

State of California—Health and Human Services Agency

Department of Health Services



GRAY DAVIS
Governor

July 2, 2003

TO:

Director

ALL COUNTY WELFARE DIRECTORS

Letter No.: 03-36

ALL COUNTY ADMINISTRATIVE OFFICERS

ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS

ALL COUNTY MENTAL HEALTH DIRECTORS

ALL COUNTY HEALTH EXECUTIVES

SUBJECT:

\$240 DEDUCTION FROM DISABILITY INCOME FOR APPLICANTS AND

RECIPIENTS OF THE SECTION 1931(b) PROGRAM

This All County Welfare Directors Letter (ACWDL) provides additional instruction and clarification to ACWDL 02-44. ACWDL 02-44 implemented the \$240 disability income deduction for purposes of determining the income eligibility of individuals for the Section 1931(b) program under the "Alternative B" income test for the Section 1931(b) program. The deduction was effective November 1, 2002.

Under the \$240 disability income deduction policy, \$240 is deducted from the combined disability income of the Medi-Cal Family Budget Unit (MFBU) being evaluated for Section 1931(b) eligibility under the Alternative B test. For instructions on the application of this \$240 disability income deduction in the *Sneede* computations, see below. Unlike the \$240 deduction used in the Section 1931(b) Alternative A test, the \$240 disability income deduction in the Section 1931(b) Alternative B test (hereafter referred to as the Alternative B test) can only be deducted from disability income. For the definition of disability income, see below.

The Section 1931(b) Alternative B Test: This ACWDL provides clarification that the \$240 disability income deduction is applicable to any individual or family being evaluated for Section 1931(b) eligibility under the Alternative B test. Individuals or families being evaluated for eligibility for the Section 1931(b) program as **applicants** qualify only if they can "pass" the Alternative B test, which is commonly called the



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Section 1931(b) "Applicant Test." However, as you know, individuals or families who are being evaluated for Section 1931(b) eligibility as **recipients** qualify if they can "pass" <u>either</u> the Alternative A test (commonly referred to as the Recipient Test) or the Alternative B test. This means that the \$240 disability income deduction discussed in ACWDL 02-44 and this ACWDL is applicable to recipients being evaluated for Section 1931(b) eligibility under the Section 1931(b) Alternative B test as well as to applicants.

Applicability of the "New" Section 1931(b) \$240 Disability Income Deduction in the Sneede Process: This ACWDL also clarifies the applicability of the \$240 disability income deduction when Sneede is applied. Consistent with the pre-existing Sneede rules regarding the historical or "old" \$240 deduction applied to recipients under the Section 1931(b) Alternative A test, each **individual** in a Sneede case (being evaluated under the Alternative B -applicant- test) will have the \$240 disability income deduction applied to his/her disability income, regardless of whether such individual is in a separate Sneede Mini-Budget Unit (MBU) or shares an MBU with other individuals.

<u>Revised Definition Of Disability Income</u>: This ACWDL expands the definition of public and private disability benefits that qualify as disability income and provides examples of the various kinds of qualifying public disability benefit payments. The definition below expands the definition of disability income in ACWDL 02-44.

<u>Disability-Based Income (DBI)</u>: Certain kinds of unearned income are considered to be DBI and will receive special treatment under the Section 1931(b) program. For the Section 1931(b) program, the two types of unearned income which will be treated as DBI income are:

- 1. <u>Public Disability Payments:</u> Payments paid by a public entity under statute or other law which requires a finding of disability of an individual before such payment is authorized. Examples of such disability payments include disability disbursements from the Social Security Administration (Title II Social Security Disability Payments), Permanent Workers Compensation payments, Veterans Administration payments based on disability, and any disability-based Railroad Retirement benefits;
- 2. <u>Private Disability Benefits:</u> Payments paid by a private entity to an individual that are made due to his/her disability, and usually paid by the individual's insurer under a disability insurance plan which the individual, or third party, or both, purchased through premiums.

