

## DEPARTMENT OF HEALTH SERVICES

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April 5, 1996

TO: All County Welfare Directors  
All County Administrative Officers  
All County Medi-Cal Program Specialist/Liaisons

Letter No.: 96-19

TRANSITIONAL MEDI-CAL (TMC) FOR PERSONS DISCONTINUED FROM AID TO  
FAMILIES WITH DEPENDENT CHILDREN (AFDC) DUE TO MARRIAGE OR THE  
REUNITING OF SPOUSES (WEDFARE) AND UPDATED DRAFT TMC REGULATIONS

Ref.: All County Welfare Directors Letters (ACWDL) Nos. 90-66, 92-59, 95-85

This letter is to clarify and answer questions on the Wedfare Program which was described in ACWDL 95-85. This letter also clarifies issues about the TMC program described in ACWDL 92-59 and includes updated draft TMC regulations which were previously contained in ACWDL 90-66.

Wedfare

Wedfare is a California Department of Social Services (CDSS) waiver program for persons who are discontinued from (AFDC) due to marriage or the reuniting of spouses. These persons are eligible for Transitional Child Care and TMC. These persons may have lost deprivation, have excess income, or have excess assets. This program only applies to those who married or reunited with spouses and not to persons who have lost deprivation, have excess income, or have excess assets who did not marry or reunite. This program does not apply to unmarried parents who reunite.

Amended Draft TMC Regulations

Counties were informed to follow current regulations and ACWDLs for regular TMC (persons discontinued from AFDC due to increased earnings or hours of employment or loss of the \$30 and one-third earned income disregard). Although TMC regulations have not been adopted, we have enclosed an amended draft of the regulations for your information. We did not include the Wedfare provisions in these regulations, because it is a waiver provision and does not apply to persons in certain control counties.

### Adding a Persons to TMC

Under the TMC program, certain persons may choose to be added to the TMC unit after TMC has begun, e.g., a child, a newborn, a spouse, a parent even though they did not actually receive AFDC prior to the family's discontinuance. However, these persons would have had to be eligible for AFDC if they had been in the home in the month of determination that the family was ineligible for AFDC, i.e., these persons would have had to be eligible in the last month in which the family was eligible for AFDC. Therefore, the new spouse or reunited spouse may be aided in the initial TMC period if he/she meets the eligibility criteria above regardless of whether he/she has excess income or assets. These persons may be granted TMC under the Wedfare program as well. Persons sanctioned by AFDC for failure to participate in the Greater Avenues for Independence (GAIN) program or pursue child and spousal support are also eligible for TMC. Any earned income of that person is counted when computing the family's earned income in the additional sixth month period. Adding a new spouse or reunited spouse during the additional sixth-month period may cause the family to have earned income over the 185 percent federal poverty level (FPL) amount which would cause the family to lose TMC.

### Ineligible Persons

ACWDL 92-59 stated that certain persons were ineligible for TMC including a person receiving Supplemental Security Income (SSI). Although family members who are excluded from AFDC but are still receiving automatic Medi-Cal under various cash programs such as SSI, In-Home Support Services (IHSS) may not simultaneously also receive TMC, they may be added to the TMC unit if they were terminated from that program for the same above reasons that their family members were discontinued from AFDC.

Individuals who were ineligible for AFDC because of fraud at any time during the last prior six-months in which the family received AFDC are not eligible for TMC. Other persons who would not be eligible for TMC would be those excluded persons (who are not sanctioned) as defined under EAS Manual Section 82-832.1, e.g., an undocumented alien, an adult child, a non-essential person, a father of an unborn with no other children, etc.

### Persons Leaving the Home

TMC will continue for either Wedfare or regular TMC families even if the parents or spouses separate or divorce during either the initial or additional TMC period and are not eligible for AFDC; however, the remaining TMC family must continue to reside in the state and include a child. The family size will be reduced when comparing their average earned income during the additional six-month period. The family's earned income may also be reduced.

Determining Earned Income

Family earnings must remain at or below 185 percent of the Federal poverty level (FPL) to be eligible for additional TMC. The average gross monthly earnings for the preceding three-month period after deduction of any child care expenses necessary for the employment of the caretaker are compared to 185 percent of the Federal Poverty Level (FPL) for the current family size. Child care expenses that are reimbursed by the State are not allowable. Health insurance premiums are no longer deductible; however, if the family is currently receiving TMC and the county is allowing these in the 185 percent determination, they may continue to be deducted until the family is no longer eligible for TMC.

