

DEPARTMENT OF HEALTH SERVICES

714/744 P STREET
SACRAMENTO, CA 95814



February 26, 1985

TO: All County Welfare Directors
County Administrative Officers

Letter No. 85- 14

NEW AID CODES - DEFICIT REDUCTION ACT (DEFRA) OF 1984 AND PUBLIC LAW 98-378
CHANGES

This letter is to provide you with new Medi-Cal aid codes and general information regarding the proposed implementation of the provisions of the Deficit Reduction Act (DEFRA) of 1984 and Public Law 98-378.

BACKGROUND

DEFRA, enacted July 18, 1984 and effective October 1, 1984, contains several changes to the income and resource provisions of the AFDC and SSI programs. Since existing federal Medicaid regulations and state statute mandate that the income and resource provisions of the AFDC and SSI programs be applied to Medicaid eligibility determinations, the DEFRA changes must be incorporated into Medi-Cal regulations.

In addition to the income/resource changes, DEFRA requires that nine months of continuing Medi-Cal coverage be provided to persons discontinued from AFDC due solely to the expiration of the \$30 plus 1/3 earned income deduction. Instructions regarding persons previously discontinued from AFDC due to this reason, are contained in All County Welfare Directors letter No. 85-8 issued January 25, 1985.

Public Law 98-378, enacted effective August 16, 1984 requires that persons discontinued from AFDC due solely to the collection or increased collection of child/spousal support be provided four months of continuing zero share-of-cost Medi-Cal.

We anticipate that Medi-Cal regulations will be filed in February 1985 on an emergency basis and counties will be issued a copy of the regulations and specific implementation instructions at that time. In the interim, we are providing you with 1) a draft of anticipated regulation changes and their effective dates so that you may begin to identify those Medi-Cal cases which may be impacted and; 2) new aid codes so that you may initiate any systems or procedural changes necessary for implementation.

PROPOSED CALIFORNIA ADMINISTRATIVE CODE (CAC), TITLE 22 REGULATION CHANGES

To be Implemented Effective August 1, 1984

- o Section 50243 is being amended to include persons discontinued from AFDC due to the collection or increased collection of child/spousal support in the Four Month Continuing Eligibility category.

This new Four Month Continuing Eligibility category is to be identified by aid code 54.

To Be Implemented Effective October 1, 1984

- o Section 50137 is being amended to include Nine Month Continuing in the intercounty transfer process. The amendment will require the county initiating the transfer to retain responsibility for the beneficiary during the Nine Month Continuing period.
- o Section 50244 is being added to specify that persons discontinued from AFDC due to the expiration of the \$30 plus 1/3 earned income disregard are to be provided nine months of zero share-of-cost Medi-Cal.

Persons discontinued from AFDC for this sole reason prior to October 1, 1984 are to be provided nine months of continuing eligibility from the month of application, providing the specific qualifying conditions have been met. The aid code to be used for this category is 55.

Persons discontinued from AFDC for this sole reason after October 1, 1984 are to receive five additional months of no cost Medi-Cal following the four months of Continuing Medi-Cal granted these persons under the Edwards v. Myers court order. (For example, families discontinued from AFDC on October 31, 1984 should have been granted Four Month Continuing Medi-Cal beginning November 1984 through February 1985. The additional five months would then begin March 1985 and end July 31, 1985.) This category of Nine Month Continuing eligibles are to be identified by aid code 59. Due to this change in federal regulations it is no longer necessary for counties to identify the Edwards v. Myers Four Month Continuing eligibles as aid code 39. Rather, these persons are to be identified as aid code 59 for the entire nine month period.)

- o Section 50373 is being amended to include Nine Month Continuing in the MFBU determination.
- o Section 50420 is being amended to treat Nine Month Continuing eligible persons as ineligible members of the MFBU.
- o Section 50455 is being amended to specify that retroactive SSI and Title II benefit payments shall not be included in the property reserve for a period of six months after the month in which the payment is received.