Two other kinds of income, Temporary Workers Compensation and State Disability Insurance payments, will be treated as earned, not disability-based, income for purposes of determining income eligibility for the Section 1931(b) program, pursuant to the mandates of the *Tinoco* and *Sawyer* lawsuits.

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Revised Section 1931(b) Budget Form: A revised "Section 1931(b) Applicant and Recipient Budget Form" incorporating the \$240 disability income deduction accompanies this ACWDL. There are no changes to the "Section 1931(b) Recipient Budget Form."

Revised Section 1931(b) Sneede v. Kizer Net Nonexempt Income Determination and Mini Budget Unit Determination – Applicant Form (MC175-3I.2A): A revised camera-ready copy of the Section 1931(b) Sneede form, MC175-3I.2A, incorporating the \$240 disability income deduction is included with this letter. There will be no changes to the Recipient form (MC175-3I.2R) at this time.

If you have questions regarding this ACWDL, please contact Mr. Dave Rappolee at (916) 657-0163. If you have any questions regarding the MC175-3I.2A, please call Ms. Erin Lynch at (916) 654-5769.

ORIGINAL SIGNED BY

Beth Fife, Chief Medi-Cal Eligibility Branch

Enclosure

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: COL		COUNT	UNTY USE:	
□ NEW APP. □ REDETERMINATION □ CHANGE □ RETRO ELIG. □ CORRECTION						EFFECTIVE ELIG. DATE FOR THIS BUDGET; MONTH: YEAR:				
NAME N	MFBU MEMBER #1:		NAME MFB	U MEMBER #6:	<u></u>				OTHER COVERAGE:	
NAME N	MFBU MEMBER #2:		NAME MFB	U MEMBER #7:						
NAME N	MFBU MEMBER #3:		NAME MFB	U MEMBER #8:		M				
NAME N	MFBU MEMBER #4:		NAME MFB	J MEMBER #9:						
NAME N	MFBU MEMBER #5:		NAME MFB	J MEMBER #10:		****				
1	ENTER NON-EXEMPT UNEARNED INCOME OF EACH MFBU MEMBER, THEN TOTAL FOR MFBU (DO NOT INCLUDE DISABILITY INCOME HERE).	TOTAL MFBU UNEARNED INCOME:	\$		MFBU MEMBER #		\$	RNED INCO	OME MFBU MEMBER # + OME MFBU MEMBER # +	
2	☐ EDUCATIONAL EXPENSE (§50547)	- \$		XEMPT INCOME	(LIST EXEMPT I	NCOME HERE)	:			
3	\$50 SUPPORT RECEIVED (§50554.5)	-\$								
4	REMAINING NON-EXEMPT UNEARNED INCOME	BOX 4 = \$								
5	ENTER NON-EXEMPT DISABILITY INCOME (DBI) OF EACH MFBU MEMBER, THEN TOTAL FOR MFBU (DO NOT ENTER SDI & TWC HERE BECAUSE THEY ARE CONSIDERED EARNINGS)	TOTAL MFBU DISABILITY- BASED INCOM	иE: \$	F MFBU MEMBE F MFBU MEMBE		+ \$		ви мемв		
6	\$240 DEDUCTION	- \$240								
7	REMAINING NON-EXEMPT DISABILITY INCOME (DBI) (IF DEDUCTION EXCEEDS DISABILITY BASED INCOME, ENTER "0")	BOX 7 = \$								
8	ENTER EARNINGS OF EACH MFBU MEMBER, SUBTRACT \$90 WORK EXPENSE DEDUCTION FROM EACH, THEN TOTAL REMAINDERS FOR MFBU.	TOTAL MFBU EARNINGS:	\$ - \$90 V		EARNINGS, M MEMBER # _ \$ - \$90 WRK EX	ME \$:P DED -\$9	90 WRK E	EXP DED	EARNINGS, MFBU MEMBER # \$\$90 WRK EXP DED	
9	☐ DEPENDENT CARE DEDUCTION (§50553.5)	\$	_ 13	ALLOCATI	ON TO EXCLUDI	ED CHILDREN	-	\$		
