and spousal deeming applies, the net nonexempt countable income must be less than 250 percent of the FPL for two persons.

5. Determine whether the working disabled applicant would be eligible for SSI/SSP in the absence of his or her earnings:
 - (i) Review alien status:

Aliens:

- Aliens who are or would be limited to restricted services under a regular Medi-Cal program (such as the Medically Needy program) are ineligible under federal requirements for SSI/SSP. Restricted-scope aliens therefore are ineligible for the 250 Percent WD program since one of the 250 Percent WD program's eligibility requirements is that except for earnings, the individual must be eligible for SSI/SSP.
- Aliens listed below who are or could be receiving full-scope services under regular Medi-Cal are not eligible for the 250 Percent WD program unless they are lawfully residing in the United States and were receiving SSI on August 22, 1996. These aliens who were on SSI on August 22, 1996, meet the SSI alien status requirement and must continue to be evaluated for the 250 Percent WD program.
 - . Voluntary Departure (INS Section 242(b))
 - . Order of Supervision (INA Section 242)
 - . Registry Alien (INA section 249)
 - . Indefinite Stay of Deportation
 - . Suspension of Deportation (INA Section 244)
 - . In United States with Permission of INS
 - . Deferred Action Status
 - . Indefinite Voluntary Departure
 - . Extended Voluntary Departure
 - . Stay of Deportation (INA Section 106)
 - . Immediate Relative Petition
 - . Application for Adjustment Status
 - . Lawful Temporary Resident

(ii) SSI/SSP income determination:

Determine whether net nonexempt income is less than the SSI/SSP payment standard. (Disability income and earnings of the applicant are exempt in this determination.)

This determination is based on SSI/SSP methodology. For adults, use form MC 338A entitled, "SSI/SSP Income Test Worksheet for the 250 Percent Working Disabled Program -ADULTS." For a child, this methodology is on the form (MC 338B) used for the child's 250 percent income test above.

To determine whether the applicant(s) meet the SSI/SSP income test, net nonexempt income must be equal to or less than the SSI/SSP payment level for:

- one person if: A child is applying, an adult without a spouse is applying, or if an applicant has an ineligible spouse and spousal deeming does not apply or
- two persons if: A couple is applying or if an individual with an ineligible spouse is applying and spousal deeming applies.

(ii) SSI/SSP property determination:

Determine whether net nonexempt property meets the SSI/SSP property test:

A new combined form for adults and children has been developed for this determination. This form is the MC 338C entitled, “ SSI/SSP Property Test Worksheet for the 250 Percent Working Disabled Program Adult and Child Applicants.”

To meet the SSI/SSP property test, the net nonexempt property of an applicant with a spouse must be less than or equal to the property level for two (\$3,000). If the applicant is a child or is an individual with no spouse, net nonexempt property must be less than or equal to the property level for one (\$2000).

6. Ensure that the MC 338G entitled “ Premium Payment Information for the 250 Percent Working Disabled program is provided to eligibles at initial approval and at redeterminations.

This form describes various requirements relating to the premium payment system. Although no face-to-face interview is required, if a request for an explanation of this form is made, the county must review the content of this form with the applicant.

7. Determine Premium Amounts:

Based on nonexempt net countable income as determined under the 250 Percent Income test for either a single child/adult applicant or a couple applicant, the CWD will determine the amount of the monthly premium for an eligible individual or eligible couple according to the following chart.

Net Countable Income		Premium Amount For One Eligible Individual*	Premium Amount For An Eligible Couple**
From	To		
\$ 1	The maintenance need income level (MNL) for one under the Medically Needy (MN) program. (Currently \$600)	\$20	\$30
\$601 (MNL for one + \$1)	\$ 700	\$ 25	\$ 40
\$701	\$ 900	\$ 50	\$ 75
\$901	\$1,100	\$ 75	\$100
\$1,101	\$1,300	\$100	\$150
\$1,301	\$1,500	\$125	\$200
\$1,501	\$1,700	\$150	\$225
\$1,701	\$1,900	\$175	\$275
\$1,901	\$2,100	\$200	\$300
\$2,101	250 Percent of the federal poverty level (FPL) for two (for year 2000 - \$2,344)	\$250	\$375

* This column is for an eligible child, an eligible unmarried adult or a married individual with a spouse where the spouse is not eligible for the 250 Percent Working Disabled program. In the case of an eligible married individual where there is an ineligible spouse and spousal deeming applies, eligibility is based on the federal poverty level (FPL) for two so that countable income for premium purposes can be as high as the FPL for two.

** This column is for eligible couples. Eligibility is based on countable income of both and tested against the FPL for two.

8. Reporting to MEDS:

If the CWD determines that the applicant is eligible for the 250 Percent WD program, the county must report his/her eligibility under aid code 6G via a transaction to MEDS through standard operating procedures. The county shall report the amount of the premium in the share of cost field.

The premium amount will show in the SOC amount field on the INQM screen. This screen will show 6G with an eligibility status code (ESC) reflecting whether the month: is a month in which full premiums have been paid; is an unpaid retroactive month; is one of the "history" months (eligibility was reported for a month or months prior to the current MEDS month); is one of the two months of exception eligibility where the recipient has not paid full premiums but is still eligible; or is a

month of ineligibility because the recipient has been terminated from the 250 percent WD program.

For details about how this county-reported information is used, see Section VIII where the premium payment processing system is described.

9. Redetermination for other programs:

If a beneficiary is discontinued from the 250 Percent WD program for failure to pay premiums, DHS will send the beneficiary the MC 338F Notice of Action, with appeal rights, discontinuing him/her from the 250 percent WD program. (See Section VIII for additional details.)