All County Welfare Directors
County Administrative Officers

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- o Section 50503 is being amended to specify that the actual Earned Income Tax Credit (EITC) payment, whether received as a tax refund or received as an advance payment, is considered to be earned income in determining the share of cost.
- o Sections 50551.1 and 50553.3 are being amended to specify that beginning the month following the month the \$30 plus 1/3 earned income disregard expires, a \$30 deduction is to be applied to the AFDC-MN or MI's gross earnings for eight consecutive months.
- o Section 50553.1 is being amended to specify that a disregard of \$75.00 per month be applied to the non-exempt gross earned income of each AFDC-MN or MI person or person who is an ineligible member of an MFBU. This includes persons who are employed part-time.
- o Section 50524 is added to specify that the first \$50.00 of any child/spousal support received shall be exempt during the month it is received by the applicant/beneficiary.
- o Section 50557 is being amended to provide that income available to a Nine Month Continuing eligible must be used in determining the share of cost of other MN and MI family members.
- o Section 50657 is being amended to provide that health care services received by Nine Month Continuing eligible family members may not be used to meet the share of cost of other MN and MI family members.

To Be Implemented Effective January 1, 1985

- o Section 50420 is amended to specify increases in the property reserve limits of \$100 for individuals and \$150 for couples and families.

If you or your staff have questions regarding this issue, or have comments on the proposed regulations which are attached, please contact Catherine Euber-Chatter at (916) 324-4972. Instructions on how to submit the new aid code transactions to MEDS will be sent in a separate All County Welfare Directors letter and change cycle letter. If you have any questions regarding MEDS transactions please contact your MEDS liaison.

Sincerely,

Original signed by

Gary Pettigrew for
Doris Z. Soderberg, Chief
Medi-Cal Eligibility Branch

Attachment
cc: Medi-Cal Liaisons
Medi-Cal Program Consultants

50137. Intercounty Transfer -- Effective Date of Discontinuance/Eligibility.

(a) In a change in county of responsibility, the effective date of discontinuance as determined by the initiating county department shall be the last day of the second month following the month in which the initiating county department notified the new county of the change in county of responsibility except that:

(1) If the initiating county department determines the person or family is no longer eligible, the last day of the month in which the determination of ineligibility is made, provided a 10-day notice is given or is waived. Otherwise, discontinuance is effective on the last day of the month in which the 10-day notice is given.

(2) If the person or family is receiving Medi-Cal under either the Four Month or Nine Month Continuing Eligibility categories, the last day of the final month in which four month or nine month continuing eligibility exists.

(b) If the county department in the new county of responsibility determined that a person or family is eligible for Medi-Cal, the effective date of eligibility shall be the first day of the month following the month in which the initiating county department discontinues eligibility.

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(c) Counties involved in an intercounty transfer may, by mutual agreement, establish a different effective date of discontinuance, if the initiating county department can suppress card issuance for the following month.

NOTE: Authority cited: Sections 10725 and 14124.5, Welfare and Institutions Code; Section 133.5, AB 251, Chapter No. 102, Statutes of 1981; Section 14, AB 1557, Chapter No. 1447.

Reference: Sections 11053, 14005.8, 14005.9, and 14016, Welfare and Institutions Code.

50243. Four Month Continuing Eligibility.

(a) The Four Month Continuing category includes persons who were both:

(1) Discontinued from AFDC due solely to either:

(A) ~~Increased~~ earnings from employment or increased hours of employment of a child in the AFDC family budget unit or a parent of a child in the AFDC family budget unit, or;

(B) Beginning August 1, 1984 and ending September 30, 1988, the collection or increased collection of child or spousal support.

(2) Receiving an AFDC cash grant or eligible under Section 50227(c)(1) in at least three of the six months immediately prior to the month they became ineligible for AFDC.

(b) The Four Month Continuing category does not include persons who were discontinued from AFDC due to any of the following:

(1) A stepparent contribution.

