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Sacramento, CA 94234-7320

August 24, 1999

MEDI-CAL ELIGIBILITY PROCEDURES MANUAL LETTER NO.: 214

TO: All Holders of the Medi-Cal Eligibility Procedures Manual

SNEEDE V. KIZER AS MODIFIED BY GAMMA V. BELSHÉ

Enclosed are corrected pages for Article 8F of the Medi-Cal Eligibility Procedures Manual. This article was originally sent out in Manual Letter No. 212 dated May 10, 1999, and incorporates, updates, and replaces the Sneede Training Manual and all previous Sneede v. Kizer and Gamma v. Belshé All County Directors Letters.

Filing Instructions:

Remove Pages:

Insert Pages:

Article 8F Pages 8F-5, 6, 11, 12, 25, 26, 43, 44, Pages 8F-48, 49, 55, 56, 61, 62

Pages 8F-5, 6,11, 12, 25, 26, 43, 44 Pages 8F-48, 49, 55, 56, 61, 62

If you have any questions, please contact Margie Buzdas of my staff at (916) 657-0726.

Sincerely,

Original signed by

Angeline Mrva, Chief Medi-Cal Eligibility Branch

Enclosure



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GRAY DAVIS, Governo

• There is never an income or property allocation to an unborn. The unborn is included in the maintenance need income limit (MNIL) and property limit of the MFBU and MBU which contains its mother. If the mother is PA or Other PA and therefore not in the MFBU, the unborn is in the father's MFBU/MBU. If neither parent is in the MFBU, the unborn is not in the MFBU nor in an MBU.

If the mother is a pregnant minor and in an MFBU with her own senior parent(s), the unborn may be in that MFBU if the parent or caretaker relative reports the pregnancy. The county must ensure the confidentiality of the pregnancy and may not take any action to include the unborn in the senior parent(s)' MFBU based only on the minor's report of her pregnancy.

- There is a property and income allocation to an excluded natural/adopted child even if the county has not been provided enough information to allow the usual excluded child deduction. Excluded children are not included in the MNIL or property limit nor used to link other family members in the MFBU.
- There is a property and income allocation to ineligible persons. Ineligible persons are included in the MNIL and property limit but are not used to link other family members in the MFBU.
- Income and property allocation amounts to eligible, ineligible, and excluded family members will be equal. The amount of the allocation is not reduced by the amount of the spouse's or child's own income or property.

7. MAINTENANCE NEED INCOME LEVELS AND PROPERTY LIMITS

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An entire MFBU may initially be determined ineligible due to excess property or have a SOC. However, once <u>Sneede</u> procedures are applied, some family members may be determined property eligible while others may continue to be ineligible due to excess property. NOTE: *Property ineligibility* for a child is not established until the county determines the child is ineligible for a Percent program where property is disregarded. Similarly, some family members may have zero SOC, while other may have a SOC if they are in different MBUs. Each MBU maintenance need income level (MNIL) and property limit will be determined in the following manner:

 Separate MBU determinations for property and SOC may be required. This would depend upon considerations such as whether or not children have both income and property of their own, or whether or not a stepparent has both income and property, etc.

Example: Four siblings with their own property are placed in four separate MBUs for the property determination. However, not all of these children have income of their own. For the SOC determination, the siblings with no income of their own are grouped together (with or without their parent(s) depending upon whether the MFBU contains a stepparent or an unmarried couple with mutual children); each of the siblings with his/her own income is placed in a separate MBU.

 If one or more MBUs are property ineligible, those persons are ineligible and may not be used for linkage. The "county" must determine whether linkage for the other family members still exists before continuing with the income/SOC determination. NOTE: This statement does not apply to 1931(b) determinations, which determines income first. Caution should be used not to issue Medi-Cal cards to ineligible family members.

	SECTION NO.: 50373	MANUAL LETTER NO .: 214	DATE: ASS 2 4 1939	8F-5
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- Amounts:
 - a. Full Amount
 - Any time there is an adult in an MBU, that MBU will receive the full MNIL or property limit based upon the number of persons in the MBU.
 - Each MBU containing a nonparent caretaker relative will receive the full MNIL or property limit.
 - An ineligible minor parent in his/her child's MBU is considered an adult.
 - Children who have no parent in the MFBU (e.g., the parents are absent or are PA or Other PA) receive a full MNIL or property limit.
 - b. Prorated Amount
 - Children who live with one or both natural or adoptive parents (not stepparents) who are not PA or Other PA receive a prorated amount based on the number of children in the MBU and the number of parents in the MFBU. See the attached MNIL chart.

