

DEPARTMENT OF HEALTH SERVICES

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March 13, 1991

TO: All County Welfare Directors
All County Administrative Officers

Letter No.: 91-18

SUBJECT: SNEEDE V. KIZER LAWSUIT: CHANGES IN IMPLEMENTATION DATE,
REVISIONS TO THE SNEEDE PROCEDURES, AND QUESTIONS AND ANSWERS

REFERENCE: ACWDL 90-91, 90-76, 90-12

This ACWDL will: (1) detail the information sent to the counties via electronic mail on 12/27/90 and 2/4/91, (2) present additional revisions to the procedures described in ACWDL 90-91, and (3) answer questions raised by the counties at the various training sites. The revisions discussed in this letter were the result of ongoing negotiations with the plaintiffs' attorney. We wish to take this opportunity to thank the host counties for their hospitality, patience and assistance in organizing the Sneede training sessions.

I. Change in Implementation Date

The implementation date has been changed from February 1, 1991 to April 1, 1991. The extended date allows the Department the additional time needed to (1) develop Sneede forms, (2) respond to concerns expressed by some counties regarding additional lead time to implement Sneede, and (3) prepare this formal ACWDL regarding revisions to the Sneede procedures.

The revised timetable for implementation of Sneede is as follows:

- o April 1, 1991 - counties will begin implementation of Sneede procedures. Counties should not expect further extensions of time for beginning implementation.
- o April 17, 1991 - release date of Sneede class notice to approximately 700,000 cases in certain aid codes that were on Medi-Cal at any time from 5/1/88 through 5/23/90.
- o June 1, 1991 - tentative date the Sneede media campaign will begin.
- o July 15, 1991 - a second Sneede class notice will be sent to Medi-Cal-only cases in certain aid codes that had been approved for benefits at any time from 5/24/90 through renewal in March 1991.

II. Revisions to the Sneeede Procedures

1. Definition of Class Members

The procedures contained in this ACWDL, ACWDLs 90-91 and 90-76 will be applied whenever the MFBU contains a Sneeede class member and has a share of cost or excess property.

A Sneeede class member is currently defined as: (1) a child with own income or property, or (2) a stepparent, or (3) an unmarried couple with a mutual child, or (4) a caretaker relative in the same MFBU with the children for whom care is provided.

The revised definition of a Sneeede class member is as follows:

- o a child with NONEXEMPT income or NONEXEMPT property, or
- o a stepparent, or
- o an unmarried couple with a mutual child, or
- o a non-parent caretaker relative in the same MFBU with the children for whom care is provided.

For example, a married couple with only mutual children apply for Medi-Cal and one of the children has exempt student earnings. The MFBU has a share of cost based upon the parents' net nonexempt income, but the county will not apply Sneeede procedures because the child has exempt income only.

2. Establishing Mini Budget Units

As a result of the change in the definition of a Sneeede class member, this will also mean that a child with only exempt income or property will be treated the same as a child with no income or property of his/her own with respect to placement in a mini budget unit.

For example, the MFBU consists of the following:

Unmarried Man	Unmarried Woman
Mutual Child #1 - has no property of his own	
Mutual Child #2 - has an exempt bank account (exempt earnings saved for future education)	

Since mutual child #2's account is exempt, he will be placed in the same mini budget unit with mutual child #1 who has no property of his own.

3. Change in ABD-MN Deductions for a Married Couple Under Snee

ACWDL 90-91 states that under Snee, if one or both members of a married couple is aged, blind or disabled or is the parent of a blind/disabled child, they will each receive one-half of the \$65 earned income deduction (\$32.50) and one-half of the \$20 any income deduction (\$10) if they both have income to apply against the deductions.

The instructions are now revised as follows:

Under Snee, when one or both members of a married couple is aged, blind or disabled or is the parent of a blind/disabled child, they will EACH receive a FULL set of ABD-MN deductions (i.e., each spouse will receive \$65 plus one-half the remainder earned income deduction and \$20 any income deduction).

NOTE: There is no carry-over of unused deductions to the other spouse.

For example, the MFBU consists of a disabled husband who receives \$410 per month social security disability benefits, his 50-year old wife who works and earns \$700 per month, and their mutual disabled 18-year old son in school who receives \$200 per month disabled adult child's benefits from his father's SSA record. None are receiving SSI benefits.

The net nonexempt income computation would be as follows:

Husband's SSA:	\$ 410
	<u>- 20 any income deduction</u>
	\$ 390 net nonexempt income
	divide by 3 (self, spouse, mutual child)
	\$ 130 allocation to self, spouse, mutual child
Wife's earnings:	\$700 gross earned income
	<u>- 20 any income deduction</u>
	\$680
	<u>- 65 earned income deduction</u>
	\$615
	<u>-307.50 1/2 the remainder</u>
	\$307.50 net earned income
	divide by 3 (self, spouse, mutual child)
	\$102.50 allocation to self, spouse, mutual child
Mutual Child's SSA:	\$200
	<u>- 20 any income deduction</u>
	\$180 net nonexempt income

Each Person's Total Net Nonexempt Income:

Husband: \$130	own	Wife: \$102.50	own	Child: \$180	own
+102.50	from wife	+130.00	from husband	+102.50	from mom
\$232.50	total net	\$232.50	total net	+130	from dad
				\$412.50	total net

There is no change in the treatment of ABD-MN deductions for an unmarried couple. In other words, **EACH** unmarried partner who is ABD-MN or is the parent of a blind/disabled child will receive a **FULL** set of ABD-MN deductions (\$20 any income deduction and \$65 plus 1/2 the remainder earned income deduction). A blind/disabled child will always receive a full set of ABD-MN deductions under Sneede.