(2) An increase in a stepparent contribution.

(3) The return of an absent parent to the home.

(4) The stepparent's ability to meet the needs of the parent.

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(5) The expiration of the \$30 plus 1/3 or \$30 earned income disregard.

e) Persons who were receiving an SSI/SSP cash grant, but were discontinued because of the increased earnings of a family member who was receiving AFDC, shall be eligible under this category if the family meets the criteria specified in (a).

(c) (a) Eligibility under this category shall continue for a period of four months following the most recent month in which the family became ineligible for AFDC, providing the family member continues to be employed and the other conditions of eligibility are met.

NOTE: Authority cited: Sections 10725 and 14124.5, Welfare and Institutions Code; Section 14, AB 1557, Chapter No. 1447;

Reference: Section 4905.8 14005.1 and Institutions Code.

50244. Nine Month Continuing Eligibility.

(a) The Nine Month Continuing category includes persons who were discontinued from AFDC due solely to the expiration of the \$20 plus 1/3 or \$30 earned income disregard specified in Sections 50551.1 and 50553.3.

(b) Eligibility under this category shall continue for a period of nine consecutive months following the most recent month in which the family became ineligible for AFDC, regardless of whether the other conditions of eligibility are met.

(c) The provisions of this regulation also apply to eligibility determinations or redeterminations made retroactively to October 1, 1984.

NOTE: Authority cited: Sections 10725 and 14124.5, Welfare and Institutions Code; Section 14, AB 1557 Chapter No. 1447

Reference: Section 14005.8, Welfare and Institutions Code.

50373. Medi-Cal Family Budget Unit Determination, No Family Member in LTC or Board and Care.

(a) The MFBU for a family with no family member in LTC or board and care shall be determined in accordance with the following:

(1) Family members who are PA or Other PA recipients, except for persons eligible for four month or nine month continuing eligibility, shall not be included in the MFBU.

(2) All family members living in the home, other than those specified in (1), shall be included in the MFBU in accordance with (4) whether or not they are eligible for, or wish to receive, Medi-Cal. Potential members of the MFBU may be excluded in accordance with Section 50381.

(3) All family members living in the home, except those children excluded from the MFBU in accordance with 50381, shall be considered in determining the program for which the persons included in the MFBU are eligible.

(4) A person who is under age 21 ~~on~~ through December 31, 1982, an MI ~~person~~ person and who is claimed as a dependent in order to receive tax credit or deduction for state or federal income tax purposes shall be included in his/her parent's MFBU.

(5) Once the potential members of the MFBU have been identified, the MFBU shall be determined in accordance with the following:

(A) Family members living in the home who are not PA or Other PA recipients.

(B) MFBU

1. Individual adult.

2. Individual, spouse

3. Parent, children.

4. Both unmarried parents, mutual children.

5. Both unmarried parents, mutual children, separate children of either or both parents.

6. Parent, spouse, mutual children.

1. Individual adult.

2. Individual, spouse.

3. Parent, children.

4. Both unmarried parents, mutual children.

5. Both unmarried parents, mutual children, separate children, except that when all the mutual children are excluded in accordance with Section 50381, each unmarried parent and that parent's separate children shall be in a separate MFBU.

6. Parent, spouse, mutual children.

7. Parent, spouse, mutual children, and/or separate child of either or both parents.

8. Unmarried minor parent, children, the unmarried minor parent's parents and his/her spouse and/or children.

9. Unmarried minor parent, second unmarried parent, their mutual children, separate children of either or both, unmarried minor parent's parent(s) and his/her spouse and/or children.

7. Parent, spouse, mutual children, separate children or the parent and the separate children of that parent if the conditions of 50375 are met.

8. Two MEBU's:
a. Unmarried minor parent as an ineligible member, unmarried minor parent's children.
b. Unmarried minor parent, the unmarried minor parent's parents and his/her spouse and/or children (MEBU is determined in accordance with (3) through (7)).