Example: Two children in the MBU with two parents in the original MFBU have a prorated MNIL need of \$550. This amount is half of the regular MNIL of \$1,100 for four persons. (2 children in MBU \div (2 children + 2 parents) = $2 \div 4 = \frac{1}{2}$)

8. **PROPERTY DETERMINATION**

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The following allocation rules apply only to property (not income):

- A. Married couple with only mutual children: The married couple's total property is combined. The combined property is equally allocated to each spouse and each mutual child.
- B. Stepparent household: Each married person has his/her separate property and one-half share of the community property. This property is equally allocated to himself/herself, his/her spouse, and his/her natural/adoptive children.
- C. Unmarried couple with mutual children: An unmarried couple has no community property. Each parent's separate property is equally allocated to himself/herself and to his/her natural/adopted child(ren).
- D. Only net nonexempt property will be allocated to a spouse and/or natural/adoptive child(ren). In other words, property deductions will be applied prior to the allocation. When ineligibility occurs before and after the <u>Sneede</u> determination (after considering the allocated share of property from a responsible relative and the applicant/beneficiary's own property), the county shall not reallocate the responsible relative's property to the remaining family members. Ineligible family members will continue to receive a property allocation.

SECTION NO.: 50373 MANUAL LETTER NO.:	214	DATE:	aug 2 4 1999	8F- 6
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- Parental allocations from a parent in LTC constitute income to the child; therefore, <u>Sneede</u> rules apply if the MFBU has a SOC as will allocations from a parent in LTC that is deemed to his/her child or from a stepparent to his spouse which results in a SOC.
 - Income available from PA/Other PA or Pickle persons which was not used by the PA/Other PA program or for Pickle, which exceeds the payment level for that program should be equally allocated to each born person in the MFBU for whom that person is responsible. Any of these allocations which are to children in the MFBU will constitute income to the child; therefore, <u>Sneede</u> rules apply if the MFBU has a SOC. Nothing is allocated under the <u>Sneede</u> rules to the PA/Other PA or Pickle person as his/her needs are already met by that program; however, the county will allow that portion of the MFBU member's income, which was used to determine PA eligibility as a deduction against that MFBU member's income. See Section 9(C) Deductions.
- B. Receipt of In-Kind Income
 - A child who receives in-kind income and has no other income is still treated as a <u>Sneede</u> class member.
 - If the entire MFBU receives unearned in-kind income, it is equally prorated among the members of the MFBU (do not include excluded or PA persons).

Example: The MFBU consists of a married couple and their two mutual children. The family receives free rent and utilities. The unearned in-kind income of \$277 is equally prorated among the four people. Each person's share of in-kind income equals \$69.25. The parents' share is not reallocated to their children.

- If unearned in-kind income is only received by certain members of the MFBU, it is charged as income only to those members of the MFBU. In-kind income received by a parent is counted as income in the parent's MBU but is not allocated to the natural/adopted children in a separate MBU. It is subtracted out prior to allocating.
- Unearned in-kind income is subject to the \$20 any income disregard if aged, blind, or disabled (ABD) deductions are applicable. Earned in-kind income is treated as wages to the employed person and is subject to the allowable earned income deductions.
- When a full item of need is provided by a member of the MFBU or a responsible relative, there is no in-kind income.
- When there is an unborn child in the MFBU and the pregnant woman receives unearned in-kind income, include the unborn when prorating the income. The unborn's share of the in-kind income is added to the pregnant woman's share. The total of the unborn's and the pregnant woman's share of in-kind income is used to determine the pregnant woman's net nonexempt income only; it is not allocated to anyone.

SECTION NO.: 50373	MANUAL LETTER NO.: 214	DATE:	AUG 2 4 1999	8F-11
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Example: The MFBU consists of Bill and Bobbie, a married couple, their mutual bom child, and a mutual unborn. They live rent-free in a house owned by Bill's mother. The value of the free rent is \$236 for a family of four. This amount is prorated among the four MFBU members; each person's share of the in-kind income is \$59. Although the born child has no other income, his prorated portion of the unearned in-kind income constitutes separate income and <u>Sneede</u> procedures will apply if the MFBU has a SOC. The unborn's share of the in-kind income is added to the mother's; her total in-kind income is \$118. The EW will back out the parents' in-kind income after allowing the parental allocations.

