

## DEPARTMENT OF HEALTH SERVICES

154 P STREET  
SACRAMENTO, CA 95814  
445-1912



July 6, 1981

To: All County Welfare Directors

Letter No. 81-28

**SHARE-OF-COST DETERMINATIONS FOR MFBUS WHICH INCLUDE A PERSON IN LONG-TERM CARE (LTC)**

AB 251, which contains several major Medi-Cal program changes, some of which impact eligibility and share-of-cost determinations, has been signed by the Governor and therefore becomes law immediately. We are currently preparing for distribution an All County Welfare Directors Letter explaining all of the Medi-Cal provisions contained in AB 251.

One of the eligibility changes, which is effective July 1, 1981, is that for all MFBUs which include a person in LTC, the income deductions used to determine net income (other than allocations, health insurance premiums and the ABD-MN special income deduction) must be added back into the total share-of-cost amount.

Since the savings to be derived from this change are reflected in the 1981/82 Budget, immediate implementation is necessary. This letter provides you the authorization and details necessary for implementation.

Implementation Schedule

- a. Intake: The provisions of this letter must be applied to all cases, which include an LTC person, as soon as possible but no later than any approval action occurring on or after August 1981. The provisions should only be applied to share-of-cost determinations for July and continuing months of eligibility.
- b. Continuing: Although we realize eligibility staff have only recently completed implementation of the Title II increases for these cases, we were unable to anticipate this new change. Continuing cases must be converted as quickly as possible with the change reflected in all cases by October 1981 month of eligibility. No retroactive computations are required.

Authorization

Attached (Attachment I) is a copy of the regulation we are filing on an emergency basis to implement this change. Since the regulation will not be effective by July 1, 1981, we will be operating directly from the statute in the interim. The Notice of Action advising persons of their increased share of cost should cite as the authority for the action: "Welfare and Institutions Code, Section 14005.9 as amended by AB 251, Chapter 102, Statutes of 1981". Since this adverse action is due to a change in state law, affected persons will not be entitled to a state

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hearing. We have prepared the attached stuffer (Attachment II) to be included with the Notices of Action. We will send each county a supply shortly. Counties also have the option of creating their own supplemental notice.

It should be noted that the explanation on the Notice of Action for the increased share of cost should also include a statement that the change is required by a change in state law. Suggested wording is included as Attachment III.

#### Share-of-Cost Computation

Until such time as we can revise the MC 176M to incorporate this change, column 3, line 18, underpayment adjustment can be modified to add the income deductions to the share of cost. If an individual case is receiving an underpayment adjustment, the county use box can be used to add in the income deductions. The deductions to be added back into the share of cost are all of the deductions listed in column I and/or II. Normally this will be only the "\$20 any income" deduction. Examples of each method are included as Attachment IV.

The reason that this change requires a two-step process, first allowing the income deductions, then adding the amounts back in to the final share of cost, is to settle a long standing federal compliance issue. The federal Medicaid regulations are written in such a fashion as to require this two step process, even though for states, like California, which have a Medically Needy program, the process is moot.

#### Anticipated Fiscal Impact

Once this change is fully implemented the total annual program savings are estimated to be \$16,392,000 (\$8,196,000 General Fund).

#### Administrative Cost Funding

The Department will determine the adequacy of administrative funds appropriated for AB 251 implementation in the FY-1981/82 Budget, and, if necessary, seek additional funding from the Legislature.

If you have any questions regarding this letter contact your Medi-Cal Program Consultant.

Sincerely,

Original signed by

Madalyn M. Martinez, Chief  
Medi-Cal Eligibility Branch

#### Attachments

cc: Medi-Cal Liaisons  
Medi-Cal Program Consultants  
Prepaid Health Plans Branch  
Expiration Date: January 31, 1982

50653-1

50653. Determination of Share of Cost. (a) The share of cost covers a one month period and is determined as follows:

(1) For MFBU's which do not include a person in LTC:

(A) (4) Determine the net nonexempt income available to the members of the MFBU.