4. Motor Vehicle Exemption

Once the car exemption has been applied, the entire vehicle is exempt even though the car may be owned by more than one person in the MFBU. This exemption is applied before any property is allocated by a spouse or parent.

For example, a car is owned by a pregnant woman and her teenage son who are both applying for Medi-Cal. They are both listed on the pink slip and are presumed to have equal ownership interest (which is subject to rebuttal under Sneede). The county applies the car exemption and exempts the entire car--not just one person's half interest in the car.

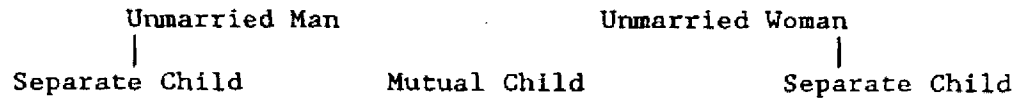
5. Property Exemptions for an Unmarried Couple with Mutual Child(ren)

ACWDL 90-91 states that an MFBU cannot have more than one set of property exemptions (i.e., one exemption for motor vehicles and one exemption for the first \$6000 of utilized other real property). Based upon further analysis, each unmarried partner should each receive a full set of property exemptions because there is no financial responsibility between an unmarried couple.

Therefore, the property exemptions for an unmarried couple with mutual child(ren) have been revised as follows:

A FULL set of property exemptions (i.e., the motor vehicle and the first \$6000 of utilized other real property) will be given to EACH unmarried partner. If the unmarried partner does not want to use the property exemptions in order to benefit his/her natural/adopted child OR has no property against which to apply the exemptions, the exemptions may be passed on to his/her natural/adopted child. However, a mutual child may not receive two sets of exemptions; the other parent's set of exemptions may be passed on to a separate or another mutual child.

For example, the MFBU consists of the following:



The MFBU members own property in the following amounts:

	<u>Man</u>	<u>Woman</u>	<u>Mutual Ch.</u>	<u>Man's Sep Ch.</u>	<u>Woman's Sep. Ch.</u>
Car #1	\$2000	\$2000			
ORP*	\$7000	\$7000			
Car #2	\$1500			\$1500	
Car #3		\$ 500	\$ 500		
Car #4					\$1500

*The unmarried couple equally co-own utilized other real property of \$14,000.

The entire MFBU applies for Medi-Cal; the regular property determination is as follows:

\$8000 excess ORP (\$14000 - \$6000 = \$8000)
+3000 car #2
+1000 car #3
+1500 car #4
\$13500 net nonexempt property (Car #1 is exempt)
-3450 property limit for 5
\$10,050 excess property

Sneede Property Determination

Each Person's Net Nonexempt Property Determination

Unmarried Man	Unmarried Woman	Man's Separate Child	Woman's Separate Child	Mutual Child
\$7000 ORP	\$7000 ORP	\$1500 1/2 Car #2	\$1500 Car #4	Car #3 exempted
-6000 exemption	-6000 exemption	+ 833.33 from dad	+333.33 from mom	by mom
\$1000 excess ORP	\$1000 excess ORP	\$2333.33 total net	\$1833.33 total net	\$833.33 from dad
		-1500 property limit	-1500 property limit	+333.33 from mom
Car #1 exempt (own exemption)	Car #1 exempted by unmarried man	\$ 833.33 excess	\$ 333.33 excess	\$1166.66 total net
				-1050.00 limit
				\$ 116.66 excess
\$1500 1/2 Car #2	Car #3 exempt (own exemption)			
<hr/> \$2500 total	<hr/> \$1000 total			
divided by 3	divided by 3			
(self, his mutual & separate child)	(self, her mutual & separate child)			
= \$833.33 to	= \$333.33 to			
self, his sep.	self, her sep.			
& mutual child	& mutual child			
-2000 prop. limit	-2000 prop. limit			
0 excess	0 excess			

Please note that in this example, EVERYONE IN THE MFBU IS INELIGIBLE. All of the children have excess property and the unmarried parents are no longer linked to the program (ineligible children cannot be used for linkage). This is a case in which the county may exempt different cars to establish eligibility (i.e., if car #4 is exempt, unmarried woman and her separate child would be eligible). The computation would be as follows:

Each Person's Net Nonexempt Property Determination

Unmarried Man	Unmarried Woman	Man's Separate Child	Woman's Separate Child	Mutual Child
\$ 7000 ORP	\$ 7000 ORP	\$ 1500 1/2 Car #2	Car #4 exempted by mom	\$ 500.00 Car #3
- 6000 exemption	-6000 exemption	+1000 from dad	\$ 1166.66 from mom	+1166.66 from mom
\$ 1000 excess ORP	\$ 1000 excess ORP	\$ 2500 total net	-1500 prop. limit	+1000.00 from dad
+ 2000 Car #1	+2000 Car #1	-1500 prop. limit	0 excess	\$2666.66 tot. net
(Car #2 exempt)	+ 500 Car #3	\$ 1000 excess		-1050.00 limit
	(Car #4 exempt)			\$1616.66 excess
<hr/>	<hr/>			
\$ 3000 total	\$ 3500 total			
divided by 3	divided by 3			
(self, his mutual	(self, her mutual			
& separate child)	& separate child)			
= \$1000 to	= 1166.66 to			
self, mutual child	self, mutual child			
& separate child	& separate child			
- 2000 prop. limit	- 2000 prop. limit			
0 excess	0 excess			

Please note again that although the unmarried man does not exceed the property limit, he is no longer linked because his separate and mutual children are ineligible due to excess property. Only the unmarried woman and her separate child are within the property limits and are linked to the Medi-Cal program.

The MFBU of a married couple or a single parent will continue to be allowed only one set of property exemptions.

6. Property Exemptions for an MFBU Which Contains a Non-Parent Caretaker Relative and the Children for Whom Care Is Provided

A full set of property exemptions will be allowed to a non-parent caretaker relative (if he/she wants Medi-Cal and is included in the MFBU with the children for whom care is provided) and another full set of property exemptions will be allowed to the children for whom care is provided.

For example, an MFBU contains a grandmother with no property and two teenage grandchildren. The two grandchildren each own a car valued at \$1000 each. The grandmother is allowed one full set of property exemptions although she has no property against which to apply the exemptions. and she may not pass

her exemptions on to the children because she is not financially responsible for them (as opposed to a natural/adoptive parent). Since the children are also allowed one full set of property exemptions, the county may exempt only one of the teenagers' cars. The remaining car will be included in the owner's property reserve.

Grandmother

Has no property
to apply against her
set of deductions
--may not pass them
on to the teenagers

Teenager #1

Car #1
included in
his/her property
reserve

Teenager #2

Car #2 - exempt

7. MFBU Composition When the Unmarried Pregnant Woman Lives with the Father of the Unborn AND She Wants Medi-Cal ONLY for Herself And/Or Her Separate Children

When the unmarried father of an unborn lives with the pregnant woman and only the pregnant woman and/or her separate children want Medi-Cal, then the MFBU will be composed of only the pregnant woman, her unborn, and her separate children (if any). Exclusion of the unborn's father from the MFBU would also apply in a minor consent services case (Section 50147.1, Title 22, CCR).

The unmarried father will be added to the MFBU in the month following the month of delivery. If there are other mutual children or separate children of the unmarried father who are also excluded, the county will need to verify whether the family wants to continue to exclude these children from the MFBU.

However, if the mutual children (other than an unborn), or the unmarried father of the unborn, or the unmarried father's separate children also want Medi-Cal, then the entire family would be in the same MFBU (i.e., include the unborn's father, mutual children, and the father's separate children).

For example, Peggy is 18 years old, pregnant and living with her boyfriend, Joe, who is the father of her unborn child. Joe is covered under his parent's health insurance and doesn't need Medi-Cal. Peggy wants Medi-Cal only for herself and her baby. The MFBU will be composed of only Peggy and her unborn.

In the month after the month of delivery, Joe will be added to the MFBU since he is the father of the newborn. Peggy's eligibility and share of cost during the 60-day postpartum period is unaffected by changes in circumstances. If the MFBU has a share of cost or excess property, Sneed procedures will apply.

In a second example, Sally is 19 years old, pregnant, living at home with her parents; her 22-year old boyfriend, Dan, also lives with them. Sally wants Medi-Cal benefits for herself only; Dan is working and doesn't need Medi-Cal. Neither Dan nor Sally have any other children. Sally's parents did not report Sally's pregnancy and Sally applies for minor consent services for herself and her unborn. The MFBU will be composed of Sally and her unborn.

Sally wants Medi-Cal for herself and her baby after delivery. Sally is still a medically indigent child. In the month after the month of delivery, the county will establish a regular Medi-Cal case for Sally (as an ineligible person), Dan, and their newborn. If the MFBU has a share of cost or excess property, Sneede procedures will apply. Since Sally wants regular Medi-Cal benefits, she will be included as an eligible member in her parents' MFBU.

In a third example, Cathy is a pregnant, unmarried 29-year old who lives with her boyfriend, Ron, who is employed and their two mutual children. Cathy wants Medi-Cal for herself only.

The procedures described in ACWDL 90-91 now allow parents and non-parent caretaker relatives to exclude children even if the children have no income or property of their own. By excluding the mutual children, Ron is no longer required to be included in the MFBU. Therefore, the MFBU will be composed of only Cathy and her unborn; Ron's income and property will not be included in Cathy's eligibility and share of cost determination (no allocation to unborns).

Cathy wants Medi-Cal for herself and her baby after delivery. Therefore, Ron will be added to the MFBU and his income and property will be included in the eligibility and share of cost determinations beginning in the month after the month of delivery. At this time, the county will need to verify whether they still want to exclude the other two mutual children. Unless parents refuse to provide any information regarding those children, there is no advantage to the MFBU to continue excluding the other mutual children.

If the MFBU has a share of cost or excess property, Sneede procedures will apply.