9. Two MEBU's:
a. Unmarried minor parent as an ineligible member, second unmarried parent, separate children of either unmarried parents, mutual children.
b. Unmarried minor parent, the unmarried minor parent's parent(s) and his/her spouse and/or children (MEBU is determined in accordance with (3) through (7)).

10. Child living with the child's parents requesting Medi-Cal for minor consent services, whose application is being processed in accordance with Section 50147.1(a)(3)(D), the child's children.

11. Sibling children if all other family members PA or Other PA.

12. Sibling children, caretaker relative.

13. Sibling children, caretaker relative, caretaker relative's spouse and/or children.

14. Child in foster care.

10. Child and the child's children.

11. Sibling children.

12. Sibling children and caretaker relative, except that the caretaker relative may choose to be his/her own MFBU.

13. Two MFBU's:
a. Sibling children.
b. Caretaker relative and his/her spouse and/or children (MFBU is determined in accordance with (3) through (7)).

14. Child.

15. Sibling children in foster care.

15. Each sibling child is in his/her own MFBU even if placed in the same foster home.

16. Child detained or placed by a court or court designated agency under Welfare and Institutions Code Sections 300 or 601.

16. Child.

17. Child not living with a parent or relative for whom a public agency is assuming financial responsibility in whole or in part.

17. Child.

18. Child not living with a parent or caretaker relative when parents or public agencies have been contacted to determine whether they will accept legal responsibility for the child.

18. Child.

19. Married child, married child's spouse and children, and married child's parent(s) when the married child is claimed by his/her parent(s) as a dependent in order to receive a tax credit or deduction for state or federal income taxation.

19. Three MFBUs.

a. Married child claimed as tax dependent; married child's spouse and children as ineligible members, and married child's parent(s) as ineligible member(s).

b. Married child claimed as tax dependent as an ineligible member, married child's spouse and children.

c. Married child claimed as tax dependent as an ineligible member, married child's parent(s).

NOTE: Authority cited: Sections 10725 and 14124.5, Welfare and Institutions Code; and Section 87(c), Chapter 1594, Statutes of 1982; Section 14, AB 1557, Chapter 1447, Statutes of 1984.

Reference: Sections 14005.4, 14005.7, 14005.8 and 14008, Welfare and Institutions Code.

50379. Ineligible Members of the Medi-Cal Family Budget Unit.

(a) Persons who are ineligible for Medi-Cal for any of the following reasons shall be ineligible members of the MFBU, as limited by (b).

(1) Refusal to apply for a Social Security number.

(2) Refusal to apply for a health insurance claim number.

(3) Refusal to apply for and accept unconditionally available income.

(4) Alien status.

(5) Inability to meet the basic eligibility criteria for any of the Medi-Cal programs.

(6) Parents who reside outside the state and who claim their children residing in the state as dependents in order to receive a tax credit or deduction for state or federal income tax purposes.

(b) A child ineligible for Medi-Cal for any of the reasons listed in (a) who has separate income or property may be treated as an ineligible member of the MFBU or be excluded from the MFBU in accordance with Section 50381. This choice is the option of the person who has legal responsibility for the child.

(c) Persons who are eligible for four month or nine month continuing eligibility shall be ineligible members of the MFBU.

(d) Unmarried minor parents living with their parents shall be ineligible members of the MFBU that includes the unmarried minor parent's children except when the unmarried minor parent wishes to receive only minor consent services. Unmarried minor parents who wish to receive Medi-Cal, other than minor consent services, shall be included in the MFBU with their parents.

(e) The parent of the separate children in a stepparent case who are the only family members who wish to receive Medi-Cal in accordance with Section 50375 shall be:

- (1) An ineligible member of the separate children's MFBU.
- (2) Included in the stepparent unit.

(f) The following persons shall be ineligible members of the MFBU when a married child is claimed by his/her parent as a dependent in order to receive a tax credit or deduction for state or federal income taxation:

- (1) The spouse, children, and parent(s) of the married child claimed as a tax dependent shall be ineligible members of the MFBU which includes the married child.

