

## DEPARTMENT OF HEALTH SERVICES

714/744 P STREET  
SACRAMENTO, CA 95814



November 7, 1986

TO: All County Welfare Directors  
All County Administrative Officers  
All County Probation Departments

Letter No.: 86- 63

SUBJECT: GUIDELINES FOR IMPLEMENTING AB 3632/AB 882 MEDI-CAL  
ELIGIBILITY FOR SERIOUSLY EMOTIONALLY DISTURBED (SED)  
CHILDREN

Reference: DSS All County Information Notices (ACINs) I-20-86,  
I-38-86, and I-69-86. All County Letter (ACL) 86-48

After extensive research and careful analysis, the following guidelines have been developed to clarify previous information and any misunderstanding regarding the Medi-Cal eligibility of children who are seriously emotionally disturbed and require out of home care.

This letter provides county welfare departments (CWDs) with information and instructions in the provision of Medi-Cal benefits pursuant to the implementation of Chapter 1747, Statutes of 1984 (AB 3632) as amended by Chapter 1274, Statutes of 1985 (AB 882). These statutes assign to specific agencies responsibility for educationally related services and out-of-home care for SED children placed pursuant to an individualized education program (IEP). County welfare department (CWD) responsibilities became effective July 1, 1986.

The statutes cited above added and amended Government Code Section 7572.5 to create in part, a new category of out-of-home placements.

OUT-OF-HOME CARE PAYMENTS

Pursuant to W&IC Sections 18350 through 18355 (added in AB 882), the Department of Social Services (DSS) has developed a separate payment system for SED children and will supervise CWD payment issuance. In order to qualify for out-of-home care payments, SED children must be placed pursuant to an IEP team determination that residential placement is necessary for educational purposes. The county mental health (CMH) department is responsible for all payment eligibility determinations.

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Payments will be funded from a separate appropriation in the DSS budget. Reimbursements for both out-of-home care payments and local administrative costs will be subject to that appropriation.

#### PLACEMENT AND SERVICES RESPONSIBILITIES

The CMH department is responsible for participating on the IEP team and providing case management and supervision of SED children who are placed out-of-home pursuant to an IEP. The expanded IEP team has final placement authority.

The local education agency (LEA) is responsible for transportation to a nonpublic school/residential placement. Additional transportation needs and responsibilities will be negotiated with the LEA by the CMH case manager.

#### MEDI-CAL ELIGIBILITY

This new placement mechanism, which by-passes adjudication and assignment of AFDC-FC status became effective July 1, 1986. Through this new process, children will no longer automatically become Medi-Cal eligible as payments made on behalf of SED children do not constitute a cash grant as defined in Title 22, California Administrative Code (CAC), Section 50026. The parent(s) of the SED child(ren) must apply for Medi-Cal. Eligibility is to be determined through the regular application process as the SED child is considered to be "living in the home" pursuant to 22 CAC 50071. Therefore, the parent(s') income and resources must be considered when computing a share of cost. However, the payments made on behalf of the SED child(ren) for out-of-home care are exempt pursuant to 22 CAC 50528.

If it appears that the child is disabled, the CWD shall make a disability determination referral. If otherwise eligible, Medi-Cal shall be granted pending the disability evaluation. If disability is determined, the aid code should be changed appropriately and the ABD-MN income deductions applied.

#### COUNTY OF RESPONSIBILITY

If the expanded IEP team determines that the needs of the child will best be met by placement in another county or state, the county of responsibility for Medi-Cal is to be determined in accordance with 22 CAC 50123.

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A manual letter incorporating the above information into the procedures portion of the Medi-Cal Eligibility Manual will be issued in the near future.

Questions regarding payment for out of home care should be directed to Lisa Foster at (916) 445-0813. Questions regarding educationally related services should be directed to Winnie Bachmann at (916) 323-4757. Questions regarding Medi-Cal eligibility should be directed to Maxine Forster at (916) 324-4954.

Sincerely,

Original signed by

Frank S. Martucci, Chief  
Medi-Cal Eligibility Branch

cc: Medi-Cal Liaisons  
Medi-Cal Program Consultants  
Department of Mental Health  
Department of Social Services

Expiration Date: (one year from issuance)