NOTE: Because neither Cathy nor Ron are linked, Cathy's eligibility will continue only through the 60-day postpartum period. Furthermore, if Cathy did not want Medi-Cal for her newborn after delivery, the county would not need to add Ron to the MFBU. Cathy's eligibility would terminate at the end of her 60-day postpartum period.

III. Questions and Answers

1. Treatment of in-kind income is discussed on page 15 of ACWDL 90-91.
Does this apply to both earned and unearned in-kind income?

Answer: No; the section on receipt of in-kind income pertains to unearned in-kind income only. (If ABD-MN deductions are applicable, the \$20 any income deduction would be applied against the unearned in-kind income.) Earned in-kind income is treated as wages to the employed person and are subject to the allowable earned income deductions.

2. Normally when everyone is in the same MFBU, it is not necessary to determine ownership interest in a jointly held asset which is owned by members of the same MFBU. However, with the advent of Sneeede, determining ownership interests is now a critical issue. What is the treatment for jointly held assets when there is a Sneeede class member in the MFBU?

Answer: Section 50404, Title 22, CCR states that, for Medi-Cal purposes, the property owner is the person who holds legal title to the property (except as noted in that regulation).

Section 50402, Title 22, CCR (see ACWDL 90-01) states that if evidence clearly establishes that property held fully or jointly in the name of an applicant/beneficiary does not belong to the applicant/beneficiary, then such property will not be considered available to the applicant/beneficiary. These same regulations will apply to persons within the same MFBU. In other words, the county will first determine whether any member of the filing unit holds legal title to property. If so, then legal ownership is established and that property counts towards the owner's property reserve. If property is jointly owned with another member of the MFBU, the county will presume equal ownership of the property. If the applicant/beneficiary who holds legal title to property (either solely or jointly) states that the property belongs to someone else (who is either within or outside of the MFBU), then the applicant/beneficiary may provide evidence which clearly substantiates that allegation. Please note that signed affidavits alone are not sufficient evidence.

For example, the MFBU includes a father and his teenage son. On the MC 210 they list the son as the sole owner of a second car. However the car registration lists only the father's name. When asked about the discrepancy, the father states that his son paid for the car with his own money, but for insurance purposes the car is registered in the father's name only. They present a bill of sale which shows that the son purchased the car and they present a bank passbook which shows the withdrawal from the son's savings account. The verification clearly establishes that the son is the actual owner.

In a second example, the MFBU includes a father and his teenage son who list on the MC 210 that they co-own a second car; the registration slip confirms this. The county will presume equal ownership of the car (i.e., they each own 50%). The applicant/beneficiary may rebut the presumption of equal ownership to establish the actual ownership interest.

3. How is a joint bank account treated?

Answer: Section 50453(a)(2), Title 22, CCR and draft regulation 50402 in ACWDL 90-01 state that accounts held with persons who are not family members are considered available in their entirety if the applicant or beneficiary has unrestricted access to the funds unless evidence is submitted which clearly establishes ownership of the funds. Therefore, when there is a joint account with non-family members, the county will first determine whether the funds are available to anyone in the MFBU.

If there is unrestricted access to the funds by anyone in the MFBU, the county will determine the full amount of the funds (unless successfully rebutted) as available to the MFBU. If there is more than one MFBU member listed on the joint account, then the county will presume equal ownership of the funds among those MFBU members (i.e., the funds will be equally divided among the MFBU members who are listed on the account), subject to rebuttal.

For example, a child has a bank account which the parents established for the child's future education. The parents are listed on the account with the child; there is no trust document to govern use and access to the funds. Since all three members of the MFBU have access to the bank account, the county will presume equal ownership of the funds and divide it equally among the three of them. The presumption of equal ownership may be rebutted.

In a second example, an unmarried couple is listed as joint owners on a savings account with the unmarried man's aged mother. The couple and their mutual children are applying for Medi-Cal. The county has determined that the unmarried couple has unrestricted access to the account; the entire account is presumed available to them. (This presumption may be rebutted by the applicants.)

The unmarried man and the unmarried woman are each presumed to own one-half of the funds in the account. This presumption may also be rebutted. The mutual child will receive an allocation of the funds.

4. Can the medical expenses of a property-ineligible person be used to meet his/her mini budget unit's share of cost?

Answer: Yes. First of all, the share of cost determination is completely separate and independent from the property determination. A property-ineligible person is included in a mini budget unit for the share of cost determination. The county will follow the mini budget unit rules for

determining whether the ineligible person is in a mini budget unit all by himself/herself or with someone else.

If the property-ineligible person is a responsible relative, his/her medical expenses that cannot covered by Medi-Cal may be split up and applied towards the share of cost in his/her own mini budget unit, his/her natural/adopted child's mini budget unit, or both. However, the total amount of the expenses applied towards the shares of cost may not exceed the original amount of the medical expenses; nor may the medical expenses be used more than once.

If the property-ineligible person is a child, his/her medical expenses may be used to meet the share of cost for other persons in only his/her mini budget unit.

5. What is the impact of Lynch v. Rank (Pickle) on Sneeede cases?

Answer: Pickle has no impact on Sneeede because a Pickle person is in his/her own Medi-Cal Family Budget Unit (MFBU).