(B) (2)- Round the total net nonexempt income determined in (A) (4) to the nearest dollar, with amounts ending in 50 cents or more rounded to the next highest dollar.

(C) (3) Determine the appropriate maintenance need for the MFBU in accordance with Section 506043.

(D) (4) Subtract the maintenance need from the rounded net nonexempt income. The remainder, if any, is the share of cost.

(2) For MFBU's which include a person in LTC:

(A) Determine the net nonexempt income available to the MFBU.

(B) Round the total net nonexempt income determined in (A) to the nearest dollar, with amounts ending in 50 cents or more rounded to the next higher dollar.

(C) Determine the appropriate maintenance need in accordance with Section 50601.

(D) Subtract the amount determined in (C) from the amount determined in (B).

(E) Add to the amount determined in (D) any amounts previously deducted in accordance with Sections 50547 through 50554. This amount, if any, is the share of cost.

(b) The share of cost shall be determined:

(1) At the time of application, reapplication or restoration.

(2) When there is a change in income, family composition or any other factor which affects the share of cost.

Note: Authority cited: Sections 10725 and 14124.5, Welfare and Institutions Code.

Reference: Section 14005.9, Welfare and Institutions Code.

DRAFT

**MEDI-CAL  
AVISO DE ACCION  
CAMBIO EN PARTE DEL COSTO PARA PERSONAS EN CUIDADO A LARGO PLAZO**

En el reverso de este Aviso, se le comunica que Ud. tiene derecho a una audiencia estatal. Esta información ya no es correcta debido a que la Legislatura recientemente rectificó la ley del Estado en el sentido que las AUDIENCIAS ESTATALES NO SERAN DISPONIBLES CUANDO LAS PARTES DEL COSTO SON INCREMENTADAS POR LEY ESTATAL. Por lo tanto, si la única razón para solicitar una audiencia estatal se refiere al cambio en su parte del costo debido a la eliminación de sus \$20 deducidos de sus ingresos, entonces Ud. no tiene derecho a una audiencia estatal. Este cambio se basa en el Código de Bienestar e Instituciones, Sección 10950.

Si por alguna otra razón, Ud. cree que el condado incorrectamente determinó su parte del costo, Ud. puede solicitar una audiencia estatal dentro de los 90 días de la fecha efectiva de la acción. Usted puede recibir ayuda pendiente de pago si Ud. solicita una audiencia dentro de los 10 días de la fecha de este Aviso de Acción.

**MEDI-CAL  
NOTICE OF ACTION  
CHANGE IN SHARE OF COST FOR PERSONS IN LONG-TERM CARE**

On the back of this Notice, you are told that you have a right to a state hearing. This information is no longer correct because the Legislature recently amended the state law so that STATE HEARINGS WILL NOT BE AVAILABLE WHEN SHARES OF COST ARE INCREASED BY STATE LAW. Therefore, if the only reason for requesting a state hearing concerns the change in your share of cost due to the elimination of your \$20 income deduction, you are not entitled to a state hearing. This change is based on Welfare and Institutions Code, Section 10950.

If for some other reason you believe the county incorrectly determined your share of cost, you may request a state hearing within 90 days of the effective date of the action. You may receive aid paid pending if you request a hearing within 10 days of the date of this Notice of Action.

SUGGESTED NOTICE OF ACTION WORDING

Your share of cost has been changed to \$ \_\_\_\_\_ per month, beginning \_\_\_\_\_ because a recent change in state law has decreased the amount of your income that you get to keep each month for your personal needs. This means more of your income must be used to pay for your medical care.

