

DEPARTMENT OF HEALTH SERVICES

714/744 P STREET
P.O. BOX 942732
SACRAMENTO, CA 94234-7320
(916) 657-2941



September 20, 2001

TO: All County Welfare Directors
All County Administrative Officers
All County Medi-Cal Program Specialists/Liaisons
All County Health Executives
All County Mental Health Directors

Letter No.: 01-52

CHANGES TO THE 100 HOUR DEPRIVATION EARNED INCOME TEST

Ref.: All County Welfare Directors Letter (ACWDL) Nos. 00-04, 00-27, and 01-30

This letter is to inform counties that the State Plan to exempt the nonexempt earned income of a child when determining whether the principal wage earner is unemployed has been approved. Therefore, effective May 1, 2001, all earned income of children will be exempt when computing the 100 Hour Deprivation Earned Income Test to determine whether the principal wage earner is unemployed.

On May 4, 2001, counties were informed by ACWDL No. 01-30 to flag cases when the nonexempt earned income of a child caused the family to fail the 100 Hour Deprivation Test. This test is required of all Section 1931(b) applicants and all Medically Needy (MN) applicants and recipients, if the principal wage earner is working 100 hours or more. Section 1931(b) recipients who are employed 100 hours or more are not subject to the 100 Hour Test. If counties have cases where the parents were denied or terminated because of lack of deprivation due to the earned income of a child, these cases should be redetermined without including the earned income of the child.

Counties may now use the revised MC 337 Unemployed Parent Determination Worksheet which was enclosed with ACWDL No. 01-30 which eliminates the earned income of children. We are in the process of revising this form into two parts. The 100 Hour determination for Section 1931(b) with those applicable deductions will appear on the front and the determination for the MN program with those applicable deductions will appear on the back. This may make the form less confusing and ensure that families do not get both sets of deductions. Although the draft form which was enclosed in ACWDL No. 00-04 and the finalized form which was enclosed in ACWDL No. 00-27 did not specify using the MN deductions due to an oversight, these deductions (but not both) have been effective since March 1, 2000.

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If the parents fail the 100 Hour Test using the Section 1931(b) deductions, counties should redetermine the parents' earned income using the MN deductions. If the family has health insurance premiums, or contains aged, blind, or disabled persons, they may pass the 100 Hour Test using the latter deductions. Once deprivation is established, the family should be determined for Section 1931(b) eligibility, even if deprivation was based on the use of MN deductions. Should the applicant family fail to qualify for the Section 1931(b) program, eligibility should be determined for the MN program or other applicable programs.

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

Sincerely,

ORIGINAL SIGNED BY

Shar Schroepfer, Chief
Medi-Cal Eligibility Branch