- (2) The married child claimed as a tax dependent shall be an ineligible member of the MFBUs which include either:

- (A) His/her parent(s).

(B) His/her spouse and children.

(g) Ineligible members of a MFBU shall:

(1) Be included in the MFBU for the purpose of determining eligibility based on property and share of cost.

(2) Be listed on the MC 177 and have their health care costs used to meet the share of cost, except for four month or nine month continuing eligibles who shall not be listed on the MC 177.

(3) Not be issued a Medi-Cal card.

NOTE: Authority cited: Sections 10725 and 14124.5, Welfare and Institutions Code; and Section 87(c), Chapter 1594, Statutes of 1982; Section 14, AB 1557, Chapter 1447, Statutes of 1984

Reference: Sections 14005.4, 14005.7, 14005.8, 14005.12 and 14008, Welfare and Institutions Code.

50420. Property Limit.

(a) The property reserve shall not exceed the following limits.

Number of Persons Whose Property is Considered.	Property Limit 1985	Property Limit 1986	Property Limit 1987	Property Limit 1988	Property Limit 1989
1 person \$1,500	\$1,600	\$1,700	\$1,800	\$1,900	\$2,000
2 persons \$2,250	2,400	2,550	2,700	2,850	3,000
3 persons \$2,300	2,550	2,700	2,850	3,000	3,150
4 persons \$2,400	2,700	2,850	3,000	3,150	3,300
5 persons \$2,500	2,850	3,000	3,150	3,300	3,450
6 persons \$2,600	3,000	3,150	3,300	3,450	3,600
7 persons \$2,700	3,150	3,300	3,450	3,600	3,750
8 persons \$2,800	3,300	3,450	3,600	3,750	3,900
9 persons \$2,900	3,450	3,600	3,750	3,900	4,050
10 or more persons \$3,000	3,600	3,750	3,900	4,050	4,200

(b) The members of the MFBU shall be ineligible for Medi-Cal if the conditions specified in (a) above are is not met at sometime during the month in which application is made.

(c) If the property reserve has been in excess of the property limit from the first day of the month of application through the date of application the MFBU shall be eligible under the following conditions:

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(1) The property reserve is brought within the property limit in any manner other than transfer without adequate consideration by the last day of the month of application.

(2) All other conditions of eligibility are met.

(d) The provisions of this regulation also apply to eligibility determinations or redeterminations made retroactively to January 1, 1985.

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NOTE: Authority cited: Sections 10725 and 14124.5, Welfare and Institutions Code; and Section 57(c), Chapter 328, Statutes of 1982.

Reference: Sections 14006 and 14019.6, Welfare and Institutions Code.

50455 Lump Sum Payments

(a) Nonrecurring lump sum social security payments, such as nonrecurring lump sum payments of any of the items specified in Section 50507 (a)(1) through (9), shall be included in the property reserve, except as provided in (b).

(b) Retroactive SSI and Title II benefit payments shall not be included in the property reserve for a period of six months after the month in which they are received.

(c) The provisions of this regulation also apply to eligibility determinations or redeterminations made retroactively to October 1, 1984.

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NOTE: Authority cited: Section 10725 and 14124.5, Welfare and Institutions Code.
Reference: Sections 14005.4, 14005.7, 14005.8 and 14006, Welfare and
Institutions Code.

50503. Gross Earned Income.

(a) Gross earned income includes:

(1) Wages, salaries, bonuses and commissions from an employer or business enterprise.

(2) Net profits from self-employment as determined in accordance with Section 50505.

(3) Earnings under Title I of the Elementary and Secondary Education Act.

(4) Payments under the Comprehensive Employment and Training Act (CETA). Payments which are identified by the local CETA office as an incentive payment or training allowance shall be considered as gross unearned income.

(5) Payments under the Economic Opportunity Act.

(6) Training incentive payments and work allowances under ongoing manpower program other than WIA or CETA.

