

## DEPARTMENT OF HEALTH SERVICES

714/744 P STREET

SACRAMENTO, CA 95814

April 29, 1985



To: All County Welfare Directors  
County Administrative Officers

Letter No. 85- 32

## INSTRUCTIONS AND REGULATIONS FOR IMPLEMENTING DEFRA AND P.L. 98-378

References: All County Welfare Directors Letter 85-14.

This is to provide the instructions and regulations necessary to implement the Deficit Reduction Act (DEFRA) of 1984 and Public Law (P.L.) 98-378. Case examples have been included when appropriate.

Background

DEFRA, which was enacted July 18, 1984 and became effective October 1, 1984, contained several changes to the income and resource provisions of the SSI and AFDC programs. Since existing state law and federal Medicaid regulations mandate that the income and resource provisions of the AFDC program apply to AFDC-MNs and the income and resource methodologies of the SSI program apply to ABD-MNs, those AFDC and SSI DEFRA changes must be incorporated into Medi-Cal regulations. In addition to the income/resource changes, DEFRA required that nine months of continuing zero share of cost Medi-Cal be provided to persons discontinued from AFDC due solely to the expiration of the \$30 plus 1/3 earned income disregard. (Instructions for providing Nine Month Continuing to persons previously discontinued from AFDC for this sole reason are contained in separate All County Welfare Directors Letters No. 85-8 and 85-23.)

P.L. 98-378, Child Support Enforcement Amendments of 1984, enacted effective August 16, 1984, required that four months of continuing Medi-Cal be provided to persons discontinued from AFDC due wholly or in part to the collection or increased collection of child/spousal support.

Medi-Cal regulations (attached) were filed April 15, 1985 on an emergency basis. Implementation is effective immediately, retroactive to the appropriate effective date as indicated in the applicable Title 22 regulation.

A Medi-Cal Manual revision reflecting these changes is being generated at this time and should be released within one week of the date of this letter.

CALIFORNIA ADMINISTRATIVE CODE (CAC), TITLE 22 REGULATION CHANGES

To be Implemented Effective August 1, 1984

- o Change
  - o Section 50243 has been amended to include in the Four Month Continuing Eligibility category persons discontinued from AFDC due to the collection or increased collection of child/spousal support.
  - o This new Four Month Continuing eligibility category is to be identified by aid code 54. Persons discontinued from AFDC due to increased earnings or hours of employment will continue to be identified by aid code 39.
- o Action
  - o Counties are required to identify all persons discontinued from AFDC due in whole or in part to the collection or increased collection of child/spousal support beginning August 1, 1984 and forward. Eligibility for the Four Month Continuing coverage begins the month following the month the person or family became ineligible for AFDC. If a zero share of cost Medi-Cal card was already provided for those months, take no further action. If a share of cost was met by the family, then the share of cost must be revised in accordance with CAC Section 50653.3.

Persons eligible for Four Month Continuing based on the collection or increased collection of child/spousal support (aid code 54) are to be provided a monthly no share of cost Medi-Cal card for four consecutive months regardless of whether other eligibility factors are met unless the person dies or becomes eligible for AFDC or SSI. Persons eligible for Four Month Continuing based on an increase in earnings or hours of employment (aid code 39) however, must continue to meet all other conditions of AFDC eligibility.

- o Example
  - o The Smith family was discontinued from AFDC effective September 30, 1984 due to the increased collection of child/spousal support and an increase in unearned income. The county locates the case record in May and notifies the family of the Four Month Continuing coverage which should have been available effective October 1, 1984. The Smiths had received Medi-Cal during the months in question with a \$50.00 share of cost. Mrs. Smith requested that zero share of cost Medi-Cal cards be provided to the family and, in addition, assistance from the county in obtaining reimbursement from providers.