If the Pickle person's family also wants Medi-Cal, the county will determine whether there is any income available from the Pickle person to the MFBU. If Sneeede applies to that MFBU, one of the Sneeede worksheets (MC 175-6) will show the amount of income or deduction to be allocated from the Pickle person to his spouse and/or natural/adopted children in the MFBU.

6. What does the county do when only the separate children of one spouse want Medi-Cal and the parent is on public assistance (or other PA)?

Answer: If the parent of the separate children is on PA or Other PA, the MFBU will consist of only the separate children; only the separate children's income and property will be used in the share of cost and property determinations. The county will not need to complete the new worksheet (MC 176W.1) to determine the amount of income and property to allocate from the PA or Other PA parent. If any of the children have their own income or property and the MFBU has a share of cost or excess property, then Sneeede procedures will apply.

7. What is the impact of Hunt v. Kizer on Sneeede?

Answer: This question has been broken down into the following segments.

Q1. Can the county reduce the MFBU's share of cost to zero with old unpaid medical bills and avoid application of Sneeede procedures?

Answer: No; if an MFBU with a Sneeede class member has a share of cost prior to the use of an old unpaid medical bill, Sneeede procedures will apply even if the bill would reduce the share of cost to zero. This ensures that beneficiaries in counties which choose to list the bill on the MC 177S

(Share of Cost form) are treated the same as beneficiaries in counties which choose to reduce the original share of cost by unpaid bills.

Q2. What does the county do with an old unpaid medical bill after Sneede procedures have been applied to the MFBU? If the old unpaid bill could reduce the MFBU's share of cost to zero, may the county go back and "un-Sneede" the case?

Answer: No; once Sneede procedures have been applied to the MFBU, the old unpaid medical bills will be applied to the appropriate mini budget units as described in the answer to Q3 below.

Q3. Can a Hunt bill for a responsible relative (RR) be allocated among the various mini budget units which contain either the RR or the RR's natural/adopted children?

Answer: Yes, as long as the various allocations do not exceed the amount of the unpaid bill. An unpaid bill for a responsible relative may be used to reduce the share of cost of his/her own mini budget unit, or the share of cost of his natural/adopted children's mini budget units, or both. However the total amount of the prior unpaid medical expenses applied towards the shares of cost cannot exceed the actual amount of the unpaid bill. An unpaid bill for a child can only be used to reduce the share of cost for the mini budget unit which contains the child.

Consistent with Hunt, any remaining portion of the bill not needed or chosen to be applied in the current month may be allocated to the shares of cost in appropriate MBUs in other months.

Conversely, a (nonparent) caretaker relative is not a responsible relative. Therefore, a caretaker relative's old unpaid medical bills may only be applied towards his/her share of cost.

Q4. Must the notification to Sneede beneficiaries also include Hunt information that an unpaid bill can be applied to either the current or a future share of cost?

Answer: No; Hunt has a separate notice which will be issued to share of cost cases.

8. What is the impact of Sneede on transitional Medi-Cal (TMC)?

Answer: None; TMC allows continued Medi-Cal coverage at zero share of cost for a limited period of time. Sneede has no direct impact on TMC. When the other family members who are not on TMC want Medi-Cal, the TMC persons will be treated in the same manner as those who are on the 4-month continuing program due to an AFDC cash grant discontinuance based on receipt of child support (see Section 50379(c), Title 22, CCR). In other words, the TMC persons will be ineligible members of the MFBU. If the MFBU has a share of cost or excess property, then Sneede procedures will apply.

9. Beginning April 1991, how are the counties to make the adjustments for prior months between the Sneeade mini budget units' shares of cost and the old MFBU's share of cost?

Answer: This will be discussed in a forthcoming ACWDL which will describe the Sneeade claiming procedures. These procedures are still being developed.

10. At the Sneeade training sessions, the counties were told that they had to suppress the Medi-Cal card (or share of cost form) of any eligible person who does not want Medi-Cal. Why can't the counties just issue the card or share of cost form even if the beneficiary doesn't want Medi-Cal?

Answer: It was not the intention of the trainers to mandate the counties to suppress the card (or share of cost form) of eligibles who don't want a Medi-Cal card. Nor was it the intention of the trainers to mandate the counties to code as an ineligible person any eligible who didn't want a Medi-Cal card or share of cost form. The trainers were only presenting some suggestions for the counties to consider within the framework of their own computer system. If it is the county's practice to issue the card or share of cost form even if the beneficiary does not want it, then the county may continue this practice.

However, each person who doesn't want Medi-Cal and is reported to MEDS as an eligible means that the State must pay extra costs each month to print and mail Medi-Cal I.D. cards and to capitate them for dental. Furthermore, with the growing complexity of the Medi-Cal program (poverty level programs for pregnant women, etc.) in which persons may be listed in more than one MFBU (and therefore in more than one mini budget unit), these problems are compounded. On the other hand, counties which code these persons as ineligibles to prevent the Medi-Cal card or MC 177S from being issued, run the risk of confusing them with true ineligibles should these persons change their mind and want benefits later.