(7) Income received for having provided IHSS services.

(8) Net income from real or personal property as determined in accordance with Section 50503 which is the result of continuous and appreciable effort on the part of the applicant or beneficiary. This includes income from:

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- (A) Room and board.
- (B) The rental of rooms which requires daily effort on the part of the beneficiary.
- (C) A business enterprise.
- (D) The sale of produce, livestock, poultry, dairy products and other similar items.
- (9) Earnings from public service employment.
- (10) Actual Earned Income Tax Credit (EITC) payment received for taxable year 1980 and thereafter whether received as a tax refund or received as an advance payment.
- (b) The provisions of this regulation also apply to eligibility determinations or redeterminations made retroactively to October 1, 1984.

Note: Authority cited: Sections 10725 and 14124.5, Welfare and Institutions Code; Section 14 AB 1557, Chapter 1447 Statutes of 1984.

Reference: Sections 14005.4, 14005.7 and 14005.8, Welfare and Institutions Code.

50507. Gross Unearned Income.

(a) Gross unearned income includes:

(1) Old age, survivors and disability insurance payments from the Social Security Administration (OASDI).

(2) Annuities, which are sums paid yearly or at other specific intervals in return for payment of a fixed sum by the annuitant.

(3) Pensions.

(4) Retirement payments.

(5) Disability payments from an employer or from insurance.

(6) Veteran's payments which include:

(A) Pensions based on need.

(B) Compensation payments.

(C) Aid and maintenance payments.

(D) Educational assistance.

(7) Worker's Compensation, except for any amount determined to be unavailable in accordance with Section 50515.

(8) Railroad Retirement and any other payments made by the Railroad Retirement Board.

(9) Unemployment Insurance Benefits.

(10) Proceeds from a life insurance policy which are in excess of the lesser of:

(A) \$1,500.

(B) The amount expended on the insured person's last illness and burial expenses.

(11) Other insurance payments.

(12) Loans which do not require repayment.

(13) Gifts.

(14) Non-exempt child/spousal support, whether provided voluntarily or by court order.

(15) Alimony payments.

(16) Inheritances which are in the form of cash, securities or other liquid assets.

(17) Contributions from any source.

(18) Prizes and awards.

(19) Net income from the rental of real or personal property which is not considered gross earned income in accordance with Section 50503(a)(8).

(20) Dividends.

(21) Interest payments from any source, including trust, trust deeds and contracts of sale.

(22) Royalties, including but not limited to payments to a holder of a patent or copyright, for the use of the invention, or to the owner of a mine, oil well or similar holdings, for the extraction of the produce or other use.

(23) Income of a PA or Other PA recipient which is not used to determine the recipient's eligibility.

(24) Incentive payments or training allowances under CETA.

(25) Any other income which is available to meet current needs in accordance with Section 50513.

(26) Any of the items specified in (10) through (25) if received in a lump sum payment.

(b) The provisions of this regulation also apply to eligibility determinations or redeterminations made retroactively to October 1, 1984.

Note: Authority cited: Sections 10725 and 14125.5, Welfare and Institutions Code; Section 14, AB 1557, Chapter 1447, Statutes of 1984.

Reference: Sections 14005.4, 14005.7, 14005.8 and 14006, Welfare and Institutions Code.

50524. Child/Spousal Support Received by AFDC-MN and MI Family Members.

(a) The first \$50 per month of all child/spousal support received by AFDC-MN and MI family members, whether provided voluntarily or by court order, shall be exempt.

(b) The provisions of this regulation also apply to eligibility determinations or redeterminations made retroactively to October 1, 1984.

Note: Authority cited: Section 10725 and 14123.5, Welfare and Institutions Code; Section 14, AB 1557, Chapter 1447.

Reference: Sections 14005.4, 14005.7 and 14005.8, Welfare and Institutions Code.