DHS will update the MEDS record to show ineligibility and will notify the county of the discontinuance via a worker alert. The CWD shall conduct an expedited redetermination as to whether the individual is eligible for any other Medi-Cal program.

VII. INKIND SUPPORT AND MAINTENANCE (ISM):

ISM is defined as any food, clothing or shelter that is either given to a 250 Percent WD applicant/beneficiary or received by him/her because it was paid for by another person.

Shelter includes room, rent, gas, electricity, water, sewer, and garbage collection services.

There are two ways to value the dollar amount of the ISM given to or received by the applicant/beneficiary.

1. The value of the one-third reduction (VTR). This value is one-third of the SSI (but not the combined SSI/SSP) payment rate.
2. The presumed maximum value (PMV). This value is one-third of the SSI (but not the combined SSI/SSP) payment rate + \$20. This value may be rebutted if the actual values for the item are less than the PMV.

Unless VTR applies, PMV applies when the applicant receives partial or full support from someone who is not a legally responsible relative. PMV can apply if given by a person outside the applicant's home/household.

An applicant/beneficiary is not charged both VTR and PMV in the same month. If VTR is charged, PMV may not be. These values are unearned income and used to determine income eligibility.

The following chart describes the most common situations involving ISM. If additional situations or questions arise, such as when members of a couple live apart or there is institutional care involved, please review the Attachment which reprints the ISM pages from the Pickle Handbook.

Living Arrangement	VTR: Count 1/3 of the applicable SSI (but not SSP) payment level as unearned income	PMV: Count 1/3 of the SSI (but not SSP) payment level + \$20 as unearned income
<p>Applicant/beneficiary lives in own home, i.e.,</p> <ul style="list-style-type: none"> - he/she and spouse living in home have ownership or life estate interest or rental liability, - he/she pays pro rata share, or - all members of the household are receiving public assistance income payments. 	VTR does not apply.	Count PMV to the applicant if any combination of food, shelter, or clothing given by a person who is not a responsible relative.
<p>Applicant and his/her</p> <ul style="list-style-type: none"> - spouse - minor child or - ineligible spouse (or ineligible parent if applicant is a child) whose income may be deemed to the applicant <p>live in the household of another person who is not one of these above persons.</p>	Count VTR as unearned income to the applicant if the other person gives/pays for the applicant's food <u>and</u> shelter.	If VTR does not apply, count PMV as unearned income to the applicant if the other person gives/pays for any other combination of the applicant's food, shelter, or clothing.
Applicant lives throughout the whole month in the household of another person who is not his/her spouse, child, or ineligible spouse/parent.	Count VTR if the other person is giving/paying the applicant's/beneficiary's full food AND shelter.	If no VTR, count PMV if the other person gives any other combination of food, shelter, or clothing, e.g., the applicant shares in expenses but does not pay pro rata share.
Applicant lives throughout the whole month in the household of another person who is not his/her spouse, child, or ineligible spouse/parent.	Count VTR if the other person is giving/paying the applicant's/beneficiary's full food AND shelter.	If no VTR, count PMV if the other person gives any other combination of food, shelter, or clothing, e.g., the applicant shares in expenses but does not pay pro rata share.

VII. PREMIUM COLLECTION SYSTEM DESCRIPTION:

A. Determining Eligibility and Amount of Premium

Counties will determine eligibility and amount of the premium for individuals in the 250 Percent WD program. This information will be reported to MEDS.

B. Mailing of Invoices

When the county reports initial eligibility and the amount of premium, DHS will send an invoice and postage-paid envelope to the beneficiary as soon as initial eligibility is reported. The invoice will be for the current month of eligibility. DHS will also send a second invoice with the amount of the premiums due for all history months of eligibility (months in which eligibility is established prior to the current month of eligibility and reported to MEDS by the county).

Once initial 250 Percent WD eligibility is reported and for as long as the beneficiary is not terminated from the program, DHS will generate and send monthly invoices and pre-addressed postage paid envelopes to program eligibles based on the monthly premium amount reported to MEDS by the counties. Invoices will be mailed approximately on the 23rd of each month after (MEDS renewal) and will inform the beneficiary that premiums are due by the 10th of the following month.

C. Collection of Premiums

Premium payments will be returned to the Department of Health Services Third Party Liability (TPL) Branch. TPLB will process premiums as they are received. Premiums returned in the pre-addressed, color-coded envelope with the system-generated invoice will be posted within 24 hours of receipt. Premiums returned in any other envelope or without the system-generated invoice must be researched and will be posted as soon as possible. If a partial premium for a month is received, it will be deposited and reported to MEDS. MEDS' program logic will be able to recognize both full and partial premiums allowing for multiple premium payments to be made for each month.

D. Discontinuance for Failure to Pay Premiums

If full premiums have not been paid for two consecutive months, DHS will send a timely Notice of Action (NOA), with appeal rights, to the beneficiary informing him/her of discontinuance from the 250 Percent WD program for failure to pay required premiums. The NOA will also inform the beneficiary that the county automatically will redetermine eligibility under other Medi-Cal programs. DHS will update the MEDS

record to show ineligibility and will notify the county via a worker alert of the discontinuance.

During this two month period, beneficiaries will continue to be eligible under the 250 Percent WD program even though full premiums for these months have not been paid. MEDS will have an eligibility status code showing exception eligibility.