Do not include any income of the family member who joined the TMC case after the family was terminated from AFDC unless that person wishes to be added and is eligible to be added. If this person is not included, do not use him/her when determining the family size. A person who has been determined ineligible for TMC should be included when determining family income in the additional TMC period if his income was used to determine the family's eligibility for AFDC even if he/she did not receive AFDC.

For example: The Smith family budget (4 members of the household).

Month	Gross Earned Income	Child Care Expenses
May	\$200	\$ 95
June	\$300	\$105
July	<u>\$400</u>	<u>\$100</u>
Total	\$900	\$300
Average Monthly Gross Income		= \$900 divided by 3 = \$300
Average Monthly Gross Child Care		= \$300 divided by 3 = <u>\$100</u>
Adjusted Monthly Income		= \$200

\$200 is less than 185% of the FPL for 4 persons.

A family is eligible for TMC when its "adjusted" monthly income is less than or equal to 185 percent of the FPL for a family of that size. For purposes of the TMC program, adjusted monthly income is the family's average monthly gross income less the family's average monthly expenses for child care. Thus, in the above example the family is eligible for TMC because its adjusted monthly income of \$200 is less than 185% of the FPL for four persons. After calculating the adjusted monthly income, round it to the nearest dollar before comparing to the 185% of FPL income standard. Use the usual Medi-Cal rounding rules: if the decimal number is .49 or less, round down; and if the decimal number is .50 or larger, round up.

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If the family size has changed during the preceding three-month period, use the current family size. Unearned income is not counted when computing this income test. Individuals receiving TMC are not affected by excess resources.

If the caretaker or principal wage earner had no earnings in one or more of the months in the preceding three-month period unless the lack of earnings were due to involuntary loss of employment or illness, the family is no longer eligible for additional TMC.

### Beginning Date of TMC

The first month of the initial six month period of TMC begins the month following the month the family was last eligible for AFDC. That is, the first month is not delayed by receipt of other Medi-Cal coverage. For example:

1. If the family inadvertently received Medi-Cal-Only for three months under Edwards (aid code 38), the family would only receive the remaining three months of initial TMC (aid code 39). Since the same zero share-of-cost (SOC) Medi-Cal is available under TMC and Edwards, counties do not have to make any retroactive adjustments for the first three months. However, if the family received Medi-Cal with a SOC during the first three months, the county would have to ensure the family received zero SOC TMC for the first three months.
2. If the spouse returns home on July 15th and the other family members are eligible to receive a three month readjustment period before AFDC is discontinued on October 30th, TMC would begin on November 1st.

As stated in ACWDL 92-59, persons cannot be reported to the Medi-Cal Eligibility Data System (MEDS) unless they were in an AFDC aid code in the previous month. Counties will be required to report the new person to MEDS under the AFDC aid code for the first month of TMC and then change them to either aid code 39 or 59 depending on the circumstances.

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

Sincerely,

ORIGINAL SIGNED BY

Frank S. Martucci, Chief  
Medi-Cal Eligibility Branch

Enclosure

# DRAFT

Amend Section 50137(a) to read:

50137. Intercounty Transfer -- Effective Date of Discontinuance/Eligibility.

(a) In a change in county of responsibility, the effective date of discontinuance as determined by the initiating county department shall be the last day of the month in which the 30th day after notification to the new county of the change in county of responsibility occurs except that:

- (1) No change
- (2) If the person or family is receiving Medi-Cal under either the Four Month ~~or Nine Month~~ Continuing Eligibility ~~categories~~ program, the last day of the final month in which four month ~~or nine month~~ continuing eligibility exists.

Note: Authority cited: Sections 10725, 14005.8 and 14124.5 Welfare and Institutions Code. Section 133.5, Chapter 102, Statutes of 1981; and Section 14, Chapter 1447, Statutes of 1984

Reference: Sections 10740, 11053, 14005.8, 14005.9, 14016(a) and 14100.1, Welfare and Institutions Code; and Section 1396r-6, Title 42, United States Code.

# DRAFT

Amend Section 50379(c) to read

50379. Ineligible Members of the Medi-Cal Family Budget Unit.

(c) Persons who are eligible for Transitional Medi-Cal or four month ~~or nine-month~~ continuing eligibility ~~shall be ineligible members of the MFBU.~~

NOTE: Authority cited: Sections 10725 and 14124.5, Welfare and Institutions Code; Section 87 (c), Chapter 1594, Statutes of 1982; and Section 14, Chapter 1447, Statutes of 1984.

Reference: Sections 14005.4, 14005.7, 14005.8, 14005.12, 14008, and 14008.6 Welfare and Institutions Code; and 42 C.F.R. Sections 433.135, 433.136, 433.137, 433.138, 433.145, 433.146, 433.147, 433.148 and 435.604- ; and Section 1396r-6, Title 42, United States Code.