Therefore, the counties may want to consider the option of developing a special code within their own computer system to distinguish true ineligible members of an MFBU from eligibles who have declined Medi-Cal (known as "declined eligibles"). These declined eligibles would not be reported to MEDS but would be maintained and identified within the county's own computer system. While it is true that counties would not be able to obtain complete IEVS information from the IEVS recipient system, counties would be able to obtain complete information from the IEVS applicant system. The counties could program their batch EDP systems to automatically request an IEVS applicant inquiry at the time of annual redetermination. The Department's Data Systems Branch concurs with this procedure because of its cost savings and because they foresee other needs for this information in the future.

11. How does the county handle income or other changes which are reported late in the month and result in a share of cost where none currently exists or which decreases the MFBU's share of cost to zero?

Answer:

(Please note that regardless of whether a change will result in an increased share of cost for some mini budget units and a decreased share of cost for others, the county will not delay taking an action which is advantageous to a mini budget unit because of the mandatory 10-day notice to another mini budget unit which requires an adverse action.)

Part I. Let's first discuss what happens to the Sneede mini budget units when an income or other change is reported late in the month which results in zero share of cost or being below the property limit (therefore, no MBUs needed to be established).

In accordance with section 50653.3, Title 22, CCR, the county will first look to see if the income change was reported within the timely 10-day reporting period.

- o If the change was not reported timely, the county will not adjust the MFBU's share of cost until the month after the month of reporting.
- o If the change was reported timely, the county will calculate the adjustment in the month of reporting. Since the MFBU no longer has a share of cost, the county will "un-Sneede" the case and establish a regular MFBU.

If any of the mini budget units met its share of cost, the county will give the beneficiaries the option of either of the following:

- (1) reduce the share of cost in a future month, or
- (2) issue a revised MC 177S (and MC 1054 Provider Letter) for reimbursement from the provider.

There is the potential for a child-beneficiary to be in a different mini budget unit from one month to the next depending upon whether he/she has his/her own income. As a result, there is a slight deviation from the usual Sneede procedures applied with regard to whose medical expenses may be used to meet a mini budget unit's share of cost, if the MFBU chooses to reduce the share of cost in a future month.

If the MFBU chooses to reduce the share of cost in a future month, the members of the MFBU may apply the reduction towards the future share of cost of any mini budget unit which contains a member of that MFBU even if the mini budget unit compositions are not the same.

For example, in May 1991 the MFBU consisted of the following:

Stepdad - \$	Mom
	Separate Child #1 with own income
	Separate Child #2 with no income

The MFBU had a share of cost and the mini budget units were established as follows:

MBU #1	MBU #2	MBU #3
Stepdad	Separate Child #2	Separate Child #1
Mom		
\$300 SOC (met)	\$150 SOC (met)	\$200 SOC (not met)

On May 18th the mother timely reports that her ex-husband was laid off from work and is unable to pay any child support for May and continuing.

The county recomputes the MFBU's share of cost and determines a zero share of cost. The family chooses the option to reduce a future month's shares of cost. The county will reduce the future shares of cost by the amount resulting from the sum of all the MBUs' met share of cost minus the revised share of cost for the MFBU. In other words, MBU #1's and MBU #2's May 1991 met shares of cost (\$300 + \$150 = \$450 total) minus the revised share of cost (zero).

On June 19th, mother timely reports that her ex-husband has found work again and has resumed payment of the child support. The county recomputes the share of cost and determines that the MFBU has a share of cost for July; Sneede procedures are applied. The mini-budget units are determined to have the same shares of cost in July as they did at the beginning of May and June. The MFBU may now choose which share(s) of cost to apply the \$450 underpayment adjustment. They have chosen the following adjustments:

\$200 to mini budget unit #3 to meet its \$200 SOC
\$150 to mini budget unit #2 to meet its \$150 SOC
\$100 towards mini budget unit #1's \$300 SOC
\$450 total underpayment adjustment

Part 2. Let's now discuss what happens if a change in income reduces a mini budget unit's share of cost but Sneede procedures still apply because the MFBU still has a share of cost.

These instructions are very similar to the discussion above regarding changes in income which result in zero share of cost. Again, the county will first determine whether the change was reported timely as set forth in Section 50653.3, Title 22, CCR. If it was reported untimely, the county will not reduce the affected mini budget unit(s)'s share of cost until the

month after the month of reporting. If the change is reported timely, the county will recompute the share of cost in the month of reporting and give the beneficiary the option of either of the following:

- (1) issue a revised MC 177S or Medi-Cal card to the affected mini budget unit(s); or
- (2) adjust the share of cost in a future month. The future share of cost may be adjusted in any mini budget unit which contains a member of the original mini budget unit whose share of cost is being adjusted.

If the second option is chosen, the county will follow the instructions in Part I above.

Part 3. Let's now discuss what happens when there is a change in income which results in a share of cost for the MFBU where none currently exists.

Per Section 50653.5, the county will first determine whether the increase in income was reported timely and issue a 10-day notice of action before taking an adverse action.

- o If it was a timely report, the county will apply the Sneede procedures in the month following the month of reporting provided that a timely 10-day notice is issued. If a 10-day notice is not issued timely, the change will be made the first of the second month following the month in which the change was reported.
- o If it was an untimely report, the county will: (1) make the changes to the ongoing share of cost in accordance with the above instructions for timely reporting, and (2) determine what the share of cost should have been for the months in which the increase should have occurred and apply the Sneede procedures to each month which had a share of cost.