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- If an unmarried parent of an unborn is not in the MFBU (fails to cooperate or does not wish to receive Medi-Cal) and is providing in-kind income to the pregnant mother, the county will count this as income to the mother but no inkind is counted to the unborn.
- When a stepparent is in the MFBU, his/her income and property are counted as part of the MFBU's budget computation. Therefore, there is no in-kind income from the stepparent to the other members of the MFBU. However, when a stepparent is not in the MFBU but is providing a full item of need, the county will determine the value of income in-kind based upon the number of stepchildren in the MFBU. The value of the in-kind income is equally prorated to only the stepchildren which is considered to be the child's own income. There is no in-kind income to a spouse.

Example: John and Mary are married; they have a mutual child and Mary has two separate children. They want Medi-Cal for Mary's two separate children only. John pays all of the bills for the entire household. The MFBU consists of Mary as an ineligible parent and her separate children. The county determines that the in-kind income for two persons is \$475 and will charge each child with \$237.50 in-kind income (\$475 divided by two). Mary is not charged with any in-kind income.

 Earned in-kind income is considered wages to the wage earner. It is subject to applicable earned income deductions and, if <u>Sneede</u> applies, it is allocated to those persons for whom the wage earner is responsible.

Example: The MFBU consists of John and Mary, a married couple, and their two mutual children. John is an apartment manager and receives a free apartment in lieu of cash wages. The value of the in-kind income is \$236 for a family of four. The in-kind income is considered to be John's wages and subject to the applicable earned income deduction. The children have no income of their own. Therefore, this is not a <u>Sneede</u> case even if the MFBU has a SOC.

- C. Deductions
 - Only net nonexempt income will be allocated to a spouse and/or natural/adoptive children. In other words, income deductions will be applied prior to the allocations.
 - Income deductions will be applied to a child's own gross income before it is combined with the net nonexempt income allocated from the parent(s).

SECTION NO.: 50373

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EXAMPLE 3: UNMARRIED COUPLE WITH SEPARATE AND MUTUAL CHILDREN

The MFBU consists of the following:

Unmarried Man	Unmarried Woman		
l			
Separate Child A	Mutual Child	Separate Child B	

All apply for Medi-Cal on May 12th. Both separate children are too old for the Percent Programs.

The MFBU members own property in the following amounts:

	<u>Man</u>	Woman	Mutual Ch.	Man's Sep. Ch.	<u>Woman's Sep. Ch.</u>	
Car 1	\$2,000	\$2,000				
ORP*	\$7,000	\$7,000				
Car 2	\$1,500			\$1,500		
Car 3		\$ 500	\$500			-1
Car 4					\$1,500	

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

Regular Property Determination

Car 1 is exempt. \$ 8,000 Excess ORP (\$14,000 - \$6,000 = \$8,000) + 3,000 Car 2 + 1,000 Car 3 <u>+ 1,500</u> Car 4 \$13,500 Net nonexempt property

- 3,450 Property limit for five

\$10,050 Excess property

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Sneede Property Determination

Responsible:

i. Responsible Relative Determination
Parent/Spouse: | Unmarried Man Unmarried Woman
|
Others for Whom the | mutual child mutual child
Parent/Spouse is | separate child A separate child B

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SECTION NO.: 50373 MANUAL LETTER NO.: 214 DATE: AUG 2 4 1999 8F-25

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14

Each Person's Net Nonexempt Property Determination

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Each person has property and is in a separate MBU.

Unmarried Man Unmarried Woman Man's Separate Child Woman's Separate Child Mutual Child \$7,000 ORP \$7,000 ORP \$1,500.00 ½ Car 2 \$1,500.00 Car 4 Car 3 - 6,000 Exemption - 6,000 Exemption + 833.00 from dad + 333.33 Exempted by mom from mom \$1,000 Excess \$1,000 Excess ORP \$2,333.33 Total net \$1,833.33 Total net \$833.33 Dad -1,500.00 Limit - 1,500.00 - 333.33 Mom \$ 833.33 Excess \$ 333.33 Excess \$1,166.66 Total net Car 1 exempt Car 1 exempt - 1,050.00 Limit (own exemption) by unmarried man 116.66 Excess \$ \$1,500 ½ Car 2 Car 3 exempt (own exemption) \$2,500 Total \$1,000 Total divided by 3 divided by 3 (self, his mutual (self, her mutual & separate child & separate child) = \$833.33 to = \$333.33 to self, his sep. self, her sep. & mutual child & mutual child -2,000.00 Prop. limit -2,000.00 Prop. limit 0 Excess 0 Excess

