

DEPARTMENT OF HEALTH SERVICES

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May 11, 1982

To: All County Welfare Directors

Letter No. 82-27

QUESTIONS AND ANSWERS TO AFDC -- MEDICALLY NEEDY (MN) AND MEDICALLY INDIGENT
(MI) CHANGES (CROSS REFERENCE CWD LETTER NO. 82-12)

We have received several questions from counties regarding the changes in Medi-Cal only regulations introduced in All County Welfare Directors (CWD) Letter 82-12 and the impact on Medi-Cal only of changes which have occurred in AFDC. This letter provides answers to those questions which appear to be of general applicability.

A. Unemployed Parent Deprivation

Question 1:

How is the principal wage earner determined?

Answer:

CAC, Title 22, Section 50215 (c) defines the principal wage earner as the parent who earned the greater amount of income in the 24 month period immediately preceding the month of application. Therefore, to determine which parent is the principal wage earner, the county must request the applicant/beneficiary to submit a statement regarding each parent's earnings for the 24 month period prior to the last month of application, reapplication or restoration under the unemployed parent program (AFDC or Medi-Cal only). Once the principal wage earner has been determined, this parent continues to be the principal wage earner until there is a break in eligibility under the unemployed parent category. In essence this means that in going directly from AFDC-U to AFDC-MN under the unemployed parent category, the Medi-Cal worker is to use AFDC's determination of which parent is the principal wage earner. When a break (one or more months) occurs, (e.g., AFDC-MN, linked to the unemployed parent program changes to MI or to a different AFDC-MN linkage) and the family reapplies or again qualifies for Medi-Cal as an unemployed parent family group, eligibility is established based on a new 24 month period.

Example:

Mr. and Mrs. A and their three children apply for Medi-Cal in May 1982. Mr. A is unemployed and Mrs. A is working fulltime. The parents declare that Mr. A earned \$30,000 during the period April 1980 through April 1982 while Mrs. A earned \$26,000 during this same period. Therefore, Mr. A is identified as the principal wage earner and Medi-Cal is granted under the AFDC Unemployed Parent Medi-Cal Only program. In August 1982 Mr. A becomes employed and the family is transferred to the MI program. In

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October, Mr. A is laid off from his job. In determining eligibility effective October for the AFDC-MN unemployed parent category, the county must evaluate the earnings of each parent during the period September 1980 through September 1982. In this instance Mrs. A is found to be the principal wage earner with income of \$33,000 during this period while Mr. A's earnings were only \$31,000. As Mrs. A is still employed full time, unemployed parent deprivation does not exist.

Question 2:

If both spouses earned the same amount during the previous 24 months, who would be the principal wage earner?

Answer:

Either parent.

Question 3:

May counties accept the applicant's statement regarding earnings over the previous 24 month period?

Answer:

Yes.

Question 4:

What is meant by "is not unemployed throughout the month as a result of a labor dispute"? What is meant by throughout the month?

Answer:

CAC, Title 22, Section 50701 (d) states that eligibility requirements are considered to be met throughout the month if they are met at any time during the month. Therefore, if the parent is not unemployed due to a labor dispute for at least one day of a month, deprivation due to employment may be established providing all other eligibility conditions are met.

Question 5:

If a striker is transferred from AFDC, would Medi-Cal determine eligibility under MI?

Answer:

Yes, pursuant to CAC, Title 22, Sections 50215 (b) (9) and 50251.

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B. AFDC -- MN/MI Earned Income Deductions

Question 1:

Is the standard deduction of \$75/50 allowed regardless of the actual mandatory deductions/work related expenses?

Answer:

Yes. The full deduction is allowed even in those instances where the actual expenses may be less or are zero.

Question 2:

Is the standard deduction applied to earned income in kind?

Answer:

Yes.

Question 3:

How is the standard deduction allowed for self-employed persons?