Part 4. Finally, if there is a change in income which increases one or more of the mini budget unit's share of cost, the county will apply the instructions in Part 3.

12. Would Sneede procedures still apply if the MFBU was composed of a child with income or property of his/her own and a parent(s) on the county medical services program (CMSP)?

Answer: Yes; although the child's income does not affect the parent(s)'s CMSP eligibility, the Department was unable to negotiate relief from the Sneede procedures on this issue.

13. Do persons lose their Medi-Cal linkage by being in a mini budget unit which is different from the mini budget unit of the children who are used for linkage?

Answer: No; linkage is determined by the relationships within the MFBU, not within the mini budget units.

14. When only the separate children of one spouse want Medi-Cal and that employed spouse pays child care costs for other children who are not in the MFBU, is the county allowed to deduct the child care payments for those other children? (NOTE: This is not in reference to voluntary or court-ordered child support payments.)

Answer: No; per Section 50553.5, Title 22, CCR, dependent care deductions are allowed against the remaining earned income of an AFDC-MN/MI person when the person has reasonable and necessary expenses for the care of a child in the MFBU or care for an incapacitated adult in the MFBU and no one in the MFBU can provide the care.

15. How does Sneeede impact the Edwards lawsuit?

Answer: Sneeede has no direct impact on Edwards. Edwards provides continued Medi-Cal coverage at zero share of cost while Medi-Cal-only eligibility is being determined following the discontinuance of: (1) an AFDC cash grant, or (2) TMC, or (3) the 4-month continuing program (refer to ACWDL 90-06 for specific details on Edwards). If other family members also want Medi-Cal, the Edwards person will be treated as an ineligible member of the MFBU as per Section 4-0 of the Medi-Cal Procedures Manual. If the MFBU has a share of cost or excess property, then the county will apply Sneeede procedures.

16. When will instructions regarding the impact of Sneeede on 18-21 year old tax dependents be issued?

Answer: We estimate mid-April 1991.

17. How do you determine the maintenance need limit for a mini budget unit which contains a pregnant minor?

Answer: This would depend upon which MFBU the county places the unborn of the pregnant minor.

If a minor is living with her parents and her parents report the minor's pregnancy to the county, the county will establish a three-generational MFBU, include the unborn in the MFBU, and increase the MNIL/property limit by one person to account for the unborn. If that MFBU has a share of cost or excess property and includes a Sneeede class member, the county will establish the Sneeede mini budget units. The county will include the unborn

in whichever mini budget unit (MBU) contains the pregnant minor. The MNIL/property limit for that MBU will be determined in the same manner as any other MBU which contains a child. The unborn will be considered as an additional child (sibling) in that MBU.

For example, the MFBU is composed of the following:

Husband	Wife
Mutual Child - \$	
Mutual Child's Unborn	

The mini budget units will be as follows:

MBU #1	MBU #2
Husband	Mutual Child - \$
Wife	Mutual Child's unborn
MNIL - \$934	MNIL - \$550 (2 parents; 2 children in MBU)

If a pregnant minor is in the same MFBU with a caretaker relative and the caretaker reports the minor's pregnancy to the county, the minor's unborn will be placed in their MFBU. The MNIL/property limit will be increased by one person to account for the unborn. If the MFBU has excess property or a share of cost, then Sneede procedures will apply and the unborn will be in pregnant minor's MBU. Again, the minor's unborn will be treated the same as an additional child (sibling) in the MBU.

If the parent/caretaker relative does not report the minor's pregnancy, the county will set up a second MFBU for the minor consent case (if the parent's/caretaker's MFBU has a share of cost). The second MFBU will be as follows:

<Pregnant Minor> - ineligible member of the MFBU
Minor's Unborn
MNIL - \$750 (for family of 2)

If the baby has its own income after it is born and the 2nd MFBU has a share of cost, the Sneede mini budget units will be as follows:

MBU #1	MBU #2
<Minor Mother>	Minor's newborn - \$
	MNIL - \$375 (1 parent; 1 child in MBU)

These same principles will apply to the property limit.

18. Section 50154, Title 22, CCR (found in ACWDL 90-01) specifies that counties must advise applicants or potential applicants that excess property must be spent down in order to qualify for Medi-Cal and provide options on how that can be accomplished. Due to the parental and spousal allocation of property under Sneed, the amount of excess property in a mini budget unit is not necessarily the spenddown amount needed to qualify for Medi-Cal. Is there an easy way to compute the amount of excess property in a mini budget unit?

Answer: Whenever the MFBU contains a parent and one or more of the Sneed mini budget units have excess property, there is no easy way to determine the amount of excess property a mini budget unit must spend down in order to qualify for Medi-Cal. The county should advise the applicants of the property limit for the Medi-Cal family budget unit (MFBU). The MFBU members then have the knowledge they need to reduce their property to the appropriate level even if the amount of excess property increases or decreases before they reapply. If the excess property in a mini budget unit is due to a child's own property, the county will advise the applicants of the property limit for that child's mini budget unit, rather than the property limit for the MFBU.

When the MFBU contains a non-parental caretaker relative, it is very easy to determine the amount of excess property in the mini budget units since only each person's property is used to determine eligibility for himself/herself. The county would inform the MBU member of his/her property limit and that he/she has to be at or below that amount before eligibility can be established for the month.