50551.1 Thirty Dollars Plus One Third--MFBU's Which Include Aged,
Blind or Disabled MN Persons.

(a) The first \$30 plus one-third of the remainder shall be deducted from the nonexempt earned income of an AFDC-MN or MI person, if the person meets all of the following:

(1) Is the spouse or parent of an aged, blind or disabled MN person.

(2) Was eligible for and receiving an AFDC cash grant, as specified in ~~(e)~~ (b), from any state, in one of the four months immediately prior to the month in which the deduction will be applied.

(3) Did not receive the \$30 plus one-third deduction in any AFDC cash family budget unit for four consecutive months without an intervening twelve consecutive month period when he/she was not an AFDC recipient.

(b) A person is considered to have been receiving an AFDC cash grant if that person meets any of the following conditions:

(1) Was receiving an AFDC money payment.

(2) Was not receiving an AFDC money payment due to the adjustment of an overpayment.

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(c) When the recipient has received the \$30 plus one-third deduction in any MEBU or AFDC Assistance Unit for four consecutive months as provided in (a) above, he/she shall be eligible for a \$30 disregard for a period of eight consecutive months immediately following the end of the four consecutive months.

(d) If for any reason the recipient does not receive the \$30 deduction in a month that month shall nonetheless count as one of the eight consecutive months.

(e) When the additional eight consecutive month period has expired, a recipient shall not be entitled to receive either the \$30 plus one-third or the \$30 deduction again until he/she has not received AFDC for twelve consecutive months.

(f) The provisions of this regulation also apply to eligibility determinations or redeterminations made retroactively to October 1, 1984.

NOTE: Authority cited: Sections 10725 and 14124.5, Welfare and Institutions Code; Section 14, AB 1557, Chapter 1447 Statutes of 1984.

Reference: Sections 14005.4, 14005.7 and 14005.8 Welfare and Institutions Code.

50553.1 Deduction For Work Expenses

(a) The following amount Seventy-five dollars for mandatory deductions and work related expenses shall be deducted from the earned income of each AFDC-MN and MI person Seventy-five dollars, if the person meets both of the following conditions:

- (A) Is employed at least 100 hours in a month.
- (B) Is self-employed or an employee for at least 13 days of a month.
- (2) Fifty dollars, in all other instances.

(b) The provisions of this regulation also apply to eligibility determinations or redeterminations made retroactively to October 1, 1984.

NOTE: Authority cited: Section 10725 and 14124.5, Welfare and Institutions Code.

Reference: Sections 14005.4 and 14005.7, Welfare and Institutions Code.

50553.3 Thirty Dollars Plus One-Third.

(a) Thirty dollars of nonexempt earned income of each AFDC-MN or MI person, plus one-third of the remainder, shall be deducted if the person who is earning the income meets both of the following conditions:

(1) Was eligible for and receiving an AFDC cash grant, as specified in (b), from any state in one of the four months immediately prior to the month in which the deduction will be applied.

(2) Did not receive the \$30 plus one-third deduction in any AFDC cash family budget unit for four consecutive months without an intervening twelve consecutive month period when he/she was not an AFDC recipient.

(b) A person is considered to have been receiving an AFDC cash grant if that person meets any of the following conditions:

(1) Was receiving an AFDC money payment.

(2) Was not receiving an AFDC payment due to the adjustment of an overpayment.

(c) When the beneficiary has received the \$30 plus one-third deduction in any MFBU or AFDC Assistant Unit for four consecutive months as provided in (a) above, he/she shall be eligible for a \$30 disregard for a period of eight consecutive months immediately following the end of the four consecutive months.

(d) If for any reason the beneficiary does not receive the \$30 deduction in a month that month shall nonetheless count as one of the eight consecutive months.

(e) When the additional eight consecutive month period has expired, a beneficiary shall not be entitled to receive either the \$30 plus one-third or the \$30 deduction again until he/she has not received AFDC for twelve consecutive months.

(f) The provisions of this regulation also apply to eligibility determinations or redeterminations made retroactively to October 1, 1984.