If a beneficiary is discontinued from the 250 Percent WD program for failure to pay full premiums for two consecutive months, there will be a six-month penalty period. Should an otherwise eligible person wish to reenroll during the six-month penalty period, he/she may be reenrolled if the premium is paid for the current month and any months where premiums are owed for the two transition months in which he/she was eligible for covered services, but failed to pay full premiums. If an otherwise eligible person wants to reenroll after the end of the penalty period, he/she is a new applicant and must prepay the premium for the first month of current eligibility.

E. Discontinuance for Reasons Other Than Nonpayment of Premiums

If a beneficiary is discontinued from the program for reasons other than nonpayment of premiums and does not appeal the decision, he/she is again treated as a new applicant and will not receive covered services under the 250 Percent WD program until eligibility is re-established and a new initial premium for one month is paid.

F. Eligibility for History and Retroactive Months

History Months:

History months are the months of eligibility beginning with the month of application and ending with the month prior to the month of current eligibility. These months are not a factor in determining whether a beneficiary has or has not paid premiums for two consecutive months. That is, even if the county reports eligibility for one or more history months, this coverage does not establish two months of exception eligibility nor are the nonpayment of premiums tracked to see whether the beneficiary is to be discontinued due to nonpayment of premiums.

Retroactive Months

Retroactive months are the months prior to the month of application.

An individual may be eligible for three months of retroactive Medi-Cal benefits if otherwise eligible and if the applicable premium is paid for each month for which retroactive coverage is requested.

The payment or nonpayment of premiums in one or more of the three retroactive months are not a factor in determining whether the beneficiary has failed to pay premiums for two consecutive months. Each retroactive month is a closed period on MEDS. For example, assume a beneficiary requests retroactive coverage for one or more months in the retroactive period. If the county establishes eligibility and reports this information to MEDS, DHS will generate and send invoices to the beneficiary for these retroactive months. If the beneficiary then fails to pay premiums for any of these months, there is no discontinuance or penalty period.

IX. NOTICE OF ACTION:

Notification: The CWD shall send notification in writing of the applicant's Medi-Cal eligibility status and notify beneficiaries of any changes in eligibility. The Notice of Action shall be issued for approvals, denials, changes in premium amounts, or discontinuance of eligibility for reasons other than nonpayment of the required premiums. There are two Notices of Action included in these Procedures which counties may copy and use until these forms have been processed through DHS and are available to be ordered from the DHS Warehouse. Counties must include the NA BACK 9 with each form sent to a beneficiary. The MC 338D is the notice of action for approvals and the MC 338E is the notice of action when there is a change in the premium amount.

X. BENEFITS IDENTIFICATION CARD: (BIC)

Beneficiaries covered under the 250 Percent WD program, will be issued a BIC for medical services authorized by Medi-Cal. The message is defined above under Aid Codes.

XI. FORMS:

MC 338	250 PERCENT INCOME TEST WORKSHEET FOR THE 250 PERCENT WORKING DISABLED PROGRAM - ADULTS
MC 338.INSTR	INSTRUCTIONS 250 PERCENT INCOME TEST WORKSHEET FOR THE 250 PERCENT WORKING DISABLED PROGRAM – ADULTS
MC 338A	SSI/SSP INCOME TEST WORKSHEET FOR THE 250 PERCENT WORKING DISABLED PROGRAM – ADULTS
MC 338B	250 PERCENT AND SSI/SSP INCOME TESTS WORKSHEET FOR THE 250 PERCENT WORKING DISABLED PROGRAM – CHILD APPLYING WITH OR WITHOUT INELIGIBLE PARENT(S)
MC 338C	SSI/SSP PROPERTY TEST WORKSHEET FOR THE 250 PERCENT WORKING DISABLED PROGRAM – ADULT AND CHILD APPLICANTS

MC 338D	MEDI-CAL NOTICE OF ACTION APPROVAL FOR BENEFITS AS A 250 PERCENT WORKING DISABLED INDIVIDUAL OR COUPLE
MC 338E	MEDI-CAL NOTICE OF ACTION CHANGE IN PREMIUM PAYMENT IN THE 250 PERCENT WORKING DISABLED PROGRAM
MC 338F	DEPARTMENT OF HEALTH SERVICES GENERATED MEDI-CAL NOTICE OF ACTION DISCONTINUANCE FOR FAILURE TO PAY FULL PREMIUMS FOR TWO MONTHS IN THE 250 PERCENT WORKING DISABLED PROGRAM
MC 338G	PREMIUM PAYMENT INFORMATION FOR THOSE ELIGIBLE FOR THE 250 PERCENT WORKING DISABLED PROGRAM
MC 338H	APPLICATION FOR RETROACTIVE ELIGIBILITY – 250 PERCENT WORKING DISABLED PROGRAM

County Stamp

L J

**MEDI-CAL
NOTICE OF ACTION**

**Approval For Benefits as a 250 Percent
Working Disabled Individual or Couple**

L J

Date: _____

Case No: _____

Worker No: _____

L J This affects: _____

Disabled program. This program allows eligible individuals and couples to pay premiums for full coverage under Medi-Cal.

We have determined that beginning ____/____/____, you meet the basic eligibility requirements for the 250 Percent Working Disabled program. However, before Medi-Cal can begin to cover your medical expenses under this program, you must pay the first month's premium.

If you already have a plastic Benefits Identification Card (BIC), this card will be used for this program. If you do not already have a BIC card, you will receive one soon. Do not throw this card away. This card is good as long as you are eligible for Medi-Cal. Take this plastic card to your doctor or other Medi-Cal provider when you request medical services.

