

DEPARTMENT OF HEALTH SERVICES

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November 2, 1989
Letter No.: 89-92

TO: All County Welfare Directors
All County Administrative Officers

SUBJECT: DISASTER ASSISTANCE, INSURANCE AND THIRD-PARTY PAYMENTS FOR THE
LOSS AND DAMAGE TO PROPERTY

Due to the recent earthquake in the Bay Area, we wish to review with you the Disaster Assistance guidelines. As you know, Disaster Assistance in cash or in kind furnished under federal statute specifically in conjunction with a presidentially-declared disaster is exempt for a period of nine months from the date the assistance is originally received and may be extended for good cause for reasonable periods. Please review the Medi-Cal Eligibility Manual, Procedures Section 9E-1 for details.

Other emergency payments which are not furnished under federal statute, but by the state, city, county or other government agency may qualify as assistance based on need pursuant to Title 22, California Code of Regulations (CCR), Section 50528 and may therefore, be exempt. Further, disaster assistance from charitable organizations such as the Red Cross, Salvation Army or other similar groups which provide free housing, clothing, or food should not be considered income in kind if the applicant/beneficiary has a residence he/she is paying rent or mortgage payments for, pays for any food during the calendar month or provides any clothing for him/herself. Income in kind is only chargeable where an entire item of need is provided for the whole calendar month.

Please take care to promptly reduce the share of cost (SOC) for any person whose income is interrupted due to a disaster such as earthquake, fire, flood, etc. The SOC may be retroactively reduced as described in Section 50653.3 where the beneficiary reports loss of income in a timely manner. Due to the widespread damage to roads and businesses we anticipate there will be a considerable loss of income to many individuals. The SOC should be reduced as quickly as possible to insure the necessary medical treatment is promptly received without imposing an unnecessary financial burden on these beneficiaries.

In addition, under Title 22, CCR, Section 50407, insurance and other third-party payments for the loss or damage of property shall be treated as converted property rather than income. If a payment is received to demolish and/or replace a principal residence, and for moving, necessary furnishings

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and/or repairs to the new principal residence, the payment should be treated as property used to purchase a principal residence under Section 50426 and exempted for six months.

If a payment is received to make repairs to a current principal residence, to replace or repair exempt property or other real property, the payment shall be treated as property in the month received. If, however, the applicant or beneficiary receives those funds in the middle of month one and transfers those funds before the end of month two for a contract, then that transfer shall not result in a period of ineligibility because the individual is now the owner of a contract of equal value. If the applicant or beneficiary was, or would have been, eligible prior to the receipt of the payment, he/she would have been eligible one day of the month and therefore eligible for that whole month. If the payment is converted to a contract before the end of month two, the payment shall be considered spent down before the end of the month.

The county department shall advise Medi-Cal applicants and beneficiaries who are disaster victims of these provisions if they receive such payments and they have reported it to the county.

We wish to emphasize at this time the importance of expediting the eligibility determination, whenever possible, for any Medi-Cal or public assistance applicant who has an immediate medical need. Please refer to Section 4J of the Medi-Cal Procedures Manual. In addition, please remember that in cases where an applicant encounters difficulty in providing the necessary verifications due to unusual circumstances such as earthquake, fire, flood, etc., Title 22, CCR, Section 50167 (c) provides that signed and dated affidavits can be used in place of standard verification documentation. In order to avoid unnecessary delays, we encourage counties to utilize the appropriate provisions of this section in disaster situations.

If you have any questions on these issues, please call Sharyl Shanen at (916) 324-4956 for property, Toni Bailey at (916) 324-4967 for income and Tony Plescia at (916) 324-0650 for verification and application process.

Sincerely,

Original signed by

Frank Martucci, Chief
Medi-Cal Eligibility Branch

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants

Expiration Date: November 2, 1990