19. What is the maintenance need for the person in LTC (not ABD-MN) who is a member of the MFBU at home (temporary absence from the home)?

Answer: There is no change in the MNIL for the LTC person who is a member of the MFBU at home; it is \$35 (Section 50601 and 50605, Title 22, CCR).

20. How will adjustments for over- and understated shares of cost be handled under Sneed?

Answer: This will be addressed in a future ACWDL.

21. Pages 10 and 11 on ACWDL 90-91 discuss the treatment of situations when one spouse wants Medi-Cal for only his/her separate children. If that parent is pregnant, is her mutual unborn included in the MFBU with her separate children who want Medi-Cal?

Answer: No; if the pregnant woman wants aid for her mutual unborn, then she and the rest of her family (i.e., her husband, their other mutual children, her stepchildren, and her other separate children) must also file for benefits unless the parent(s) want to exclude the children.

NOTE: If the couple is unmarried, and the pregnant woman wants coverage only for her separate children, her unborn is included in the MFBU with her separate children who want Medi-Cal (see pages 7-8 of this ACWDL).

22. The Sneece trainers stated that the MFBU has the option to change where the property exemptions are applied from one month to the next. Are the beneficiaries allowed to make these kinds of changes in the middle of the month?

Answer: No; it would be an administrative burden to implement the beneficiary's request mid-month. The change in property exemption(s) will be effective in the month following the month of his/her request for the change.

Part III. Additional Instructions to the Counties

Screening Sneed Cases Back to January 1990

When the county initially screens a case to determine if Sneed procedures are currently applicable for the months beginning April 1991 and continuing, the county will also screen the case back to January 1, 1990 to see if Sneed procedures are applicable during that period.

Due to the numerous changes in implementation date, the additional screening instructions, and in response to questions raised by a few counties about when they are to actually begin applying Sneed procedures, the following information summarizes what the counties are to do beginning April 1, 1991.

The counties will have 60 to 90 days from the date of one of the following "triggering events" (whichever event occurs first) to redetermine current eligibility of continuing cases under Sneed (known as Phase 1 of Sneed):

- o cases flagged by counties prior to April 1, 1991;
- o annual redetermination, new or pending after April 1, 1991;
- o status report, or at county option, the attachment to status reports for the beneficiaries to identify themselves as a class member received by the welfare department after April 1, 1991;
- o contact (oral or written) by a beneficiary as a result of the Sneed class notice, media, posters, etc..

"Current eligibility" for continuing cases will begin with the first budget month following the month of the triggering event.

As stated earlier, the county will also screen these cases to determine whether Sneed procedures are applicable retroactive to January 1990 (known as the Phase 2 period of Sneed). The county will not take any other action for the Phase 2 period at this point in time as claiming procedures are still being negotiated.

If the class member is not currently on Medi-Cal and wants current Medi-Cal benefits, the county will secure an application and determine eligibility and share of cost under Sneed in the month of application (and continuing) and in each of the three retroactive months, if requested, when the MFBU has a share of cost or excess property under existing regulations. The counties are still required to determine eligibility within the 45-day requirement.

If the applicant presents a Sneed class notice or identifies himself/herself as a potential Sneed case, the county will screen the case to determine whether Sneed procedures were applicable at any time retroactive to January 1, 1990 and hold the case until the claiming procedures are issued. (Please note that the three-month retroactive period of a new application is not considered to be a part of the Phase 2

period and should be processed within existing timeframes for retroactive applications.)

If the class member is not currently receiving Medi-Cal and only wants reimbursement for the retroactive period, the county will screen and hold the case until the Department issues instructions on the claiming procedures (Phase 2). Do not obtain a new application.

The retroactive portion of the lawsuit for the period prior to January 1990 (known as Phase 3) is an issue which is still pending in the Sneede litigation. As such, the county will not redetermine eligibility for any case under Sneede in the Phase 3 period pending further instructions from the Department.

The county may wish to consider the use of two types of flags for their Sneede cases:

(1) The first flag will show there is a Sneede class member in the Phase I period (budget month of the triggering event and later) even if the case does not have excess property or a share of cost. Whenever the case does have a share of cost or excess property, the Sneede class member will already have been identified. This flag will remain on the file until there is no longer a Sneede class member.

(2) The second flag will identify Sneede cases in the retroactive period, i.e., cases which had a Sneede class member and a share of cost or excess property in the Phase 2 period (January 1990 through the month of the triggering event) or earlier. When the claiming procedures are issued, the county will redetermine eligibility or share of cost under Sneede.

Therefore, some cases may have two flags. One flag will remain on the file for as long as there is a Sneede class member in the household. The second flag will stay on the file only until the cases are redetermined under Sneede and the claiming procedures have been applied to the retroactive period.

All County Welfare Directors
All County Administrative Officers
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There were a few additional questions from the counties which were not included in this ACWDL. They will be issued in a short ACWDL which will be issued soon. If there are any questions, please contact Yvonne Lee at (916) 324-4954, ATSS: 454-4954.

Sincerely,

ORIGINAL SIGNED BY

Frank S. Martucci, Chief
Medi-Cal Eligibility Branch

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants

Expiration Date: Until Notified