The amount of your monthly premium is \$ _____. This is based on your net nonexempt income of \$ _____. We have not counted your disability income in making this determination.

You will receive an invoice from the California Department of Health Services (DHS) with a preaddressed, postage-paid envelope for you to use in making this payment. **DO NOT SEND TO OR DROP OFF ANY PAYMENTS AT YOUR COUNTY DEPARTMENT OF SOCIAL SERVICES.**

PLEASE ATTACH THE INVOICE TO YOUR PAYMENT. TO EXPEDITE PROCESSING, ALSO INCLUDE YOUR NAME, SOCIAL SECURITY NUMBER AND CLIENT INDEX NUMBER (WHICH IS FOUND ON YOUR INVOICE) ON YOUR PAYMENT.

To continue your enrollment under this program, you must pay the monthly premium that is due. Each month, DHS will send you a monthly invoice with a preaddressed postage-paid envelope. Your premium payment is due by the 10th of the following month.

This action is required by Welfare and Institutions Code Section 14007.9.
MC 338D 250 Percent WD program Approval Notice of Action 2/28

County Stamp

MEDI-CAL
NOTICE OF ACTION

Change of Premium Payment Amount
In the 250 Percent Working Disabled Program

Date: _____

Case No: _____

Worker No: _____

Change in Premium for:

Your premium for enrollment in the 250 Percent working disabled program has been changed to \$_____ per month beginning _____. The Department of Health Services will put this new amount on your invoice.

The amount of your monthly premium is based on your net nonexempt income of \$_____. We have not counted your disability income in making this determination.

PLEASE BE SURE TO ATTACH YOUR INVOICE TO YOUR PAYMENT. TO EXPEDITE PROCESSING, ALSO INCLUDE YOUR NAME, SOCIAL SECURITY NUMBER, AND YOUR CLIENT INDEX NUMBER (WHICH IS FOUND ON YOUR INVOICE) ON YOUR PAYMENT.

To continue your enrollment under this program, you must pay the monthly premium that is due. Each month, DHS will send you a monthly invoice with a preaddressed postage-paid envelope. Your premium payment is due by the 10th of the following month.

This action is required by Welfare and Institutions Code Section 14007.9.

**MEDI-CAL
NOTICE OF ACTION
DISCONTINUANCE FOR FAILURE TO PAY
FULL PREMIUMS IN THE 250 PERCENT WORKING
DISABLED PROGRAM**

┌ County Stamp ┐

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State number: _____

District: _____

└ ┘

Discontinuance from the 250 Percent
Working Disabled program for:

(names)

We have reviewed all information about your payment of premiums in the 250 Percent Working Disabled program and have determined that you have not paid the required premiums for _____ and _____.
(month) (month)

Your enrollment in the 250 Percent Working Disabled program will be discontinued, effective the last day of _____.

If you have any questions about your premium payments, you may call Mr. Doug Abbes at the Department of Health Services Third Party Liability Branch at (916) 324- 4162.

If you are eligible for Medicare, this means that _____ is the last month the State
(month)

will pay your premium for Part B Medicare supplementary insurance coverage. You will receive a written notice from the Social Security Administration, or you may call your Social Security district office if you have questions about your Medicare Status.

This discontinuance action does not affect your eligibility for any other Medi-Cal program. You will receive another notice from your County Department of Social Services concerning any other Medi-Cal coverage for which you may be eligible. If you have any questions about such eligibility, please write or telephone your county eligibility worker.

DO NOT THROW YOUR PLASTIC ID CARD AWAY. You can use it again if you become eligible for Medi-Cal.

This action is required by Welfare and Institutions Code Section 14007.9.

County Stamp

250 PERCENT WORKING DISABLED PROGRAM PREMIUM PAYMENT INFORMATION

There are two steps for coverage under the 250 Percent Working Disabled program. First, you must meet the eligibility requirements, such as California residency and the income and property tests. Second, after you are determined eligible, you must pay a monthly premium payment amount to be enrolled so that this program can cover services. This program requires the payment of premiums even if there are no services expected to be received in a month, just like an insurance program.

Eligible couples pay a combined monthly premium to be enrolled.

The county department of social services (CDSS) determines eligibility and the amount of the premium. If you are eligible, the CDSS reports this information to the California Department of Health Services (DHS). DHS will be the agency that sends the invoices (bills) to you.

Here are the rules for enrolling and for staying enrolled.

1. A new eligible applicant must pay his/her premium for the first month in which he/she wants coverage before he/she is enrolled. Eligible couples will have a combined premium which must be met before they are enrolled. DHS will send the invoice (bill) with the amount owed and due date with a preaddressed postage paid envelope for you to return the premium and invoice to DHS.
2. If a new eligible applicant has applied and been found eligible for any of the three retroactive months prior to the month of application and wants coverage in those months, he/she must pay the premiums for each of these months before he/she can be covered. These premium amounts will be included in the first invoice the new eligible receives from DHS.
3. Each month eligible beneficiaries will receive a monthly invoice and preaddressed color-coded postage-paid envelope.
4. Payments will be due by the 10th of the next month.