To Be Implemented Effective October 1, 1984

- o Change                      o Section 50137 has been 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's case record during the Nine Month Continuing period.
- o Action                      o The county initiating the intercounty transfer must retain responsibility for the case during the Nine Month Continuing period. Counties who identify Nine Month Continuing families who have already relocated to a different county, must retain responsibility for the case during the Nine Month Continuing period unless the current county where the family resides agrees to assume responsibility for establishing eligibility.
- o Example                      o The Tai family was discontinued from AFDC by San Francisco County effective February 28, 1985 due solely to the expiration of the \$30 plus 1/3 earned income deduction. Four Month Continuing should have been initiated March 1, 1985 due to the Edwards v Myers court order in effect at the time. In April 1985 the Tai's moved to Sacramento County. San Francisco is the county of responsibility for the Nine Month Continuing coverage until November 30, 1985. (You will note that the Nine Month Continuing coverage includes months initially determined as Four Month Continuing.) If the Tai's become eligible for AFDC within the Nine Month Continuing period, the county of responsibility would be Sacramento. Sacramento County would be responsible for notifying San Francisco County of this change in eligibility status so that Nine Month Continuing Medi-Cal cards can be discontinued and the Medi-Cal case record closed.
- o Change                      o Section 50244 has been added to specify that persons discontinued from AFDC due to the expiration of the \$30 plus 1/3 or the \$30 earned income disregard are to be provided nine months of zero share of cost Medi-Cal.
- o                                      o Persons discontinued from AFDC for this sole reason prior to October 1, 1984 are to be provided nine months of continuing eligibility beginning the month of application for this coverage providing the specific qualifying conditions have been met. The aid code to be used for this category is 55.

- o 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 currently granted these persons under the Edwards v. Myers (persons discontinued from AFDC due to the expiration of the \$30 plus 1/3 earned income disregard) court order. 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 or aid code 30 with a post indicator. Rather, these persons are to be identified as aid code 59 for the entire nine month period. Persons discontinued from AFDC due to increased earnings or hours of employment are to continue to be identified as aid code 39.
- o Action
  - o Counties must identify persons discontinued from AFDC after October 1, 1984 due solely to the expiration of the \$30 plus 1/3 or the \$30 earned income deduction. These persons have already begun to receive Four Month Continuing under Edward v. Myers and are identified by aid code 39. These cases must be transitioned into aid code 59 as soon as possible and be provided an additional number of months of no cost Medi-Cal so that when combined with the number of months received under Four Month Continuing, a total of nine months of zero share of cost Medi-Cal has been provided. If prior to identifying a Nine Month Continuing eligible case, a share of cost was met, then the share of cost must be revised in accordance with CAC Section 50653.3.
  - o Persons eligible for Nine Month Continuing are to be provided a monthly no SOC Medi-Cal card for nine consecutive months regardless of whether other eligibility factors are met unless the person dies or becomes eligible for AFDC or SSI. This means, for example that persons who leave the State are still entitled to receive Nine Month Continuing Medi-Cal.
  - o Persons discontinued from Nine Month Continuing due to eligibility for AFDC/SSI, and who are subsequently discontinued from AFDC/SSI, may receive the remaining months of Nine Month Continuing if discontinuance from AFDC/SSI is within the consecutive nine month period.