10	REMAINING NON-EXEMPT EARNED INCOME	BOX 10 =\$	_ 14	ALLOCATI	ION TO PA FAMIL	, i				
11	TOTAL REMAINING INCOME: NON-EXEMPT UNEARNED INCOME & NON-EXEMPT EARNED INCOME (BOXES 4 + 7 + 10)	\$	15		J NET NON-EXEM DOWN TO THE N		AR). =	= \$		
12	☐ CHILD/SPOUSAL SUPPORT PYMTS (§50554)	- \$	_ 16	SEC. 1931 F	PL INCOME LIM			(ENTER ME LIMIT APPROPRIATE LY SIZE HERE)		
	IF INCOME FROM LINE 15 IS LESS THAN OR EQUAL TO LIMIT FROM LINE 16, FAMILY IS INCOME ELIGIBLE.	☐ ELIGIBLE		RAMS; IF SNEED					TE FOR OTHER MEDI-CAL SEC. 1931 UNDER	
ELIGIBIL	ITY WORKERS SIGNATURE:	WORKER NUM	MBER:	COMPUT	TATION DATE:		COU	NTY 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	DISTRIC	T: COU	NTY USE:		
	EW APP. □ REDETERMINATION □ CH	HANGE RE	TRO ELI	G.	CORRECTION			DATE FOR TH	HIS BUDGET;	
NAME	MFBU MEMBER #1:	1	NAME MFB	E MFBU MEMBER #6:				OTHER COVERAGE:		
NAME	MFBU MEMBER #2:	1	NAME MFBI	U ME	EMBER #7:					
NAME	MFBU MEMBER #3:	ı	NAME MFB	U ME	EMBER #8:			****		
NAME	MFBU MEMBER #4:		NAME MFBI	U ME	EMBER #9:			Win Pr		
NAME	MFBU MEMBER #5:		NAME MFB	U ME	EMBER #10:			****		
1	ENTER UNEARNED INCOME OF EACH MFBU MEMBER, THEN TOTAL FOR MFBU (DO NOT INCLUDE NON-EXEMPT DISABILITY-BASED INCOME HERE).	TOTAL MFBU UNEARNED INCO	SOME: \$	NEA		+ MBER#	\$ UN	EARNED INC	OME MFBU MEMBER # + OME MFBU MEMBER # +	
2	☐ EDUCATIONAL EXPENSE (§50547)	- \$			EXEMPT INCOME (LIST	EXEMPT II	NCOME H	ERE):		_
3	\$50 SUPPORT RECEIVED (§50554.5)	- \$								
4	REMAINING NON-EXEMPT UNEARNED INCOME	BOX 4 = \$	(2000)							
5	ENTER DISABILITY-BASED INCOME (DBI) OF EACH MFBU MEMBER, THEN TOTAL FOR MFBU	INCOME: \$		BI OF	F MFBU MEMBER #	DBI OF MFBU MEMBER #		+ BER#		
6	\$240 DEDUCTION	- \$240	_ *				; Ψ—		· · · · · · · · · · · · · · · · · · ·	
7	REMAINING NON-EXEMPT DISABILITY – BASED INCOME (DBI) (IF DEDUCTION EXCEEDS DISABILITY BASED INCOME, ENTER "0")	BOX 7 = \$	-		7A UNUSED: LINE 5; IF NE	\$240 (LINE	6 –	BOX 7A		
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:	,		NGS OF MFBU MEMBER #				OF MFBU MEMBER #	
9	UNUSED \$240 DEDUCTION (FROM BOX 7A)	- \$	1	4	TOTAL REMAINING NOI NON-EXEMPT DISABILI EXEMPT EARNED INCO	TY-BASED	INCOME	& NON-	\$	
10	REMAINING NON-EXEMPT EARNED INCOME (OR FROM LINE 12 WORKSHEET); IF DEDUCTION EXCEEDS EARNED INCOME, ENTER "0"	= \$	_ 1	5	☐ CHILD/SPOUSAL SUF	PPORT PYN	MTS (§505	554)	- \$	_
11	50% DEDUCTION (DIVIDE AMOUNT IN LINE 10 BY 2)	= \$	1	6	☐ ALLOCATION TO EXC	CLUDED CH	IILDREN	(§50558)	-\$	_
12	DEPENDENT CARE DEDUCTION (§50553.5)	-\$	1	7	ALLOCATION TO PA	FAMILY ME	MBER (§	50557)	<u>+</u> \$ <u></u>	
13	REMAINING NON-EXEMPT EARNED INCOME	BOX 13	1	8	TOTAL MFBU NET NON- DOWN TO THE NEARES			ROUNDED	= \$	
		and the second	1	9	SEC. 1931 MBSAC IN	COME LIMI	T FOR FA	MILY	\$	
	IF INCOME FROM LINE 18 IS LESS THAN LIMIT FROM LINE 19, FAMILY IS INCOME ELIGIBLE.	☐ ELIGIBLE		MEI	T ELIGIBLE: IF NO SNEED DI-CAL PROGRAMS; IF SN 1 UNDER SNEEDE.					
ELIGIE	ILITY WORKERS SIGNATURE:	WORKER NUMBE	ER:		COMPUTATION DATE:		COUNTY	USE:		