STATE OF CALIFORNIA — HEALTH AND WELFARE AGENCY  
 STATE OF COST DETERMINATION — MN AND MI PERSONS

DEPARTMENT OF HEALTH SERVICES

PERSON NAME						COUNTY DISTRICT	COUNTY USE		
<input type="checkbox"/> APPLICATION <input type="checkbox"/> REDETERMINATION <input type="checkbox"/> CHANGE <input type="checkbox"/> RETROACTIVE ELIG. <input type="checkbox"/> CORRECTION						EFFECTIVE ELIGIBILITY DATE FOR THIS BUDGET			
State Number						MO.	YR.		
No.	Aid	7 Digit Serial No.	MFBU	Pers. No.	Name — First, Middle, Last	Birthdate Mo. Day Yr.	Sex	(1) Social Security No. and (2) Health Insurance Claim No. or Railroad Retirement No.	Other Coverage
					Mrs. LTC ABD-MN			(1) (2)	
								(1) (2)	
								(1) (2)	
								(1) (2)	
								(1) (2)	
								(1) (2)	
								(1) (2)	
								(1) (2)	

<b>L. INCOME OF MFBU MEMBERS APPLYING AS AGED, BLIND, OR DISABLED PLUS INCOME OF SPOUSE OR PARENT (EXCEPT PA OR OTHER PA)</b>			<b>M. INCOME OF MFBU MEMBERS OR PERSONS RESPONSIBLE FOR THE MFBU NOT LISTED IN L (EXCEPT PA OR OTHER PA)</b>			<b>NL. SHARE OF COST COMPUTATION</b>		
<b>L. NONEXEMPT UNEARNED INCOME</b>			<b>A. NONEXEMPT UNEARNED INCOME</b>			<b>1. Countable Income from I 18</b>		
	a. ABD - MN	b. Spouse or parent	1. Social Security			2. Countable income from II 14		280
Social Security	300		2. Net income from property			3. Combined countable income (add 1 and 2)		
Net Income from Property			3. Other—itemize			<b>ALLOCATIONS AND DEDUCTIONS</b>		
			4.			4. Inc. allocated from LTC person to family members at home (176W, Part IV)		
Total (add 1 through 4)			5. Total unearned inc. (add 1 through 4)			5. Total countable income (add 3 and 4)		280
Deductions			6. Deductions			6. Allocation from LTC income (176W, Part IV)		
Remainder (5 minus 6)			7. Countable unearned inc. (5 minus 6)			7. Allocation to stepparent unit (176W, Part V)		
Combined unearned inc. (add 7a and 7b)	300					8. Allocation to excluded family members (176W, Part I)		
Any income deduction	-20					9. Special deduction (176W, Part II)		
			<b>B. NONEXEMPT EARNED INCOME</b>			10. Income to determine PA eligibility		
B. Countable unearned income (8 minus 9)	280		8. Gross earned inc.			11. Health insurance		
			9. If EC in last 4 months a. enter \$30			12. Child support		
<b>I. NONEXEMPT EARNED INCOME</b>			b. 1/2 Remainder			13. Total allocations/deductions (add 6 through 12)		0
1. Gross Earned Income	a.	b.	10. Mand. deduct.			14. Total net nonexempt income (5 minus 13)		
2. Deductions			11. W/R expenses			15. Total net nonexempt income rounded		280
3. Remainder (11 minus 12)	a.	b.	12. Total earned inc. Deductions (add 9, 10, 11)			16. Maintenance need		
4. Combined earned inc. (add 13a and 13b)			13. Countable earned inc. (8 minus 12)			a. MFBU members not in LTC No.		
5. SES earned inc. deduction plus \$ unused \$20			14. Total countable inc. (add 7 and 13)			b. MFBU members in LTC		
6. Remainder (14 minus 15)						• Personal needs		
7. Countable earned inc. (divide 16 by 2)						• Unpaid of home		25
8. Total countable inc. (add 10 and 17)	280					c. Total maintenance need (25a + 16b)		
<b>N. NET EARNED INCOME</b>						17. Share of cost (15 minus 16)		255
						18. Underpayment adjustment		35
						19. Adjusted share of cost (17 minus 18)		200