Please note that in this example, <u>EVERYONE IN THE MFBU IS INELIGIBLE</u>. 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 (e.g., if Car 4 and Car 2 are exempt, the unmarried woman, her separate child, the unmarried man and his separate child would be eligible). The computation would be as follows:

SECTION NO.: 50373 MANUAL LETTER NO.: 214	DATE:	AUG 2 4 1999	8F-26
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EXAMPLE 13: EXCLUDED CHILD CASE - PARENTS REFUSE TO PROVIDE INFORMATION ON THE EXCLUDED CHILD'S INCOME

A household consist of a married couple and their three mutual children: Child A, Child B, and Child C. The parents do not wish to file for Child C and they refuse to provide any information about that child's income. Their monthly income is as follows:

Husband:	\$1,500	Earnings
Wife:	\$ 700	UIB
Child A:		No income
Child B:	\$ 100	Trust income
Child C (excluded):		Unknown

(a) Regular Non-Sneede Method

Since the persons refuse to provide any information on the excluded child's income and property, do NOT give an income allocation.

(1) <u>Share of Cost Determination</u>

- \$1,410 Husband's net earnings
- + 700 Wife's UIB
- + 100 Child B's trust income
- \$2,210 Combined net income
- <u>- 0</u> Excluded child allocation
- \$2,210 Total net nonexempt income
- -1,110 MNIL for 4 persons
- \$1,110 SOC

Since there is a SOC, apply Sneede procedures.

(b) <u>Sneede Procedures*</u>

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(1) Responsible Relative Determination (Include the Excluded Child)

Parent/Spouse:	Husband	<u>Wife</u>
Other for Whom	Wife	Husband
The Parent/Spouse	Child A	Child A
Is Responsible:	Child B	- Child B
	Child C	Child C
	(4)	(4)

SECTION NO.: 50373	MANUAL LETTER NO.: 214	DATE:	AUS 2 4 1997	8F-43
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' (2) Mini Budget Units Determination <u>MBU #1</u> MBU #2 Husband Child B Wife Child A (3) Income Allocation Husband <u>Wife</u> \$1,500 Gross earnings \$700 UIB <u>- 90</u> Earned income deduction -600 Less needs deduction \$1,410 Net earnings \$100 Total - 600 Less needs deduction \$ 810 Total Divided by 4 = \$202 per person Divided by 4 = \$25 per person (4) Net Nonexempt Income for Each Person Husband <u>Wife</u> Child A \$600.00 Own \$600.00 Own \$202.50 From Dad + 25.00 From wife \$202.50 From husband + 25.00 From Mom \$625.00 Net \$802.50 Net \$227.50 Net Child B \$202.50 From Dad + 25.00 From Mom +100.00 Own \$327.50 Net Share of Cost Determination (5) MBU #1 MBU #2 \$ 625.00 Husband \$100.00 Child B's own + 802.50 Wife + 25.00 From Mom + 227.50 Child A <u>+202.50</u> From Dad \$1,655.00 Net nonexempt \$327.50 Net nonexempt - 934.00 MNIL for 3 -312.00 MNIL \$ 721.00 SOC \$ 15.50 \$ 16.00 SOC

* The <u>Sneede</u> determination is the same as the previous example when information is provided on the excluded child.

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EXAMPLE 15: STEPPARENT HOUSEHOLD WITH MINOR MOTHER, MINOR MOTHER'S BABY, AND MINOR MOTHER'S BOYFRIEND

(If the minor mother's boyfriend (and father of the minor mother's newborn) is not living in the home, ignore the boyfriend in MFBU #2.)

This is the same household as in Example 14 but now the minor has delivered the infant. A stepparent household consists of the married couple, the wife's separate teenage daughter (minor mother), the minor mother's one-month old infant, the minor mother's boyfriend and father of the infant, and the stepparent's separate 11-year old child.

MFBU #2

boyfriend

minor mother's infant

<minor mother> (Ineligible in this MFBU)

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The MFBU compositions are:

<u>MFBU #1</u>

stepparent\$ 900 VA Comp.wife\$1,125 UIB & trustminor mother\$ 300 support

11-year old child\$ 200 SSA

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Computations for MFBU #1

Sneede Procedures

i. Responsible Relative Determination for Income Allocation

	Parent/Spouse:	Stepparent	Wife
;	Others for Whom The Parent/Spouse Is Responsible:	Wife 11-year old child (2)	Husband Minor Mother (2)
Ũ.	Income Allocation	:	
	Stepparent	<u>Wife</u>	
	\$900 VA comp <u>-600</u> Less needs deduction \$300 Total divided by 2 = \$150	\$1,125 Income <u>- 600</u> Less n \$ 525 divided by 2 = 5	eeds deduction
SECTION NO.: 5037	3 MANUAL LETTER NO	.: 214 DATE:	AUG 2 4 1999 8F-48

iii. Net Nonexempt Income

<u>Husband</u>	Wife	<u>Minor Mother</u>	<u>Stepparent's</u> Separate Child
	d's \$600.00 Wife's fe <u>+150.00</u> From \$750.00 Net	s \$ 300.00 Sup husband <u>- 50.00</u> Ded \$250.00 <u>+ 262.50</u> Fror \$ 512.50 Net	\$ 350 Net

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iv. MBUs and Share of Cost Determinations

<u>MBU #1</u>	<u>MBU #2</u>	<u>MBU #3</u>
Husband & Wife	Minor Mother	Husband's Separate
		Child
\$ 862.50 Husband's net	\$ 512.50 Net	\$ 350 Net
+ 750.00 Wife's net	- 375.00 MNIL for 1*	- 375 MNIL for 1*
\$1612.50 Total net	\$ 137.50	\$ 0 SOC
<u>- 934.00</u> MNIL for 2*	\$ 138 SOC**	
\$ 678.50		
\$ 679.00 SOC		

*See Sneede MNIL chart.

** Minor Mother is eligible for 60 Day Postpartum Program

COMPUTATIONS FOR MFBU #2

MFBU composition:

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<minor mother> infant under one year old boyfriend (father of the unborn)

Follow the same procedures as in Example 4 Unmarried Couple with Mutual Children. However, in this MFBU, the minor mother is not eligible although she will be listed as a responsible relative for her child's medical expenses and any of her medical expenses not covered by Medi-Cal may be used to meet her baby's SOC. Evaluate the infant under the Income Disregard program if there is a SOC for the infant.

SECTION NO.: 50373 MANUAL LETTER NO.: 214 DATE: AUG 24 0... 8F-49

Examples:

A. No Inappropriate Deeming

Mary is an 18-year-old pregnant married minor parent. She has no income. She lives with her parents, her 16-year-old sister, her spouse and their two mutual children. The children and sister have no income. Her spouse works part-time (under 100 hours) and earns \$500 income per month. The minor's parents work full time. The minor's mother earns \$1,000 net nonexempt income per month and the father earns \$1,500 net nonexempt income. The family is property eligible. Since Mary is not deprived, she must be eligible as a Medically Indigent person under 21 or under the Percent programs. The parents are not eligible because they are not aged, blind, disabled, etc. Mary's spouse and children are evaluated under the Medically Needy program because of unemployed parent deprivation. The family pays no health insurance premiums.

MFBU #1 (a)		MFBU #2 (b)		MFBU #3 (c)			
Mary [Mary's parents] IE [Mary's spouse] IE [Mary's 2 mutual children] IE [Mary's sister] IE Mary's unborn Total net income = \$3,000 MNIL for 8 = \$1,692 Mary's SOC = \$1,308 Evaluate Mary for the 200%		[Mary] ineligible (IE) Mary's spouse Mary's 2 mutual children Mary's unborn		[Mary] IE [Mary's parents] i Mary's sister Mary's unborn	~		
Total net income	= \$3,000	Total net income	= \$ 500	Total net income	= \$2,500		
MNIL for 8 =	\$1,692	MNIL for 5 =	\$1,259	MNIL for 5 =	\$1,259		
Mary's SOC =	\$1,308	Spouse & Childr have no SOC		Sister's SOC =	\$1,241		
Evaluate Mary for the 200%				Evaluate Sister for	:		
Program for 8 = \$4,609*				Program for 5 = \$			
Mary is eligible.				Sister is not eligit	ole.		

* 1998 Federal Poverty Level

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B. Inappropriate Deeming Applies

Same scenario above except Mary has \$100 per month net nonexempt income, the two children of Mary's spouse are his separate children and Mary's sister has net nonexempt income of \$50 per month.