NOTE: Authority cited: Sections 10725 and 14124.5, Welfare and Institutions Code; Section 14, AB 1557, Chapter 1447 Statutes of 1984.

Reference: Sections 14005.2, 14005.7 and 14005.8, Welfare and Institutions Code.

50557. Treatment of Income.

(a) The following income shall be considered in determining the share of cost of a person or family:

(1) Net nonexempt income of all persons included in the MFBU in accordance with Section 50371 through 50381.

(2) Income specified in Sections 50558 through 50564.

(b) That portion of the income of persons excluded from the MFBU as PA or Other PA recipients which was used to determine their PA or Other PA eligibility shall not be considered. All income of persons eligible for four months or nine months continuing eligibility shall be considered.

NOTE: Authority cited: Sections 10725 and 14124.5, Welfare and Institutions Code; Section 14, AB 1557, Chapter No. 1447 Statutes of 1984

Reference: Sections 14005.4, 14005.7 and 14005.8, Welfare and Institutions Code.

50657. Completion of Form MC 177S.

(a) Form MC 177S shall be completed as follows:

(1) The identifying information shall be completed by the county department. The only persons who shall be listed on form MC 177S as eligible to have the cost of their health services used to meet the share of cost are those:

(A) Included in the MFBU who have not received a full complement Medi-Cal card as a member of that MFBU or as four month or nine month continuing eligibles.

(B) Ineligible members of the MFBU in accordance with Section 50379.

(2) Form MC 177S shall be issued to the beneficiary for each month during which the beneficiary must meet a share of cost.

(A) For continuing beneficiaries, form MC 177S shall be issued prior to the first day of the month of eligibility.

(B) For new and restored beneficiaries, form MC 177S shall be issued at the time the approval notice of action is issued.

(3) The beneficiary shall present form MC 177S to each provider when the cost of services provided will be used to meet the share of cost.

(4) The provider will list on the form MC 177S health services which have been provided and meet all of the following criteria.

(A) Were provided in the month specified on form MC 177S. Services are considered to have been provided in the month if the date of service is within the month. The date of service for:

1. Health services provided under a Global Billing Agreement is the date the last service under the agreement is rendered or the date of delivery, if the global billing is for pregnancy and delivery.

2. Dental prosthesis, prosthetic and orthotic appliances, and eye appliances is the date the item is actually ordered from the fabricating laboratory.

3. Prescription drugs is the date the item was actually received.

4. All other health services is the date the item was actually rendered.

(B) Have not been submitted as a claim against the Medi-Cal program.

(C) Have not been paid by Medicare, other health coverage, or any other party, and the provider does not anticipate reimbursement from such sources for the amounts listed on form MC 177S.

(5) For each service listed the provider shall include:

(A) The date of service, in accordance with (a)(4)(A).

(B) The total cost of the service provided.

(C) The amount billed to the patient.

(6) The provider shall sign form MC 177S and enter the provider number or Social Security number.

(7) When the amount in the Billed Patient column of form MC 177S equals or exceeds the share of cost, the beneficiary or the beneficiary's representative shall:

(A) Sign the form indicating that the beneficiary has assumed legal responsibility for the amount shown in the Billed Patient column.

(B) Return the form to the county department.

(b) For purposes of this section, health services means the medical services, supplies, devices, drugs and any other medical care provided to an eligible person by a Medi-Cal provider or any licensed practitioner meeting the criteria of a Medi-Cal provider in accordance with Article 3, Chapter 3.

NOTE: Authority cited: Sections 10725, 14005.9 and 14124.5, Welfare and Institutions Code, Section 133.5, AB 251, Chapter 102, Statutes of 1931; Section 57(c), Chapter 328, Statutes of 1982; and Section 14, AB 1557, Chapter 1447 Statutes of 1984.

Reference: Sections 14005, 14005.4, 14005.7, 14005.8, 14005.9, 14019 and 14019.6, Welfare and Institutions Code.