5. It is very important that you:
- Put your name, address, Social Security Number and Client Index Number (which is found on the invoice) on your payment (on your check or money order) so DHS can immediately credit it to your account: and
 - Attach the invoice to the payment and return BOTH the payment and the invoice in the color-coded envelope to DHS .
- This will ensure expedited processing of your premium payment.
Please do not send your payment in cash.
6. There will be a \$25 charge if a check is returned for such reasons as Insufficient funds in the account.
7. A beneficiary will be discontinued from this program for failure to pay full premiums for two consecutive months. If you are discontinued, your CDSS will evaluate you for other Medi-Cal programs.
8. A beneficiary will have a six-month penalty period as follows if he/she is discontinued for failure to pay full premiums for two consecutive months. The individual will be treated as a new applicant again if he or she wants to reenroll. The CDSS will have to redetermine eligibility and report it to DHS. Then,
- If the individual wants to reenroll during the six-month penalty period, he/she will have to pay the premium for the first month of coverage AND the past due premiums for the two months when full premiums were not paid
 - If the beneficiary wants to reenroll after the six-month penalty period, he/she will have to pay the premium for the first month of coverage.

If you have any questions about your eligibility or the amount of your premium, call your CDSS eligibility worker at----- . If you have any questions about the payments you have made or your account, you may call the DHS Premium Collection Unit at (916) 322-0019.

MEDI-CAL
NOTICE OF ACTION
APPLICATION FOR RETROACTIVE
ELIGIBILITY FOR THE 250 PERCENT
WORKING DISABLED PROGRAM

r

r

Date: _____

Case No: _____

Worker No. _____

L

J

This affects: _____

We have reviewed all information available to us about your circumstances and find that effective for the month(s) of _____, you meet the basic eligibility requirements for retroactive coverage under the 250 Percent Working Disabled program. You are responsible for making premium payments for each month in which you want to be enrolled for retroactive coverage.

The amount of your monthly premium for _____ is \$ _____.
The amount of your monthly premium for _____ is \$ _____.
The amount of your monthly premium for _____ is \$ _____.

This is based on your net nonexempt income of _____. We have not counted your disability income in making this determination.

You will receive invoices for these months from the Department of Health Services with pre-addressed color-coded, postage-paid envelopes for you to use in returning your premiums to the California Department of Health Services.

PLEASE ATTACH AN INVOICE TO EACH OF YOUR PAYMENTS. TO EXPEDITE PROCESSING, ALSO INCLUDE YOUR NAME, CLIENT INDEX NUMBER AND SOCIAL SECURITY NUMBER ON YOUR PAYMENT.

Take your plastic card to each medical provider where you received service in the above months. If you have paid your premium(s) for these retroactive months, your plastic card will show your provider that you are enrolled.

This action does not affect your application for current and ongoing Medi-Cal. If you have any questions about this action or if there are more facts about your conditions which you have not reported to us, please write or telephone us at

_____.

This action is required by Welfare and Institutions Code Section 14007.9.

PICKLE HANDBOOK

SECTION 14

IN-KIND SUPPORT AND MAINTENANCE (ISM)

HANDBOOK LETTER NO. 3

P I C K L E H A N D B O K

SECTION 14--IN-KIND SUPPORT AND MAINTENANCE

Introduction

Pickle eligibility determinations are based on the Social Security Act. For purposes of determining eligibility under the Pickle Amendment, the Act requires that in-kind support and maintenance (ISM), along with other forms of unearned income, be considered. ISM is defined as any food, clothing, or shelter that is either given to or received by a Pickle applicant/beneficiary and is paid for by someone having no legal responsibility to provide same. Shelter includes room, rent, gas, electricity, water, sewer, and garbage collection services. (Complete DHS 7044 if ISM exists.)

There are two rules used to determine the dollar amount of ISM that an applicant/beneficiary receives:

1. The value of the one-third reduction (VTR).
2. The presumed maximum value (PMV).

These two rules are mutually exclusive. When the VTR rule applies in any one month, the PMV rule cannot.

Additional ISM is never charged when an applicant/beneficiary:

1. Received ISM already valued at the one-third reduction and receives additional ISM subject to the PMV, e.g., a rental subsidy.
2. Receives ISM and is already being charged the PMV.

Applying the VTR

This is a flat one-third reduction of the Federal Benefit Rate (FBR). It applies either in full or not at all. If the VTR applies, do not count any other ISM.

Do not apply the VTR if:

1. An applicant/beneficiary lives alone, since there are no household members from whom he/she can receive ISM. The PMV is applied in this situation.
2. An applicant/beneficiary lives with a minor child or a responsible relative. The PMV is applied in this situation.
3. The applicant/beneficiary is separately consuming or separately purchasing food. The PMV is applied in this situation.

P I C K L E H A N D B O O K

When to Apply the VTR

Instead of determining the actual dollar value of ISM, reduce the FBR by one-third (DHS 7021, Part F, line 1) if the Pickle applicant/beneficiary (and/or potentially eligible spouse):

1. Lives in another person's household for one full calendar month and
2. Receives both food and shelter from the person in whose household he/she lives and
3. Lives with a person other than a spouse, child, or an ineligible person whose income may be deemed to the individual.

Applying the PMV

This is used whenever ISM is counted as unearned income and the VTR does not apply.

Instead of determining the actual dollar amount of any food, clothing, or shelter received by the Pickle applicant/beneficiary, these items are presumed to be worth a maximum value. This maximum value is one-third of the FBR plus the \$20 any income deduction. (See chart for current values.) This value is counted as unearned income.

When the PMV is applied, an applicant/beneficiary is always allowed to attempt to prove his/her ISM is less than the PMV. This process is called rebutting. The PMV is not to be used if it can be documented by rebuttal that either of the following is less than the PMV:

1. The current market value (CMV) of any food, clothing, or shelter countable as ISM minus any payment the applicant/beneficiary makes for those items; or
2. The actual amount contributed by someone else for the applicant's/beneficiary's food, clothing, or shelter.