ELIGIBILITY WORKER SIGNATURE \_\_\_\_\_ WORKER NUMBER \_\_\_\_\_ DATE OF COMPUTATION \_\_\_\_\_ COUNTY USE \_\_\_\_\_

200 + \$20 = 2209  
 INCOME 800M DUP DW 03\*

STATE OF COST DETERMINATION - MN AND MI PERSONS

	County District	County Use
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New Application  
  Redetermination  
  Change  
  Retroactive Elig.  
  Correction

Effective Eligibility Date for this Budget  
 Mo. \_\_\_\_\_ Yr. \_\_\_\_\_

State Number				Name - First, Middle, Last	Birthdate Mo. Day Yr.	Sex	(1) Social Security No. and (2) Health Insurance Claim No. or Railroad Retirement No.	Other Coverage
No.	Aid	7 Digit Serial No.	MFBU Pers. No.					
				MR. LTC ABD-MN			(1) .....	
				MRS. ABD-MN			(2) .....	
							(1) .....	
							(2) .....	
							(1) .....	
							(2) .....	
							(1) .....	
							(2) .....	

I. Income of MFBU members applying as aged, blind, or disabled plus income of spouse or parent (except PA or other PA)			II. Income of MFBU members not listed in I. (except PA or other PA)			III. Share of cost computation		
<b>NONEXEMPT UNEARNED INCOME</b>			<b>A. NONEXEMPT UNEARNED INCOME</b>			1. Countable income from I 18		
	a. ABD-MN	b. Spouse or Parent	1. Social Security			2. Countable income from II 16		780
Social Security	800		2. Net Income from Property			3. Combined countable income (add 1 and 2)		780
Net Income from Property			3. Other-Itemize			<b>ALLOCATIONS AND DEDUCTIONS</b>		
			4.			4. Inc. allocated from LTC/B&C person to family members at home (176W, Part IV)		
			5. Total unearned income (add 1 through 4)			5. Total countable income (add 3 and 4)		780
5. Total (add 1 thru 4)			6. Deductions			6. Allocation from LTC/B&C income (176W, Part IV)		
6. Deductions			7. Countable unearned inc. (5 minus 6)			7. Allocation to excluded children (176W, Part I)		
7. Remainder (5 minus 6)			8. Deductions			8. Special deduction (176W, Part II)		48.50
8. Combined unearned inc. (add 7a and 7b)	800		9. Total earned income			9. Income to determine PA Eligibility		
9. Any income deduction	820		<b>B. NONEXEMPT EARNED INCOME</b>			10. Health Insurance		
10. Countable unearned income (8 minus 9)	780		9. Gross earned income					
<b>L. NONEXEMPT EARNED INCOME</b>			9. If CG in last 4 months					
11. Gross Earned Income			a. enter 820			11. Total allocations/deductions (add 6 through 10)		48.50
12. Deductions			b. 1/3 Remainder			12. Total net nonexempt income (8 minus 11)		731.50
13. Remainder (11 minus 12)			10. Mand. deduct.			13. Total net nonexempt income rounded		732
14. Combined earned inc. (add 13a and 13b)			11. W/R expenses			14. Maintenance need		
15. 855 earned inc. deduction plus 8 unused 820			12. Total earned income deductions (add 9, 10, 11)			a. MFBU members not in LTC No.	1	3.59
16. Remainder (14 minus 15)			13. Countable earned income (8 minus 12)			b. MFBU members in LTC		
17. Countable earned inc. (divide 16 by 2)			14. Subtotal countable income (add 7 and 13)			• Personal needs		
18. Total countable inc. (add 10 and 17)			15. Child Support/Alimony			• Upkeep of home		25
	780		16. Total countable income (14 minus 16)			• Needs of disabled dependents		
<b>IV. EXEMPT INCOME</b>						c. Total maintenance need (14a + 14b)		384
						15. Share of cost (13 minus 14)		348
						16. Underpayment deduction		
						Income deductions		220
						17. Adjusted Share of Cost (15 minus 16)		368

Eligibility Worker Signature	Worker Number	Computation Date	County Use
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