

DEPARTMENT OF HEALTH SERVICES

714/744 P STREET
SACRAMENTO, CA 95814
(916) 445-1797



June 18, 1980

To: All County Welfare Directors

Letter No. 80-23

DEEDS OF TRUST FROM THE SALE OF REAL PROPERTY

It has come to our attention that CAC, Title 22, Section 50441 is not in complete conformity with state statute. We are in the process of making emergency regulation changes to align the regulation with the statutory provisions. Until such time as the changes are filed, this is to authorize you to employ the following policy when determining the market value of deeds of trust from the sale of real property for purposes of Medi-Cal-Only eligibility determinations.

CAC, Title 22, Section 50441 currently specifies that the market value of a deed of trust or mortgage is the principal amount remaining on the secured note. Section 50441 will be amended to specify that, in those instances where this method of valuation would render the person or family ineligible for Medi-Cal, the market value shall instead be the appraised value obtained by the applicant or beneficiary from a party qualified to appraise such items. Those parties include, but are not limited to, a licensed loan or mortgage broker, a bank, a savings and loan association or credit union.

The reason for this new valuation method is to comply with state statute which provides that the value of such items is the conversion value of the item, i.e., the value established through an appraisal. As a rule, the conversion value is less than the principal amount remaining on the note. So in those cases where use of conversion value would confer eligibility while use of the principal remaining value would not, the conversion value must be used. Because it is required by state statute, this eligibility change is effective immediately and should be applied to eligibility determinations for retroactive eligibility as well as current eligibility. State Quality Control staff will be reviewing to the change beginning with the July 1980 review month. As soon as adopted, the regulation amendment will be published in the Medi-Cal Eligibility Manual.

If you have any questions regarding the instructions in this letter contact your Medi-Cal field representative.

Sincerely,

Original signed by

Doris Z. Soderberg, Chief
Medi-Cal Eligibility Branch

cc: Medi-Cal Liaisons
Medi-Cal Field Representatives

Expiration date: December 31, 1980