In these instances apply the actual value, instead of the PMV, as unearned income.

If the applicant/beneficiary fails to rebut the PMV, the entire amount of the PMV is counted as unearned income. In no case will the amount of ISM ever exceed the PMV.

When to Apply the PMV

The PMV is always applied if the applicant/beneficiary or eligible couple receives partial or full support from someone who is not a legally responsible relative and the applicant/beneficiary:

P I C K L E H A N D B O O K

1. Has ownership interest in his/her place of residence,
2. Has rental liability for his/her place of residence,
3. Is sharing food or shelter, or
4. Does not receive both food and shelter.

In addition, the PMV applies when an applicant/beneficiary is living:

1. In another person's household but not receiving both food and shelter from that person.
2. In his/her own household except in a public assistance household 1/ or a noninstitutional care situation 2/.
3. In a nonmedical institution and someone else pays for his/her support and maintenance. The nonmedical institutions include:
 - a. A public nonmedical institution.
 - b. A public or private nonprofit educational or vocational training institution.
 - c. A private nonprofit retirement home or similar institution where there is an express obligation to provide the applicant's/beneficiary's full support and maintenance.
 - d. A for-profit institution.

-
- 1/ A public assistance household is one in which every member receives some kind of public income maintenance payments (Aid to Families with Dependent Children, Supplemental Security Income/State Supplementary Payment, Refugee, General Assistance,--Veterans' Administration). In this situation, the PMV is applied only if food, clothing, or shelter are received from someone outside the household.
 - 2/ Noninstitutional care means all of the following must exist: (1) placement under foster or family care program; (2) placing agency is responsible for the care; (3) placement is in a private, licensed home (e.g., a relative's home can be licensed by the county using SSA form number SSP 22.) and; (4) a public agency pays for the care. In this situation, the PMV only applies if the applicant/beneficiary pays less than the established rate (CMV) for the type of care received and someone else is paying the difference.

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Rebutting the PMV

The applicant/beneficiary has the right to prove that the actual value of the ISM received is less than the PMV. However, until such time as evidence is submitted which proves the actual value is less than the applicable PMV, the amount of ISM received is considered to be equal to or greater than the PMV. Do not charge more than the PMV even if actual value is greater.

The applicant/beneficiary must be allowed ten calendar days to notify the county welfare department (CWD) of his/her intent to rebut the PMV.

The applicant/beneficiary must be furnished any information necessary for him/her to decide whether to rebut (e.g., how the amount of ISM was computed, the necessary types of verification). After expressing his/her intent to rebut, the CWD must allow the applicant/beneficiary five days to provide documentation for rebuttal.

The following is suggested language to be used when assigning the PMV and informing an applicant/beneficiary of his/her right to rebut the amount of ISM:

BASED ON THE INFORMATION THAT YOU GAVE US, WE FIND THAT YOU ARE RECEIVING IN-KIND SUPPORT AND MAINTENANCE IN THE FORM OF ____ (1) _____. UNLESS YOU HAVE EVIDENCE TO PROVE THAT THE VALUE OF THIS SUPPORT AND MAINTENANCE IS LESS THAN ____ (2) _____, WE WILL COUNT THIS AMOUNT AS INCOME TO YOU BEGINNING WITH ____ (3) _____.

YOU HAVE THE RIGHT TO SUBMIT EVIDENCE TO SHOW THAT THE SUPPORT YOU RECEIVE IS WORTH LESS THAN ____ (4) _____. IF YOU HAVE EVIDENCE, YOU MUST GET IN TOUCH WITH ME WITHIN TEN DAYS OF THE DATE OF THIS LETTER.

IF I DO NOT HEAR FROM YOU BY ____ (5) _____, I WILL COUNT ____ (6) _____ AS INCOME TO YOU. IF YOU HAVE ANY QUESTIONS, OR IF YOU NEED HELP IN GETTING EVIDENCE OF THE VALUE OF SUPPORT AND MAINTENANCE YOU RECEIVE, PLEASE CALL ME AT ____ (7) _____.

Fill-ins:

1. Show type and source of ISM being received (e.g., "shelter because your brother pays your mortgage payment each month").
2. Show the applicable PMV of the ISM.
3. Show the month in which ISM will be counted. **NOTE:** ISM is counted in the month following the month of receipt.
4. Same as (2).
5. Show ten days after the date of the letter.

6. Same as (2).
7. Eligibility worker's telephone number.

An applicant/beneficiary who disagrees with the PMV established in accordance with the instructions in this section has the right to appeal the determination. For example, if a person elects to rebut but does not successfully prove that the actual value is less than the PMV, the individual still has the right to appeal the existence or the amount of the PMV.

Whenever PMV is charged, all of the following must be documented in the case:

1. The reasons for or the source of the ISM.
2. The value placed on the ISM.
3. That the individual/couple has been advised of his/her right to rebut the PMV.
4. That the individual/couple elected not to rebut the PMV or if he/she elected to rebut that adequate documentation was not presented.

Determining the CMV of ISM

This section describes procedures necessary to establish the CMV of an item of ISM. This is the first step to be used in computing the actual value of ISM that is subject to the PMV.

1. Determining the amount of household operating expenses requires a signed statement from the household member who owns or rents the dwelling. When the applicant/beneficiary has the ownership interest or rental liability, his/her signed statement estimating household expenses is acceptable verification. If no one living in the household owns or rents the dwelling, obtain a signed statement from the person who normally pays the bills.
2. If an applicant/beneficiary who owns or rents the dwelling alleges that he/she separately consumes or purchases all of his/her own food apart from other household members, obtain a corroborative statement from another adult member of the household. If separate consumption or purchase is thus verified, only count ISM for shelter.
3. If the applicant/beneficiary owns or rents the dwelling and receives ISM as the result of the contributions of other household members, determine the total amount of those contributions. If the amount exceeds the total household operation expenses, count the extra as unearned income.