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MFBU (a)		MFBU (b)		MFBU (c)	
Mary [Mary's parents] [Mary's spouse] [Spouse's separ [Mary's sister] IE Mary's unborn	IE ate children] IE	[Mary] IE Mary's spouse Spouse's separ Mary's unborn	ate children	[Mary] IE [Mary's parents] Mary's sister Mary's unborn	IE (no linkage)
Total net income MNIL for 8 = Mary's SOC =	e = \$3,150 - <u>\$1.692</u> \$1,458	Total net income MNIL for 5 = Spouse & Childe have no SOC	- <u>\$1,259</u> ren 0	Total net income MNIL for 5 = Sister's SOC =	= \$2,650 - <u>\$1.259</u> \$1,391

<u>MFBU #1</u>

In the first MFBU, the only eligible person is Mary. The only inappropriate deeming which affects Mary is the income from Mary's sister (a child with income). Rather than set up the usual Mini Budget Units for all the various persons in this MFBU, for ease of administration, counties should disregard any income/property from persons who are not responsible for the one eligible married minor person in this MFBU. In this case, Mary's sister is not responsible for Mary; therefore, her \$50 will be disregard. The remaining income will be compared to the regular MNIL for the entire family including Mary's sister. If there is a SOC, evaluate for the Percent Programs, if applicable. Compare the same amount (without Mary's sister's income) to the appropriate Federal Poverty Level for eight.

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MFBU

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Mary	\$	100
[Mary's parents] IE.	\$2	2,500
[Mary's spouse] IE	\$	50 0
[Spouse's separate children] IE		0
Mary's unborn		0
Mary's sister's income (\$50) Un	col	inted
Total income =	\$3	,100
Compare MNIL Chart for 8 =	1	<u>.692</u>
Mary has a SOC of	\$1	,408
Evaluate Mary for the 200%		
FPL program for 8 = \$4,609		
Mary is eligible.		

SECTION NO.: 50373	MANUAL LETTER NO.: 214	DATE: 2 4 1393	8F-56
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	PERSON TYPE						
ITEM	Unborn	Eligible	Excluded	Ineligible	PA/ Other PA ¹		
Property and Income Counted	N/A	YES	NO	YES	NO ²		
Included in Maintenance Need/ Property Limit	YES	YES	NO	YES	NO		
Medical Expenses Used to Meet Share of Cost	N/A	YES	NO	YES	NO		
Receive Medi-Cal Only	NO	YES	NO	NO	NO		
Used to Determine Linkage to Aid to Families with Dependent Children	YES	YES	NO	NO	YES		
Sneede Allocation of Parental Income or Property to Natural/Adopted Child	NO	YES ³	YES4	YES	NO		

SNEEDE MFBU/MBU REFERENCE CHART

<u>When only the separate children of one spouse want Medi-Cal</u>, allocate <u>only</u> the natural/adoptive parent's <u>income and property</u> to: <u>all</u> of the spouse's natural/adoptive children (even the excluded children), the stepparent, and the ineligible natural/adoptive parent. Do <u>not</u> allocate income or property to an unborn child. Do <u>not</u> include the parent's unborn child in the MNIL and property limits.

- ² Medi-Cal will count his/her income not used by the PA/Other PA programs.
- ³ Allocate income or property when <u>Sneede</u> applies.

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⁴ Note: First allocate only income (based on the difference in the MNIL with and without the excluded child less than the child's own income) if parent provides information on excluded child's income for <u>MFBU's</u> SOC determination.

SECTION NO.: 50373	MANUAL LETTER NO.: 214	DATE:	AUG 2 4 1899	8 F-61 .
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¹ If PA/Other PA person is on Four-Month Continuing or TMC, treat this person as an <u>ineligible member of the MFBU</u>.

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Section 1931(b) Determinations: Sneede v. Kizer Prorated Income Standard and Property Levels

Number of Children	One Parent						
Number in MBU	Income Standard	Prorated Income Standard	Prorated Property				
1	624	312	1.500				
2	775	517	2.100				
3	920	690	2,475				
4	1.049	840	2.760				
5	1,180	984	3.000				
6	1.296	1.111	3.215				
7	1.412	1.236	3,413				
· 8	1.531	1,361	3.600				
9	1.662	1.496	3.780				
10	1_676	1.524	3.819				

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Number of Children	Two Parent							
Number in MBU	Income Standard	Prorated Income Standard	Prorated Property					
1	775	259	1.050					
2	920	460	1.650					
3.	1,049	630	2.070					
4	1.180	787	2.400					
5	1,296	926	2.679					
6	1,412	1.059	2.925					
7	1.531	1.191 -	3.150					
8	1.662	1.330	3.360					
9	1.676	1.372	3.437					
10	1.690	1_409	3.500					

NOTE: Add \$14 for each additional person over 10 to determine higher Income Standards.

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MANUAL LETTER NO.: 2] 4 DATE: AUG 2 4 1993 8F-62