Examples

- o The Staylon family was discontinued from AFDC effective October 31, 1984 due solely to the expiration of the \$30 plus 1/3 earned income disregard. In November, the Staylon's began their first of Four Month Continuing under Edwards v. Myers. Effective March 1, 1985, the family was determined eligible as medically needy with a \$100.00 monthly share of cost. In May, the county identified the Staylon's as Nine Month Continuing eligibles, provided aid code 59 Medi-Cal cards for the month of March and April (as requested by the Staylons), and provided an additional three months of continuing Medi-Cal with a termination date of July 31, 1985. Mrs. Staylon chose to have an adjustment made to her future month (August and forward) shares of cost.
- o The Pegueros family was discontinued from AFDC effective March 31, 1985 due solely to the expiration of the \$30 plus 1/3 earned income disregard. The case was initially identified in April as an aid code 59 with a termination date of December 31, 1985. In June, Ms. Pegueros lost her job and the family was reinstated to AFDC effective July 1, 1985. Nine Month Continuing was discontinued effective June 30, 1985 since the Pegueros family would be receiving AFDC cash based Medi-Cal. In September 1985, Mr. Pegueros returned to the home and the family was discontinued from AFDC effective September 30, 1985. The Pegueros' (with the exception of Mr. Pegueros) are entitled to receive the remaining three months (October, November, December) of Nine Month Continuing since the discontinuance from AFDC is within the consecutive nine month period. As Mr. Pegueros was not in the AFDC family budget unit in March 1985, he is ineligible for the Nine Month Continuing coverage. Additionally, as Mr. Pegueros was employed full time, he was determined ineligible for Medi-Cal benefits as a medically needy person.
- o The Walsh family was discontinued from AFDC effective April 30, 1985 due solely to the expiration of the \$30 plus 1/3 earned income disregard. In May 1985 the Walsh's began to receive the first month of Nine Month Continuing. In July the family was reinstated to AFDC. Effective December 31, 1985 the family was discontinued from AFDC due solely to the expiration of the \$30 earned income disregard. Because regulations require that persons discontinued from AFDC due solely to the expiration of the \$30 plus 1/3 earned income disregard or the \$30 disregard be provided Nine Months of

Continuing Medi-Cal, the Walsh's are entitled to a new nine month period beginning January 1, 1986 through September 30, 1986.

- o Change                      o Section 50373 is being amended to include Nine Month Continuing in the MFBU determination process.
- o Change                      o Section 50379 is being amended to treat Nine Month Continuing eligible persons as ineligible members of the MFBU.
- o Change                      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 and MI family members.
- o Change                      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.
- o Action                      o Family members who are eligible for Nine Month Continuing must be included as ineligible members in the MN or MI family member's MFBU. The income of the Nine Month Continuing ineligible MFBU members must be used in determining the share of cost. Medical services received by the ineligible MFBU members may not be used to meet the share of cost (listed on the MC 177S) of other MN and MI family members.
- o Example                      o Mr. Field and his two children were discontinued from AFDC in March 1985 due solely to the expiration of the \$30 plus 1/3 earned income deduction. In April they began receiving Nine Month Continuing Medi-Cal with a termination date of December 31, 1985. In June, Mrs. Field moved back into the household with her two separate children, applied for Medi-Cal and was determines AFDC-MN eligible. The income of all family members and the maintenance need for six are used to determine the AFDC-MN share of cost, however only the cost of health care services received by Mrs. Field and her two separate children can be used to meet the share of cost.

- o Change                      o Section 50455 is being amended to specify that retro-active SSI and Title II lump sum benefit payments shall not be included in the property reserve for a period of six months beginning the month immediately following the month in which the payment is received.
- o Action                      o For the months October 1984 and forward, counties must identify all Medi-Cal cases denied or discontinued for excess resources in which person's resources exceeded the property limits due to receipt of retroactive SSI and Title II benefit payments. The property reserve must be recalculated to determine if eligibility would exist if the retroactive SSI and Title II lump sum payment had been exempted. If eligibility would otherwise have existed, reinstate Medi-Cal benefits retro-active to the month of discontinuance from Medi-Cal for this reason or approve Medi-Cal benefits retro-active to the month of application.
- o Example                      o Mrs. Briare was denied Medi-Cal eligibility for November 1984 due to the receipt of a retroactive Title II lump sum benefit payment in October which was in excess of the property limit for one. In December 1984, Mrs. Briare spent the excess property on Christmas gifts and qualified for zero share of cost Medi-Cal effective December 1, 1984. Because Mrs. Briare's retroactive Title II lump sum benefit payment was exempt as property in November, her property reserve did not exceed the property limit in either month. The county must rescind the November 1984 denial and provide Mrs. Briare with a November retro-active Medi-Cal card.
- o Change                      o Section 50503 has been amended to specify that the actual Earned Income Tax Credit (EITC) payment received, 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 Action                      o The county must identify all cases, retroactive to October 1, 1984, in which the EITC was considered income available to determine the share of cost. If the amount of the EITC was actually received, then take no action. If the amount of the EITC was not actually received, then exclude the EITC as income and revise the share of cost in accordance with CAC Section 50653.3. Any lump sum EITC received as part of an annual tax return must be considered to be income in the month received.

