

DEPARTMENT OF HEALTH SERVICES

714/744 P STREET
SACRAMENTO, CA 95814



July 3, 1989

TO: All County Welfare Directors
All County Administrative Officers

Letter No.: 89-53

SUBJECT: SETTLEMENT OF SIMON V MC MAHON

Reference: All County Welfare Directors Letter 86-4

Federal AFDC regulations require that children with their own income or resources be included in the family assistance (AU) unit if they are living in the home. A subsequent lawsuit, Simon v McMahan created a state only AFDC program permitting the exclusion of such children from the AU.

On April 21, 1989, the Superior Court of Contra Costa County issued an order approving a negotiated settlement between the State Department of Social Services and the plaintiffs' attorney in this court case. The order overturned the injunction and reinstated the original federal regulation.

Since some families will now be ineligible for AFDC due to the income and/or property of a formerly excluded child, they may request Medi-Cal only benefits. These family members should be eligible for Medi-Cal if there have been no other changes in the family circumstances, e.g., deprivation still exists. The Medi-Cal program continues to allow a child with income and/or property to be excluded from the Medical Family Budget Unit (Title 22, Section 50381, California Code of Regulations).

The Medi-Cal Eligibility Manual 5D-1 makes reference to various nonfederal AFDC recipients including an example on this lawsuit. We plan to delete this example in the future since the case has been settled.

If you have any questions please contact Marge Buzdas as (916) 324-4972.

Sincerely,

Original signed by

Frank S. Martucci, Chief
Medi-Cal Eligibility Branch

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants

Expiration Date: July 3, 1990