Institutionalization (Couples)

When one member of an eligible couple is in a nonmedical institution and receiving ISM, the PMV of the ISM is one-third of his/her half (i.e., one-sixth) of the couple's FBR plus \$10.

If the noninstitutionalized member of an eligible couple lives in the household of another and receives both food and shelter from someone living in that household, the value of ISM is one-sixth of the couple's FBR. If the noninstitutionalized member of a couple is in any other living arrangement, the PMV of the ISM is one-sixth of the couple's FBR plus \$10.

If one member of a couple is in long-term care for 30 days or more and is receiving Medi-Cal, the couple is treated as 2 individuals. Any countable ISM that a Pickle applicant/beneficiary receives is treated as if he/she was an eligible individual without a spouse.

Receipt of Both ISM and Deemed Income

If the applicant/beneficiary lives in the household of a responsible relative, the VTR does not apply. However, if he/she lives with a responsible relative in another person's household, the VTR and the deeming rules apply.

If the applicant/beneficiary lives in the same household with someone whose income can be deemed to him/her any food, clothing, or shelter, that person provides is not ISM. However, if the applicant/beneficiary receives any food, clothing, or shelter from another source, it is ISM and it is valued using the PMV. Deeming also applies in this situation.

Sharing

When an applicant/beneficiary cannot establish ownership interest or rental liability and he/she is living and eating meals in a household with someone other than a spouse and/or children, consider the possibility of sharing.

An applicant/beneficiary who is sharing, presumed or otherwise, is not considered as receiving any food or shelter from inside the household. Any additional ISM is valued using the PMV.

If the pro rata share is paid, the applicant is "sharing". If householder refuses to provide verification of household expenses, then "sharing" does not exist.

Sharing is established by using the Statement of Living Arrangements (DHS 7044) and averaging the household expenses and contributions for the month prior to the month of application or redetermination. Evidence must be submitted to the CWD and must include bills and receipts (e.g.,

PICKLE HANDBOOK

cancelled checks) which establish the household expenses and verify the applicant's/beneficiary's financial contribution to the household. When such evidence is unavailable, signed statements from both the applicant/beneficiary and the householder will be accepted. (For purposes of this section, a householder is the person having ownership interest or rental liability.)

To determine the average monthly amount of these expenses:

1. Ask the householder to provide bills and receipts for the last 12 months for each of the countable expenses. Average these amounts by dividing the total of all countable expenses by 12.
2. If there are no bills or receipts available for the previous 12 months, have the householder provide the current month's bills and use that total as the countable monthly expenses. If the householder disagrees that the current bills represent the average, accept a sworn statement as to the correct amount.
3. If neither bills and/or receipts are available and the householder is unable to estimate the average monthly amount, contact the appropriate source (e.g., the utility company) and obtain the average monthly amount.

When determining the amount of household operating expenses, it is immaterial whether the members of the household have pooled their funds and collectively paid for food and shelter items or whether individual members assume responsibility for specific expenses and pay the bills directly.

Determining the Pro Rata Share Amount

Total the monthly averages for each of the household expenses to arrive at the total average monthly household expenses. Divide this total by the number of persons living in the household. The resulting amount is the applicant's/beneficiary's pro rata share.

Determining the Share Status

Compare the applicant's/beneficiary's monthly contribution to the pro rata share amount. If the amount of his/her contribution is within \$5 of the pro rata share amount, a sharing arrangement is found to exist. If the amount of the applicant's/beneficiary's contribution is not within \$5 of the pro rata share amount, sharing does not exist. Applicants/beneficiaries found to be sharing are not receiving ISM, although ISM from other sources outside the household (e.g., adult son pays the pro rata share) must still be pursued and counted using the PMV if applicable.

Rental Subsidies

A rental subsidy is considered unearned income which represents ISM provided from someone who resides outside the household of the Pickle applicant/beneficiary. Whenever any member of an applicant's/beneficiary's household has rental liability and any household member is the parent or child of the landlord or the landlord's spouse, the CWD must explore the possibility that a rental subsidy is being provided.

If the rent required under the terms of the rental agreement is less than the current market rental value (CMRV) of the shelter being rented, all members of the household are receiving ISM in the form of a rental subsidy. This is true regardless of their individual rental liability. Therefore, the value of such subsidy is allocated equally among, and is chargeable to, all members of the household, including those who are ineligible or temporarily absent. The rental subsidy is counted using the PMV.

Required Verification to Determine Rental Subsidy

The following information must be obtained whenever there is an indication that rental subsidy income exists:

1. The amount of rent required under the terms of the rental agreement.

A rental subsidy is the difference between the CMRV and the required rent and not the difference between the CMRV and the rent paid.

2. The CMRV of the shelter being rented.

When the CMRV provided by the landlord or other knowledgeable source is a range (e.g., between \$250 and \$350), average the range and use the average as the CMRV (e.g., \$300).

3. The reason for requiring a rental payment which is less than the CMRV.

When the reason for requiring a lesser rental payment is because the shelter is rent-controlled, note in the case the maximum allowable rent and consider that no rental subsidy has been provided. When the reason is because the applicant/beneficiary provides services to the landlord, determine the type of services and, if applicable, count rental subsidy as earned or unearned income.