Answer:

The standard deduction (\$75/50) is to be subtracted from the net profit from self-employment. Net profit represents the self-employed person's gross earnings. As income from self-employment is determined on an annual basis and apportioned monthly (CAC, Title 22, Section 50517 (a) (5)) the standard deduction is allowed each month pursuant to CAC, Title 22, Section 50517.1.

To qualify for the full time employment standard deduction of \$75, the self-employed person must work 100 hours a month and 13 days during the month. Since income from self-employment is apportioned over time, the standard deduction is also to be applied in accordance with Section 50517.1 even though the person may not meet full time employment standards during one or more of the months.

Question 4:

Are actual child care expenses allowed or is the maximum child care amount automatically subtracted from earnings?

Answer:

Unlike the standard deduction, only actual child care expenses are allowed as an income deduction up to a maximum of \$160 for each child when the

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parent is employed full time and \$100 maximum per child for persons employed part time. Therefore, if a parent is employed full time and pays child care of \$150 per month, only the \$150 may be allowed off earnings. Child care must be paid to be considered a deduction from income.

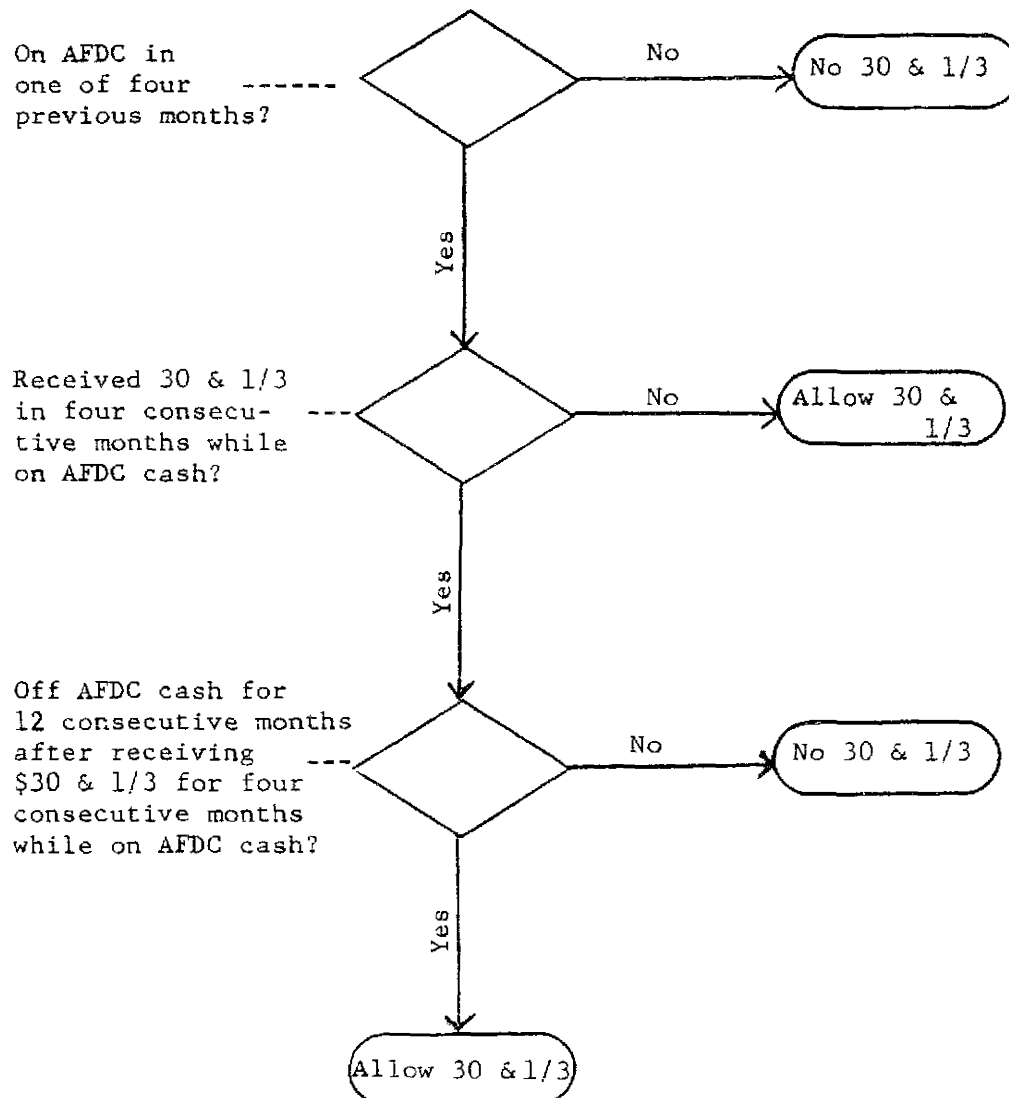
C. \$30 and One Third Income Disregard

Question 1:

When can the \$30 and 1/3 income disregard be allowed?

Answer:

In response to this question the flow chart below has been developed.



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Question 2:

If someone qualifies for \$30 and 1/3 as an AFDC MN or MI, is the income disregard always allowed for four months?

Answer:

Yes.

Question 3:

Is the \$30 and 1/3 applied to each recipient who qualifies for the disregard?

Answer:

Yes. The \$30 and 1/3 is no longer applied to the combined earnings of persons eligible for the disregard. The \$30 and 1/3 is subtracted from each beneficiary's net earnings remaining after the standard deduction and child care expenses have been subtracted.

D. Treatment of Stepparent Income

Question 1:

Are the parent's needs included in the stepparent unit when determining income available to the MFBU?

Answer:

No. For the purpose of determining the stepparent income available to the MFBU, the parent is not included in the stepparent unit's maintenance need. The maintenance need of the parent is not allowed as his/her needs are considered in the children's MFBU. The parent's needs however are included in the stepparent unit when initially determining whether a stepparent unit can be established and therefore excluded from Medi-Cal.