Amend Section 50243 to read:

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## 50243. Four Month Continuing Eligibility

(a) The Four Month Continuing category program includes persons who were:

~~(1) Discontinued from AFDC due solely to increased earnings from employment or increased hours of employment of a child in or added to the AFDC unit or a parent of a child or added to the filing unit, and were members of a family receiving an AFDC cash grant or eligible under Section 50227(e)(1) in at least three of the six months immediately prior to the month they became ineligible for AFDC.~~

~~This Four Month Continuing category does not include persons who were discontinued from AFDC due to any of the following:~~

~~(A) A stepparent contribution.~~

~~(B) An increase in a stepparent contribution.~~

~~(C) The return of an absent parent to the home which ends deprivation.~~

~~(D) The stepparent's ability to meet the needs of the parent.~~

~~(E) The expiration of the \$30 plus 1/3 or \$30 earned income disregard.~~

(2) discontinued from AFDC due (wholly or in part) to the collection or increased collection of child/spousal support, beginning August 1, 1984 and ending September 30, 1988 providing such persons were receiving an AFDC cash grant under Section 50227(e)(1) (a)(1) in at least three of the six months prior to the month they became ineligible for AFDC.

~~(b) Eligibility for Fourth Month Continuing based on increased earnings or hours of employment shall continue for a period of four months following the most recent month in which the family became ineligible for AFDC, providing that the family maintains California residency and a family member continues to be employed.~~

(e) (b) Eligibility for The Four Month Continuing program which is based (wholly or in part) on the collection or increased collection of child/spousal support shall continue for a period of four months following the most recent month in which the family became ineligible for AFDC providing that the family maintains California residency.

Note: Authority cited: Sections 10725, 14005.8, and 14124.5, Welfare and Institutions Code.  
Reference: Sections 14005.1, 14005.8 and 14050.1 Welfare and Institutions Code; Title 42, United States Code; Sections 1396r-6, and 1396a(b)(2).



Repeal Section 50244, Title 22, CCR

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~~50244. Nine Month Continuing Eligibility,~~

~~a) The Nine Month Continuing category includes persons who were discontinued from AFDC due solely to the expiration of the \$30 plus 1/3 or \$30 earned income disregard specified under that program.~~

~~(b) Eligibility under this category shall continue for a period of nine consecutive months following the most recent month in which the family became ineligible for AFDC, regardless of whether the other conditions of eligibility are met.~~

~~(c) The provisions of this regulation also apply to eligibility determinations or redeterminations made retroactively to October 1, 1984.~~

~~Note: Authority cited; Sections 10725 and 14124.5, Welfare and Institutions Code; Section 14, AB 1557, Chapter 1447, Statutes of 1984.~~

~~Reference: Section 14005.8, Welfare and Institutions Code.~~

Adopt Section 50244 to read:

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50244. Transitional Medi-Cal (TMC) Program. - Overview.

The TMC program has two categories: an initial six-month TMC category (Initial TMC) and an additional six-month TMC category (Additional TMC).

(a) Initial TMC:

(1) Initial TMC includes persons who were discontinued from AFDC due to any of the following:

(A) An increase in the earnings or hours from employment of the caretaker relative or principal wage earner.

(B) The loss of the AFDC earned income disregard by anyone in the family.

(2) To be eligible for Initial TMC, members of the family must have received an AFDC cash grant in at least three of the six months immediately preceding the month in which they became ineligible for AFDC and have a child living in the home.

(A) Family members are those who received AFDC in the prescribed period or who now live in the home and would have received AFDC if they had been in the home in the month the family was determined to be ineligible for AFDC. This also includes:

(1) Families deemed to be receiving AFDC because they are participating in work supplementation programs.

(2) An individual who is born, adopted into, or returns to a family after TMC begins.

(3) Individuals living in the household whose needs and income were included in determining the AFDC eligibility of the assistance unit at the time that the AFDC benefits were terminated.

(4) Individuals under AFDC sanction for failure to cooperate with GAIN or child/spousal

support, whose income, but not needs, were included in the AFDC assistance unit.

(5) Individuals whose needs and income would be taken into account in determining the AFDC eligibility of the caretaker relative's assistance unit if the family were applying in the current month.

(B) If an individual is eligible and chooses to be added to the TMC program, this individual must be included in the MFBU. TMC will begin for this family member at the time he/she is eligible to be added to the MFBU and will end when the family is no longer entitled.

(3) An individual who is a member of a family which received AFDC and is determined ineligible for AFDC because of fraud at any time during the last six months of AFDC shall not be eligible for TMC if the fraud determination is made prior to TMC being approved.