- o Change o Sections 50551.1 and 50553.3 have been 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 Action o The county must identify all Medi-Cal cases, retroactive to October 1, 1984, in which the \$30 plus 1/3 earned income deduction expired. A \$30 deduction must be applied beginning the month following the month of expiration for a period of eight consecutive months. 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. If application of this deduction reduces the share of cost, then revise the share of cost in accordance with CAC Section 50653.3.
- o Example o The Stephens family has been receiving Medi-Cal benefits under the medically needy program since July 1984. Santa Clara County found that the \$30 plus 1/3 earned income deduction received by the Stephens family expired effective October 31, 1984. The county recomputed the share of cost using the \$30 deduction for a period of eight consecutive months beginning November 1, 1984 and ending June 30, 1985. Mrs. Stephens chose to have an adjustment made to her future month shares of cost.
- o o The \$30 plus 1/3 earned income deduction received by the Barnes family expired effective March 31, 1985. The \$30 deduction is applied to the earned income beginning April 1, 1985 through November 31, 1985. However in May, the Barnes moved out of State, and were therefore discontinued from Medi-Cal effective May 31, 1985. In September the Barnes moved back to California and reapplied for Medi-Cal. Since the Barnes reapplied for Medi-Cal within the 8 consecutive month period, they are entitled to receive the \$30 deduction for September, October and November.
- o Change o Section 50553.1 has been amended to specify that a work related expense disregard of \$75.00 per month is to be applied to persons who are employed part-time as well as full-time.
- o Action o Retroactive to October 1, 1984, counties are required to identify all AFDC-MN or MI persons who received the \$50 work related expenses disregard as a part-time employee. The share of cost must be revised in



accordance with CAC Section 50653.3 using the \$75 work related expense disregard.

- o Example                      o In determining the share of cost of the Farley family in October 1984 through the present, the \$50 work related expenses disregard was used due to Mrs. Farley's part-time employment. The county recalculated the share of cost using the \$75 work related expenses deduction retroactive to October 1984 and forward. Mrs. Farley requested that corrected MC 177s be issued for the months in question in accordance with CAC Section 50653.3.
- o Change                      o Section 50524 is added to specify that the first \$50.00 of any child/spousal support received by an AFDC-MN or MI person shall be exempt during the month it is received. Only one \$50.00 exemption per month is to be allowed for the MFBU.
- o Action                      o Retroactive to October 1, 1984, counties must identify all AFDC-MN or MI cases in which child/spousal support was received. The county must exempt the first \$50 of all child/spousal support received within a month. The share of cost must be revised in accordance with CAC Section 50653.3 using the \$50 child/spousal support exemption.
- o Example                      o Mrs. Rector receives \$80 per month child/spousal support for herself and son, and she receives an additional \$300 per month child support for her five daughters for a total of \$380 per month. \$50.00 is exempted and \$330 is counted as available unearned income. Mrs. Rector requested that corrected MC 177s be issued for the months in question in accordance with CAC Section 50653.3.

To Be Implemented Effective January 1, 1985

- o Change                      o Section 50420 is amended to specify increases in the property reserve limits of \$100 for individuals and \$150 for couples and families.
- o Action                      o The county must identify all Medi-Cal cases denied or discontinued for excess resources retroactive to January 1, 1985 and forward and redetermine eligibility based on the new property limits. If eligibility exists, reinstate Medi-Cal benefits retroactive to the month following the month of discontinuance from Medi-Cal or approve Medi-Cal benefits retroactive to the month of application.

- o Example
- o Mrs. Bishop was denied Medi-Cal in January 1985 because her property reserve exceeded the property limit by \$75.00. However, beginning February and forward, Mrs. Bishop's property was within the established limit. The county determined that had the new property limit been applied to Mrs. Bishop's property reserve in January she would have been eligible. Therefore, the county must rescind the January denial and grant Medi-Cal eligibility as otherwise eligible.