If the landlord is either unwilling or unable to provide the reason for accepting reduced rental payments, presume the difference between the CMRV and the required rent is a rental subsidy. Always attempt to obtain the rental information through contact with the landlord prior to contacting a knowledgeable source. Contact may be made by telephone or in writing.

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When contacting the landlord in writing, the following language should be used:

_____(1)_____ indicates you are the landlord of the dwelling in which
_____(2)_____ lives, located at _____(3)_____.

_____(4)_____ states the required rent is _____(5)_____. Is this correct?
_____(yes/no)_____. If not, what is the correct required rental amount? _____
(dollars). Do you consider the required rent to be less than the rent you
could receive for the property on the local open market? _____ (yes/no).
If you do, how much would you rent it for in the local open market? _____
(dollars).

Why do you charge a lesser or reduced rent? _____
(reason).

Fill-ins:

1. Show name of applicant/beneficiary.
2. He/she/they as appropriate.
3. Show residence address.
4. Same as (1) above.
5. Show amount of alleged required rent.

Contact a knowledgeable source other than the landlord when the landlord is unable or unwilling to provide a CMRV for the dwelling and ten calendar days have elapsed since the initial date of the request to the landlord. Knowledgeable sources include real estate firms or rental management agencies located in the same or a similarly situated neighborhood.

EXCLUDED -- TYPES OF ISM

The following ISM is not counted for the Pickle person.

1. ISM specifically excluded by federal law (see Income Exclusions Chart).
2. ISM which meets the criteria for infrequent or irregular unearned income (see Unearned Income Chart).
3. ISM which has no CMV.
4. ISM received under a governmental medical or social service program.
5. ISM which is assistance based on need from a state or political subdivision (see Unearned Income Chart).

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6. ISM provided by other members of a public assistance household.
7. ISM from a responsible relative (e.g., spouse, parent).
8. Temporary shelter provided while waiting for completion of repairs or for replacement of an exempt principal residence.
9. ISM which is excluded under a Social Security Act approved plan for self support.
10. ISM resulting from payments made under the terms of a credit life insurance or credit disability insurance policy.
11. The receipt of the use of land without a dwelling does not constitute ISM. Similarly, third-party payments of property tax, rent, or mortgage on land alone are not counted as ISM.
12. One-third of the amount of child support received as ISM is excluded from income. The remaining two-thirds is subject to the PMV.
13. Exclude ISM food and/or shelter provided transients by non-profit community organizations supported by any State or local assistance agency; for example, subsidized meal programs or Food Stamp assistance. ISM of "no value" is excluded. "Food of no value" includes discarded or surplus food. "Shelter of no value" means the transient is sleeping in an abandoned building or in an automobile. Reminder: food/shelter not otherwise excluded even if provided to transients is PMV, e.g., food provided free for a week from a relative is PMV. Also, PMV may be rebutted (see page 14-4, Pickle Handbook).

P I C K L E H A N D B O O K

1998 ISM VALUES FOR
COMPUTING PICKLE ELIGIBILITY

	<u>Individual</u>	<u>Couple</u>
VTR (not rebuttable)**	\$164.66	\$247.00
PMV (rebuttable)***	\$184.66	\$267.00

The VTR is the payment level to be used in situations 1, 2, and 3 below. The PMV is the unearned income amount to be added in other situations. The following chart provides the method that must be used for determining Pickle eligibility for individuals and couples in various living arrangements.

<u>HOUSEHOLD SITUATION</u> <u>(LIVING ARRANGEMENT)</u>	<u>PRINCIPLE</u>
1. Living in household of another throughout a month and receiving both food and shelter from someone in the household.	Reduce the applicable payment level by one-third the Federal Benefit Rate (FBR). Use the VTR.
2. Living in household of another who is providing both food and shelter and also receiving ISM from a third party.	Reduce the FBR payment level by one-third (VTR). Exclude third party ISM.
3. Living with a responsible relative (deemor) who lives in the household of another and the householder is not a responsible relative but is supplying both food and shelter.	Add VTR from the householder to deemed income from the responsible relative and add to other unearned income.
4. Living in own household (ownership or rental liability) and receiving ISM from someone outside the household.	Add PMV to other unearned income.
5. Living in noninstitutional care* situation or group home and receiving ISM from someone outside the household.	Add PMV to other unearned income.
6. Living with a responsible relative (deemor) who lives in the household of another and the householder is not a responsible relative but is supplying food or shelter.	Add PMV from the householder to deemed income from the responsible relative and add to other unearned income.
7. Living in household of another and sharing partial or total household expenses.	If pro rata share is contributed, we use the SSI/SSP payment level for a person in an "independent living arrangement." If pro rata share is not contributed, add PMV.

(Continued on next page.)

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|--|---|
| 8. One member of an eligible couple lives in the household of another and receives both food and shelter from the householder while the second member lives in his/her home or a nonmedical institution. | One-sixth of the FBR for a couple for the person living in the household of another. (VTR-not rebuttable.)

One-sixth of the FBR for a couple for the person living in his/her own household. (VTR-not rebuttable.) |
| 9. If the noninstitutionalized spouse lives in any other situation. | One-sixth of the FBR for a couple plus \$10. |
| 10. Paying less than Current Market Rental Value (CMRV) for shelter. (see page 1-2.) | Add PMV unless criteria for earned/unearned income is met (see ISM). |
- * All nonmedical institutions including those for education or vocational training.
- Also, see page 14-3 of ISM section.
- ** VTR= Value of One-Third Reduction.
- *** PMV= Presumed Maximum Value.