(4) Persons determined eligible for initial TMC shall be provided with the following information at the time of AFDC discontinuance:

(A) The family's right to initial TMC.

(B) Reasons why initial TMC may be terminated.

(C) Reporting requirements for receiving additional TMC.

(D) Circumstances which could result in termination of additional TMC.

(5) Beneficiaries eligible for initial TMC shall be provided a Notices of Action in the third and sixth month which include information about the family's option to receive additional TMC.

These notices also shall provide:

(A) Information on the reporting requirement under (c)(1).

(B) Information on the reporting requirements under (c)(2).

(C) Information on how the beneficiary may decline benefits for additional six month

TMC.

(6) The period of eligibility for Initial TMC begins with the month the family became ineligible for AFDC (including any months AFDC was incorrectly paid), and ends after six months unless the family no longer includes a child living in the home or does not maintain California residency.

(7) Prior to discontinuing Medi-Cal eligibility the county shall:

(A) Determine whether the family members are eligible to receive Medi-Cal under another program.

(B) Provide a timely notice of action, explaining the reasons for discontinuance.

(b) Additional TMC.

(1) Except as provided in subsections (b)(3) and (c)(2), a family is eligible for additional TMC benefits for a six month period if the family received initial benefits as provided by subsections (a), for the entire initial six month period.

(2) Persons determined eligible for additional TMC shall be provided a Notice of Action during the third month of additional TMC which includes information on the reporting requirements under (c)(2).

(3) Medi-Cal eligibility under this category shall be discontinued if any of the following occurs:

(A) The family no longer includes a child living in the home.

(B) The caretaker relative or principal wage earner had no earnings in one or more of the preceding three months, unless the unemployment is a result of one of the following:

1. Involuntary loss of employment.

2. Illness.

3. Other factors which are outside the beneficiary's control.

(C) The family's average gross monthly earnings as defined in Section 50503 less the actual costs for child care not reimbursed by the State or another source which are necessary for the employment of the caretaker relative or principal wage earner during the immediately preceding three-month period exceed 185% of the federal poverty level for the current family size.

(D) The family fails to meet the reporting requirements of subsection (c).

(E) The family fails to retain California residency.

1. If the family returns to California within a year after the AFDC benefits were terminated or suspended, the months of absence are counted as if the family had actually received TMC.

2. The family is eligible for any remaining months of TMC if all other requirements have been met.

(F) If a family loses eligibility for TMC and returns to AFDC, the family may be eligible for another year of TMC if they are discontinued from AFDC and they meet all requirements of this section. If they are not eligible for a new period of TMC, they may receive the balance of the initial or additional TMC months which were remaining prior to the return to AFDC if they meet the requirements of this section.

(3) Prior to discontinuing Medi-Cal eligibility under this category, the county shall provide a timely Notice of Action and determine whether the beneficiary is eligible for Medi-Cal under any other program or category.

(c) Reporting requirements:

(1) As a requirement for receiving additional TMC, the family shall provide the county Unless good cause exists, benefits under additional TMC shall be denied.

(2) As a requirement for continuing to receive additional TMC, the family shall provide the county department a status report by the 21st day of the first and fourth months of the additional

TMC period unless it is established that the family has good cause for failing to return the status report timely as specified in Section 50175. Unless good cause exists, benefits under additional TMC shall be discontinued.

(3) The status report shall include for each month:

(A) Information about any household changes including family composition, residence, employment, or child care providers.

(B) The gross monthly earnings of the family.

(C) The actual cost, paid by the caretaker relative or principal wage earner, for obtaining child care necessary for employment of the caretaker relative or principal wage earner.

Note: Authority cited: Sections 10725 and 14124.5, Welfare and Institutions Code.  
Reference: Sections 14005.7 and 14005.8, Welfare and Institutions Code; and Section 1396r-6, Title 42, United States Code.

Amend Section 50373(a)(1) to read:

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50373. Medi-Cal Family Budget Unit Determination, No Family Member in LTC or Board and Care.

(a) The MFBU for a family with no family member in LTC or board and care shall be determined in accordance with the following:

(1) Family members who are PA or Other PA recipients, except for persons eligible for Transitional Medi-Cal or four month ~~or nine month~~ continuing eligibility, shall not be included in the MFBU.

NOTE: Authority cited: Sections 10725 and 14124.5, Welfare and Institutions Code; Section 87 (c), Chapter 1594, Statutes of 1982; and Section 14, Chapter 1447, Statutes of 1984.  
Reference: Sections 14005.4, 14005.7 14005.8 and 14008, Welfare and Institutions Code- and Section 1396r-6, Title 42, United States Code.