If you or your staff have any questions regarding this issue, please contact Catherine Buber-Chatten at (916) 324-4972. Instructions on how to submit the new aid code transactions to MEDS will be sent in the next Change Cycle Letter. If you have any questions regarding MEDS transactions, please contact your MEDS liaison.

Sincerely,

Original signed by

Tom J. Elkin, Acting Chief  
Medi-Cal Eligibility Branch

cc: Medi-Cal Liaisons  
Medi-Cal Program Consultants

Expiration date: March 31, 1986

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 categoryies, 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.

(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;~~ 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.

(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) (d) Eligibility under this category for Four Month Continuing based on increased earnings or hours of employment 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.

(d) Eligibility for Four Month Continuing based on the collection or increased collection of child/spousal support 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 receive the child/spousal support and the other conditions of eligibility are met.

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

Reference: Section 4005.8 14005.1 Welfare 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 \$30 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 ~~or, through December 31, 1982, an MI~~ 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.

1. Individual adult.

2. Individual, spouse

2. Individual, spouse.

3. Parent, children.

3. Parent, children.

4. Both unmarried parents, mutual children.

4. Both unmarried parents, mutual children.

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

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.

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 MFBUs:  
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 (MFBU is determined in accordance with (3) through (7)).

9. Two MFBUs:  
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 (MFBU 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 MFBU's.

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 50331. 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 <u>1985</u>	Property Limit <u>1986</u>	Property Limit <u>1987</u>	Property Limit <u>1988</u>	Property Limit <u>1989</u>
1 person	\$1,500	<u>\$1,600</u>	<u>\$1,700</u>	<u>\$1,800</u>	<u>\$1,900</u>	<u>\$2,000</u>
2 persons	\$2,250	<u>2,400</u>	<u>2,550</u>	<u>2,700</u>	<u>2,850</u>	<u>3,000</u>
3 persons	\$2,300	<u>2,550</u>	<u>2,700</u>	<u>2,850</u>	<u>3,000</u>	<u>3,150</u>
4 persons	\$2,400	<u>2,700</u>	<u>2,850</u>	<u>3,000</u>	<u>3,150</u>	<u>3,300</u>
5 persons	\$2,500	<u>2,850</u>	<u>3,000</u>	<u>3,150</u>	<u>3,300</u>	<u>3,450</u>
6 persons	\$2,600	<u>3,000</u>	<u>3,150</u>	<u>3,300</u>	<u>3,450</u>	<u>3,600</u>
7 persons	\$2,700	<u>3,150</u>	<u>3,300</u>	<u>3,450</u>	<u>3,600</u>	<u>3,750</u>
8 persons	\$2,800	<u>3,300</u>	<u>3,450</u>	<u>3,600</u>	<u>3,750</u>	<u>3,900</u>
9 persons	\$2,900	<u>3,450</u>	<u>3,600</u>	<u>3,750</u>	<u>3,900</u>	<u>4,050</u>
10 or more persons	\$3,000	<u>3,600</u>	<u>3,750</u>	<u>3,900</u>	<u>4,050</u>	<u>4,200</u>

(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:

(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.

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.

NOTE: Authority cited: Sections 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 WIN or CETA.

(7) Income received for having provided IHSS services.

(8) Net income from real or personal property as determined in accordance with Section 50508 which is the result of continuous and appreciable effort on the part of the applicant or beneficiary. This includes income from:

(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 14124.5, 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 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 14124.5, 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--MFBUs 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.

(c) When the recipient has received the \$30 plus one-third deduction in any MFBU 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 ~~on~~ 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: Sections 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, Chapter 1447 Statutes of 1984.

Reference: Sections 14005.4, 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 1981; Section 57(c), Chapter 325, Statutes of 1982; and Section 14, AB 1557, Chapter 147 Statutes of 1984.

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