SECTION 1931(b) SNEEDE V. KIZER NET NONEXEMPT INCOME DETERMINATION AND MINI BUDGET UNIT (MBU) DETERMINATION -- APPLICANT

Case Name	AND MINI BODGET O		County District	HON - APP	County Use	
			odding District		County Ose	
Case Number	The state of the s		Effective Date			
		T I	Month		Year	
			- Satisfaction		**************************************	de
0.105 7/05 1.55						
CASE TYPE: APPLI	CANT OR RECIPIENT US	SING FEDERAL	- POVERTY LE	VEL (FPL) (AL	TERNATIVE B	3) -
PART 1						
	on applicable to the Section 193 7, Title 22, California Code of Rec		deduction for educ	ational expenses,	as provided	
ENTER NAME OF EACH	MFBU MEMBER	Name	Name	Name	Name	Name
(Do not list unborns)						
Person Type		☐ Parent A or	☐ Parent B or	□ Child	☐ Child	□ Child
		☐ Caretaker	☐ Caretaker			
		Relative	Relative			
A. NONEXEMPT UNEAR	NED INCOME _	19	100			
(EXCLUDING DISABIL					1000 Table	<u></u>
Source and amount of n	onexempt unearned income.*					
2 Nat abitation						
2. Net child/spousal suppo	п гесеіуеа. Ш					
3. In-kind income (IKI). ②						
4. Income available from P						
(see MC 175-6, line A.4) 5. Total nonexempt unearn						
(add lines 1, 2, 3, and 4)						
	me from property, Social Securit	v nondisability payr	ments etc		<u></u>	
① Child/Spousal Support	Child support is income to the o	·		ative.		
Payments Received	Divide the \$50 per month shild	/on ou o ol ou o o o o o o o	aloration booth or com-	-h		
	Divide the \$50 per month child/ Any unused remainder will be p	rspousar support de prorated among the	remaining persons	noer of persons for s who still have sur	whom the income i	s intended. pply against
	the deduction.	J			port paymonto to a	ppi) agamer
② Unearned IKI	Prorate the unearned IKI amon	a the nersons who	raceive the income	Evample: Medi (Cal family budget up	oit (MAEDLI)
o onouniou na	of four receives free housing. \	Use IKI for four and	each person recei	ves one-fourth of the	ne IKI. Add an unb	orn's share
	of IKI to the pregnant woman's	share. If the pregn	ant woman is Publ	ic Assistance (PA).	other PA, and not i	n the MFBU,
Child/Spousal support and/	give the unborn's share to the f	ather of the unborn	if he is in the MFB	U.		
Oma/opousal support and/	of Intromputations.					
- M-14-						1-1-1-1
B. DISABILITY-BASED IN	COME				11 Heres 1	
6. Source and amount of di						
	odbinty bacca mocinio.					
					7	
7. Section 1931(b) \$240 de						
3. Remaining nonexempt disability-based income (subtract line 7 from line 6). Enter 0 if negative.						

					Sec. Security Sec.	Na.	1 5 5 0 20 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	V
C. NONEXEMPT EARNED INCOME								
Source and amount of nonexempt earned income								
(include TWC, SDI and earned IKI).								
				70.00			<u> </u>	
10. \$90 work expense deduction.								
10. 400 Work expense deduction.								
11. Child care deduction.								
12. Other deductions.								
							 	
13. Total deductions (add lines 10, 11 and 12).					,			
14. Total net nonexempt earned income								
(subtract line 13 from line 9).								
			ļ		1		1	
D. TOTAL COUNTABLE INCOME								100 7 100 100 100
D. TOTAL COUNTABLE INCOME		T					1 - 1	numer equipment of the
15. Total countable nonexempt unearned income (line 5).					1			
10. Total countable holiexempt uncarried meetine (line 3).					 			
16. Total countable disability-based income (line 8).								
(<u> </u>	***************************************		
17. Total countable nonexempt earned income (line 14).								
18. Income allocated from LTC/B&C person to family					 		 	
members at home (from MC 176W, Part B, or								
from MC 175-7, line C.2).								
					 		<u> </u>	
19. Total countable income (add lines 15, 16, 17 and 18).								
E. TOTAL NET COUNTABLE INCOME								
AFTER OTHER DEDUCTIONS								
		T T			T		l ·	
20. Court-ordered child support or alimony.								
21. Income used to determine PA eligibility								
(see MC 175-6, Section B).								
22. Other deductions:						****		
ZZ. Other deddetions.								
22. Tatal dada (and (and (and (and (and (and (and]						
23. Total deductions (add lines 20, 21 and 22).								
24. Total net countable income (subtract line 23							ŀ	
from line 19). Enter this amount in Part 2 if								
no parent in MFBU. If parent in MFBU, continue.					<u> </u>		<u> </u>	
F. PARENTAL/SPOUSAL (P/S) ALLOCATION								
COMPUTATION (Skip if no parent in MFBU)	,	,	·				,	
25 D/S over poods (von EDI for one person)								
25. P/S own needs (use FPL for one person).			-					
26. Total unearned in-kind income, income from PA,								
or income allocated from LTC/B&C spouse								
(add lines 3, 4 and 18).								
27. Parent's total net nonexempt income								
(subtract line 26 from line 24).								
28. Parent's net nonexempt income less P/S own needs								
(subtract line 25 from line 27); if negative, enter 0.								
29. Number of persons for whom Parent A is responsible								
(MC 175-2, Section A). DO NOT COUNT PARENT A.								
30. Number of persons for whom Parent B is responsible					-			
(MC 175-2, Section B). DO NOT COUNT PARENT B.								
31. Child's natural/adoptive parent – check if Parent A			□A	□в		Пр	□a	□в
and/or B (see MC 175-2).			L'A	٥١	□A	□В	LA	
32. Parent A's allocation to spouse (if any) and]			
natural/adopted children (divide Parent A's line 28 by								
line 29 and enter in applicable box). Do not enter	For the second s	4	ł		1		I	

under Parent B if unmarried.

33. Parent B's allocation to spouse (if any) and natural/adopted children (divide Parent B's line 28 by line 30 and enter in applicable box). Do not enter under Parent A if unmarried.				
34. Enter the lesser of either line 25 or 27.				10.00
35. Parent's total net nonexempt income (add lines 26, 34 and 32 or 33).		Jan 1991	117 B. 4	er da da
36. Child's total net nonexempt income (add lines 24, 32 and 33); enter in Part 2.			-	

PART 2

SECTION 1931(b) MBU DETERMINATION – PROPERTY AND INCOME					
☐ Section 1931(b) Income Test	☐ Section 1931(b) Property Determination				
Instructions:					
 Include unborn in the mother's MBU and property limit/FPL incommon want Medi-Cal. If the pregnant woman is PA/other PA, include 2. Do not include an excluded child. Do not list MBU members in more than one MBU. If any MBU has excess property, check to see if Medi-Cal linka Property determinations: enter the allocation for each spouse from Enter each person's net nonexempt income from lines 35 or 36 	ge still exists for other family members. rom MC 324, line 29.				

MBU NUMBER							
Person na	ame/number	Net Nonexempt					
		☐ Property ☐ Income					
1.		,					
2.							
3.							
4.							
5.	· · · · · · · · · · · · · · · · · · ·						
6.							
	TOTAL						
MBU	□ Property Limit						
	□ FPL						
Check on	Check one:						
☐ Excess property – FAIL							
□ Inco	me ineligibility – exceeds	FPL - Property eligible - FAIL					
☐ Income eligible – at or below FPL – Property eligible – PASS							

MBU NUMBER						
Person name/number	Net Nonexempt					
	☐ Property ☐ Income					
1.						
2.						
3.						
4.						
5.						
6.						
TOTAL						
MBU ☐ Property Limit						
□ FPL						
Check one:						
☐ Excess property – FAIL						
☐ Income ineligibility – exceed	ds FPL – Property eligible – FAIL					
☐ Income eligible – at or below	FPL – Property eligible – PASS					

MBU NUMI	BER			
Person name/number	Net Nonexempt			
100	☐ Property ☐ Income		MBU NUMBE	R
1.		Person name/number		Net Nonexempt
			1	□ Property □ Income
2.				
3.		1.		
<u>.</u>		2.		
4.				
5.		3.		
J.		4.		
6.		_		
TOTAL		5.		
MBU ☐ Property Limit		6.		
· · · · , · · · · ·				
Check one:			TOTAL	
☐ Excess property – FAIL			perty Limit	
• • •	EDI Dramadu dinikla EAU	□ FPI	<u> </u>	
	FPL – Property eligible – FAIL	Check one:		
☐ Income eligible – at or below F	PL - Property eligible - PASS	☐ Excess property		
		☐ Income ineligibilit	y – exceeds FP	L – Property eligible – FAIL
		☐ Income eligible —	at or below FPL	 Property eligible – PASS
	•	_		
MBU NUME	BER			
Person name/number	Net Nonexempt			
	☐ Property ☐ Income	N	ABU NUMBER	₹
		Person name/number		let Nonexempt

	MBU NUMBER					
Person na	ame/number	Net Nonexempt				
		☐ Property	☐ Income			
1.						
1.						
2.						
3.						
4.						
5.			,			
6.						
	TOTAL					
MBU	☐ Property Limit					
	□ FPL					
Check on	e:					
□ Exce	☐ Excess property – FAIL					
☐ Inco	☐ Income ineligibility – exceeds FPL – Property eligible – FAIL					
☐ Income eligible – at or below FPL – Property eligible – PASS						

MBU NUMBER					
Person name/number	Net Nonexempt				
	☐ Property ☐ Income				
1.					
2.					
3.					
4.					
5.					
6.					
TOTAL					
MBU Property Limit					
□ FPL					
Check one:					
☐ Excess property – FAIL					
☐ Income ineligibility – exceeds FPL – Property eligible – FAIL					
☐ Income eligible – at or below	FPL – Property eligible – PASS				