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ARNOLD SCHWARZENEGGER
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TO: ALL COUNTY WELFARE DIRECTORS Letter No: 04-25
ALL COUNTY ADMINISTRATIVE OFFICERS
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS
ALL COUNTY HEALTH EXECUTIVES
ALL COUNTY MENTAL HEALTH DIRECTORS

SUBJECT: INCOME DEDUCTION FOR ALLOCATION TO EXCLUDED CHILD

This All County Welfare Directors Letter (ACWDL) purposes to clarify that, for purposes of determining eligibility for any Medi-Cal program which allows an allocation to the excluded child, including the Section 1931(b) program, the family will get a deduction for its allocation to the excluded child. The deduction is equal to the excluded child's actual "unmet need." The excluded child's actual unmet need is his maximum unmet need less his net nonexempt income. The excluded child's maximum unmet need is the amount by which the appropriate income standard of the Medi-Cal Family Budget Unit (MFBU) with the child exceeds the appropriate income standard of the MFBU without the excluded child.

For example, suppose a family is applying for Medi-Cal and is being evaluated for eligibility for the Section 1931(b) program. The family consists of stepfather and wife, and wife's two separate children. The wife gets \$180 a month in Unemployment Insurance Benefits. The stepfather/husband receives \$1,356 per month in earnings. The youngest child, a seven year old, gets \$100 a month in child support. The eldest child, a fifteen year old, gets a \$165 gift from his Dad each month. The family decides to exclude the eldest child from the MFBU because he is healthy and the mother doesn't want to have the child's income counted towards the MFBU.

The excluded child's maximum unmet need, the amount by which the Section 1931(b) income standard for the MFBU with the excluded child, \$1,571, exceeds the Section 1931(b) income standard for the MFBU without the excluded child, \$1,306, is \$265. In this example, the fifteen-year-old excluded child receives \$165 every month as a gift from his absent father. No income exemptions or deductions apply to this gift, so the excluded child's actual unmet need is \$265 minus \$165, or \$100. Therefore, for

purposes of determining the family's Section 1931(b) income eligibility, the family would get a \$100 deduction for its allocation to meet the excluded child's unmet need.

This methodology for computing the deduction for the allocation to the excluded child is provided at Section 50558 of Title 22 of the California Code of Regulations. However, when applying the methodology to any Medi-Cal program other than the Medically Needy program, the term "maintenance need" in subdivision (b) of Section 50558 shall be interpreted as referring to the income standard of the program for which the MFBU is being evaluated.

Please direct questions or comments regarding this ACWDL to Mr. Dave Rappolee at (916) 552-9517.

Original signed by

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