E. AFDC Cash Grant Program Changes

Question 1:

When AFDC cases are suspended, will the family receive cash-based Medi-Cal or should these cases be transferred to the Medi-Cal program?

Answer:

The family is ineligible for AFDC in the month in which the grant is suspended and therefore the family is not eligible for cash-based Medi-Cal. The family's eligibility for Medi-Cal should be determined under Medi-Cal only. The share of cost must be computed on a quarterly basis even though

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in most cases the family will again qualify for AFDC in the second and third month of the quarter. However, in most instances, the family will have no share of cost for the quarter and therefore, it will not be necessary to recompute the initial share of cost if the family again is found eligible for AFDC during the quarter.

Question 2:

Will alien sponsor's income/resources also be considered in Medi-Cal?

Answer:

No.

Question 3:

Should AFDC cases that receive lump sum monies which result in a period of ineligibility for AFDC be transferred to Medi-Cal?

Answer:

Yes. The family should immediately be evaluated for Medi-Cal only eligibility. Treatment of lump sum payments for Medi-Cal eligibility has not changed.

Question 4:

When the period of ineligibility for AFDC due to receipt of a lump sum payment has expired, should the family be referred to AFDC?

Answer:

Yes. Counties are responsible for advising the family of their potential eligibility for AFDC in accordance with CAC, Title 22, Section 50153. The family should be referred to AFDC in accordance with established county procedures unless the family is not interested in applying. In that instance, the fact that the family was advised of potential AFDC eligibility should be documented in the Medi-Cal case record.

F. Miscellaneous

Question 1:

Can transportation to and from school be allowed as an educational expense even though it is no longer specified in CAC, Title 22, Section 50547?

Answer:

Yes. The list of expenses in this Section is not all inclusive. Therefore, reasonable transportation costs can be allowed as a deduction from income

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or property received for educational purposes as defined in CAC, Title 22, Section 50547. Please refer to CWD Letter 82-20.

If you have additional questions or want clarification of the above answers please contact your Medi-Cal program consultant at (916) 445-1912.

Sincerely,

Original signed by

Madalyn M. Martinez, Chief
Medi-Cal Eligibility Branch

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants