

**County of San Diego, Health and Human Services Agency (HHSA)  
Medi-Cal Program Guide**

**Personal Property**

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**Revision Date:**

March 1, 2022

**Background:**

Different types of property are counted in the property reserve for Non-Modified Adjusted Gross Income (MAGI) Medi-Cal eligibility determinations. This section has been updated to incorporate guidance regarding the treatment of Medicare Set-Aside Accounts (MSA).

**Purpose:**

This section describes personal property, how it is treated, and how to determine market value. Requirements for when to verify non-exempt property are listed in Medi-Cal Program Guide (MPG) Article 9, Section 1.

**Policy:**

Any type of property may have an encumbrance. Encumbrances on all non-exempt property, which is considered in the property determination, must be verified.

**A. Individual Bank Accounts or Accounts Held with Family Members**

The entire non-exempt amount in checking and savings accounts to which the customer has unrestricted access will be included in the property reserve with the following limitations:

- Income received during a month and deposited in the month received is not considered property during that month.
- Reasonable amounts saved from a child's exempt earnings for future education or for other future identifiable needs are exempt as property. **NOTE:** "Reasonable" means a maximum of \$1,500 for purposes of this section.

**B. Joint Accounts**

Accounts held with people who are not family members (as defined in MPG Article 1) will be considered available in their entirety (excluding exempt funds) if the customer has unrestricted access to the funds, unless the customer presents evidence which clearly establishes that all or a portion of the funds are the property of a person who is not a family member.

If a withdrawal of funds from an unrestricted joint account is made by the person who is not the customer, the Human Services Specialist (HSS) can verify the funds were withdrawn by that other person and that the funds were the other person's property, those funds will not be counted in the property reserve.

When the customer has restricted access to an account such as accounts that require two signatures or accounts held in trust by someone other than the customer, only the funds available to the customer are included in the property reserve.

**C. Bank Account Verifications**

Bank account balance verification must show that the customer is property eligible in the month for which eligibility is being determined.

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This verification can be dated within the month for which eligibility is being determined or on the last day of the month immediately preceding this month.

Account balances must be verified prior to granting benefits by viewing one of the following and documenting the information in Case Comments:

- An account statement from the institution holding the funds.
- Signed correspondence from the institution holding the funds.
- A teller receipt from the institution holding the funds, if it contains all the following, the:
  - Complete account number.
  - Date.
  - Name of the individual who owns the account.
- A copy of an internet bank verification printout can be accepted if it contains all the following information:
  - Owner's name.
  - Bank/Financial institution name.
  - Date.
  - Complete account number.
  - Account balance.

**D. Pension Funds and Annuities**

Pension Funds are funds held in Individual Retirement Accounts (IRAs) or work-related retirement funds that are administered by an employer for providing income when employment ends (examples include pension, disability, or retirement plans administered by an employer, union, contractor of an employer or union, etc.).

Self-employed individuals may also have established a pension fund for themselves, sometimes referred to as KEOGH plans. Also, depending on the requirements established by the employer, some profit-sharing plans may qualify as retirement funds.

An annuity is a contract to make regular payments of a fixed or variable sum paid to an annuitant. An annuitant purchases an annuity with their property or property rights.

**Refer to MPG Article 9, Section 14, for treatment of annuities purchased after 8/11/1993.**

HSSs must treat Pension Funds or Annuities (annuities purchased prior to 8/11/1993) as follows:

- Funds held in the name of an ineligible or non-requesting applicant's spouse, community spouse, parent or parent's spouse are exempt.
- The balance of funds set up for periodic payments including principal and interest will be considered unavailable from the first of the month the applicant takes steps to begin payments as long as the applicant continues a good faith intent to receive payments. The periodic payments are treated as income.
- A lump sum payment will be considered property. The balance of the pension fund including principal and interest will be considered unavailable from the first of the month that the applicant takes the steps to receive lump sum payments as long as the applicant continues a good faith intent to receive payments.

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E. Achieving A Better Life Experience (ABLE) Accounts

1. General:

- ABLE accounts in California (CalABLE) allow disabled individuals to establish tax free savings accounts without losing eligibility to public benefits.
- Eligibility to ABLE accounts is determined by ABLE program administrators.
- ABLE account eligibility does not verify disability for Medi-Cal Eligibility purposes.
- ABLE accounts from other states are treated the same as CalABLE accounts for Medi-Cal purposes.

2. Property:

- All funds in an ABLE account are disregarded as property for Medi-Cal.
- Contributions to ABLE accounts count as spend-down of property.
- Distributions from an ABLE account are disregarded as property if used for a qualifying disability expense (QDE). There is no time limit for when the distribution must be spent, so it should be disregarded until spent on a non-QDE.
- Beneficiary reported distributions from an ABLE account that are spent on a non-QDE are included in the property reserve, but they can be spent down or returned to the ABLE account to bring the individual within property limits. It is the beneficiary's responsibility to report non-QDE distributions.

3. Income:

- Direct deposit contributions by the customer to the ABLE account are considered countable income in the month received (only counted once).
- Contributions to the ABLE account by a third party such as a trust or a gift are disregarded as income.
- Income earned on ABLE accounts (for example, interest) is excluded.

4. Verification:

Account statements from the CalABLE account is acceptable verification. If that is not available, obtain a release from the customer to contact the ABLE account administrator to verify the:

- State the account is from.
- Designated beneficiary.
- Account number.
- Open and close dates.
- Name of the person with signature authority.
- Account balance.

Self-attestation of the account is acceptable as a last resort if HSSs are unable to obtain the information via the above methods.

HSSs do not review all ABLE account transactions, or determine if:

- An individual is eligible to a CalABLE account.
- Lifetime contribution limits have been exceeded.
- The distributions are Non-QDE (take the beneficiary's statement).
- The distribution is taxable.

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- Distributions from a CalABLE account are non-QDE.

F. Cash on Hand

Cash on hand is included in the property reserve, unless it is income received in that month.

G. Computers

Personal computers used for business will be exempt as business property in MPG 9.8. Personal computers not used for business will be exempt as recreational items.

H. Disaster Assistance Funds

Disaster Assistance funds from federal, state, or local government agencies, or disaster assistance organizations are permanently exempt and do not count as income or property.

Interest earned on disaster assistance funds is exempt from income and from property. If the exempt funds have been commingled with nonexempt funds, interest accruing on the accounts must be prorated. Any interest payments resulting from the retention of disaster funds are also exempt. Individuals should be advised to retain these funds in a separate account, rather than commingling them with other resources, so the interest that accrues can be readily identified and exempted.

I. Federal Payments to Indians and Alaskan Natives

Federal payments made to Indians and Alaskan natives are handled as follows:

<b>Income Source</b>	<b>Treatment</b>
Payments received from the Federal Government under <u>Public Law 90-507</u> .	These payments are excluded from consideration as personal property when the total of non-exempt <u>personal property</u> , including such payments, does not exceed \$2,000 for each individual. Payments converted into other property are treated the same as the payments. However, if the property received through such a conversion is again converted, the property acquired is included in the property reserve unless otherwise exempt.
Payments received from the Federal Government under <u>Public Law 92-254</u> or <u>Section 6 of Public Law 87-775</u> .	These payments are exempt.
Per capita payments distributed according to any judgment of the <u>Indian Claims Commission</u> or the <u>Court of Claims</u> in favor of any Indian Tribe.	These payments are exempt.
Shares of stock and money payments made to Alaskan Natives under the <u>Alaskan Native Claims Settlement Act</u> .	These shares of stock and money payments are exempt if the payments or stock remain separately identifiable and not commingled with non-exempt resources. Property obtained from stock investments under the Act is not exempt.
Receipts derived from lands held in trust and distributed by the federal government to	These receipts are exempt. providing all the following conditions are met. The funds:

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members of the following Indian tribes:

- Bad River Band of the Lake Superior Tribe of Chippewa Indians of Wisconsin.
- Blackfeet Tribe, Blackfeet, Montana.
- Cherokee Nation of Oklahoma, Oklahoma.
- Cheyenne River Sioux Tribe, Cheyenne River, South Dakota.
- Crow Creek Sioux Tribe, Crow Creek, South Dakota.
- Lower Brule Sioux Tribe, Lower Brule, South Dakota.
- Devil's Lake Sioux Tribe, Fort Totten, North Dakota.
- Fort Belknap Indian Community, Fort Belknap, Montana.
- Assinboine and Sioux Tribes, Fort Peck, Montana.
- Lac Courte Oreilles Band of Lake Superior Chippewa Indians, Lac Courte and Oreilles, Wisconsin.
- Keweenaw Bay Indian Community, L'Anse, Michigan.
- Minnesota Chippewa Tribe, White Earth, Minnesota.
- Navajo Tribe, Navajo, New Mexico.
- Oglala Sioux Tribe, Pine Ridge, South Dakota.
- Rosebud Sioux Tribe, Rosebud, South Dakota.
- Shoshone-Bannock Tribe, Fort Hall, Idaho.
- Standing Rock Sioux Tribe, Standing Rock, North and South Dakota.
- Seminole Indians, Florida.
- Pueblos of Zia and Jemez, New Mexico.
- Stockbridge Munsee Indian Community, Wisconsin.
- Burns Indian Colony, Oregon.

- Are retained by the original recipient.
- Are not commingled.
- Can be separately identified as a proportionate share of the customer's property.

J. Hobbies

Items used for hobbies or collections such as gun collections, stamp collections, art, etc., are exempt as household items.

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K. Home Energy Assistance

Public Law 94-385 provides for a Low-Income Weatherization Assistance Program (LWAP) through the Department of Energy.

Public Law 97-35 provides for a Low-Income Energy Assistance Program (LIEAP) through the Department of Health and Human Services. LIEAP is composed of the Energy Crisis Intervention Program (ECIP) and the Home Energy Assistance Program (HEAP).

These programs provide payments either to the recipient or to vendors on behalf of the recipient for the purpose of home energy assistance (for example, heating, cooling, weatherization, blankets, storm doors, etc.). Do not consider these payments income or property.

L. Household Items

All items used to furnish and equip a home are exempt.

1. Supplemental Security Income (SSI) Property Rules:

Household Goods are defined as items of personal property, found in or near the home that are used on a regular basis; and items needed by the householder for maintenance, use and occupancy of the premises as a home for the following cases:

- Pickle.
- Disabled Adult Child.
- Disabled Widow(er).
- 250 Percent Working Disabled Program.

Examples include furniture, appliances, electronic equipment, personal computers, television sets, carpets, cooking and eating utensils, and dishes and these items are excluded from the property reserve, regardless of their value.

Items acquired or held because of their value or as an investment are not considered household goods or personal effects for purposes of this exclusion.

M. Income Tax Refunds

Income tax refunds are included in the property reserve. Income tax refunds may be verified by viewing any of the following:

- Tax refund check.
- Income tax return forms (540, 1040).
- Written correspondence from the State Franchise Tax Board or Internal Revenue Service.
- Actual Earned Income Tax Credit (EITC) payments or advance payments made by an employer are exempt property in the month following the month of receipt.

**NOTE:** You must document verification viewed in Case Comments.

N. Livestock and Poultry

- Livestock and poultry retained for personal use (for example, pets and riding horses) are exempt.

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- Livestock and poultry retained for profit are included in the property reserve unless they are exempt as business property in accordance with MPG Article 9, Section 8.

The net market value of livestock and poultry will be the net market value listed by the customer on the Statement of Facts, unless the HSS determines additional verification is required based on conflicting information.

If verification is required:

- Request the customer to submit three appraisals from persons or businesses dealing in livestock and poultry.
- Determine the average of these appraisals. The average will be the market value.
- Subtract any encumbrances of record from the market value.

O. Lump Sum Payments

1. Types of Payments.

The following is a list of nonrecurring lump sum payments:

- Annuities.
- Pensions.
- Retirement Payments.
- Disability payments from an employer or from insurance.
- Veteran's payments, which include:
  - Pensions based on need.
  - Compensation payments.
  - Aid and Maintenance payments.
  - Education assistance.
- Worker's Compensation, except for the amount determined unavailable according to MPG Article 10, Section 1.
- Railroad Retirement and any other payments made by the Railroad Retirement Board
- Unemployment Insurance Benefits.
- Retirement, Survivors, and Disability Insurance (RSDI) payments from the Social Security Administration (SSA).
- Reimbursement of Medicare premiums from SSA.

Note: This list is not all-inclusive, and each situation must be evaluated separately.

2. Treatment of Payments

The portion of the lump sum payment which is intended to cover the regular benefit payment for the month of receipt is income. The remainder of the lump sum payment is property, with the following exceptions:

- Settlement received from Worker's Compensation or other public or private insurance coverage.
- Retroactive SSI/SSP and SSA.
- Retroactive SSI/SSP Zebley Cash Awards.

These payments will be treated as listed in Sections 3, 4, and 5 below.

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3. Settlement Received from Worker's Compensation or other public or private insurance coverage  
A settlement received, from Worker's Compensation or other public or private insurance coverage, is exempt if not controlled by the customer.

No control exists if the customer does not have sole access to it or cannot dispose of it at will. This would be the case if the settlement check was made payable to someone other than the customer (attorney, physician, hospital, etc.) even though the customer's name was also on the check.

4. Retroactive SSI/SSP and SSA Lump Sum Payment.
- Retroactive SSI/SSP benefits are exempt and are not considered property.
  - Retroactive SSA benefits are not included in the property reserve for a period of nine months after the month in which they are received.
5. Retroactive SSI/SSP Zebley Cash Awards.  
Zebley cash awards to SSI/SSP beneficiaries are not included in the property reserve for a period of six months after the month in which they are received.

P. Medicare Set-Aside Accounts

An MSA is a financial agreement which allocates a portion of a workers' compensation settlement for future medical services expenses related to the workers' compensation injury, illness, or disease. For Medicare to pay for treatment related to the workers' compensation injury, illness, or disease, the customer must deplete funds in an MSA. MSAs are also known as Workers' Compensation Medicare Set-Aside Arrangement Accounts (WCMSA). Federal policy states that MSA settlements must be placed in an interest-bearing account separate from any other accounts such as a personal savings or checking account.

MSAs are considered exempt property and income as they are considered unavailable. Interest earned in these accounts however is considered countable income under interest earned.

When a customer identifies an account as an MSA, the HSS will request for supporting documentation to confirm the account is an MSA. HSS may request the following:

- A court order or letter which lays out the terms of the workers' compensation settlement.
- Account documents.
- A combination of settlement documents with account documents.
- If documentation is unavailable to verify an account is an MSA, a sworn statement signed and dated under penalty of perjury is acceptable as a last resort.

Once the account has been verified to be an MSA account, the following information must be documented in the case:

- Name of the financial institution for the account.
- Account number.
- Account balance.
- Date the account was opened/closed.
- Name of the person with signature authority on the account.
- Name of the account administrator.



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**Note:** Verification that an account is an MSA is a one-time occurrence and will not need to be verified at renewal however you will need to verify any interest earned as it is countable income.

HSS is **not** responsible for:

- Determining whether a customer is qualified to open an MSA account.
- Determining what medical expenses the account has been established to pay.
- Reviewing all MSA account transactions.
- Determining whether distributions are for qualified medical expenses.

Q. Maine Indian Claims Settlement Payments Act

These are payments to specific tribes or bands of Indians to settle their claims for ownership of land in the State of Maine. These payments are exempt.

R. Motor Vehicles

1. Exemption Criteria

One motor vehicle is exempt, the customer will be allowed to choose which vehicle is to be exempt with the following exceptions:

- Recreational and commercial vehicles are exempt under this section only if other motor vehicles are not available to provide transportation for the customer.
- Commercially licensed vehicles that are entirely for personal use cannot be considered commercial vehicles for Medi-Cal purposes. See MPG 09.08 for the treatment of business property.

2. Value Determination

The net market value of all non-exempt motor vehicles is included in the property reserve.

The net market value of a motor vehicle is determined by the following process:

<b>Step</b>	<b>Action</b>
1	Obtain the most current vehicle registration to identify the class code and the year the motor vehicle was purchased. This could be initial purchase of a new vehicle (year first sold) or resale date (*asterisk date), whichever is most recent.  If the class of motor vehicle is unknown or unavailable, the HSS or the customer will contact the State Department of Motor Vehicles (DMV) to determine the class or license fee of the motor vehicle. <b>NOTE:</b> Classic cars will have their value determined in the same manner as any other vehicle.
2	Determine the <i>Prior Year</i> by counting how many years back from the current year was the purchase year (for example, if 1988 is current year; purchase year 1984; the purchase year is 4 years prior to the current year).
3	Locate the <i>Prior Year</i> and class on the DMV License fee chart on <b>Desk Aid 101</b> to obtain the value needed for the Step 4.
4	Divide the chart value by .0115 to obtain the market value of the vehicle.
5	Subtract any verified encumbrances from the market value to obtain the net market value.

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If the customer disagrees with the market value determined by using the DMV license fee chart, use the following methods to determine the market value, including but not limited to the following:

- The market value determined by the wholesale "Kelley Blue Book."
- The market value determined by the "National Auto Dealers Association (NADA) Guide."
- An estimate of market value obtained by the customer from a disinterested knowledgeable source.

**S. Musical Instruments**

All musical instruments are exempt.

**T. Personal Effects**

1. The following items of personal effects are exempt:

- All items of clothing.
- The following jewelry items:
  - Wedding and engagement rings.
  - Heirlooms.
  - Any other item of jewelry with a net market value of \$100 or less.

Note: For institutionalized individuals and their community spouses only, all jewelry is exempt.

2. Non-Exempt Jewelry

The net market value of jewelry not exempted above will be included in the property reserve. Determine the net value of non-exempt jewelry by requiring the customer to submit at least one written appraisal of current market value by a jeweler, insurance adjustor, or personal property appraiser, or proof of the purchase price in the form of a sales slip which establishes the market value. Subtract any encumbrances of record from the market value to obtain the net market value.

3. SSI Property Rules

Clothing, personal jewelry, wedding and engagement rings, books, musical instruments, items of cultural or religious significance, prosthetic devices and wheelchairs are excluded from the property reserve regardless of value in the following case types:

- Pickle.
- Disabled Adult Child.
- Disabled Widow(er).
- 250 Percent Working Disabled.

**U. Recreational Items**

1. All recreational items are exempt except for recreational vehicles.

- Some examples include TVs, computers, DVDs, guns, and stereos.

2. Recreational Vehicles

The following recreational vehicles will be handled as motor vehicles as instructed in MPG 09.06.01.Q:

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- Motor homes.
- Snowmobiles.
- Boats, campers.
- Trailers.
- Golf vehicles.
- All-terrain vehicles.
- Motorbikes.

**NOTE:** The items listed above, which are assessed as real property by the county assessor of the county in which the property is located, and which are not exempt as a principal residence are considered other real property. They are treated in accordance with MPG Article 9, Section 5.

The net market value of boats, campers, and trailers, including mobile homes, which are not assessed as real property by the county assessor, will be included in the property reserve unless exempt as either of the following:

- A principal residence.
- A vehicle used for transportation.

**NOTE:** Only one principal residence and one vehicle for transportation can be exempt.

3. Verification

The market value of boats, campers, and trailers, including mobile homes, will be verified, and determined by obtaining any of the following:

- County Assessor market value.
- DMV's license fee chart market value.
- An estimate of market value obtained by the customer from a disinterested knowledgeable source.

When using the DMV License Fee chart for mobile homes, the net market value is determined by the following process:

<b>Step</b>	<b>Action</b>
1	Obtain the most current registration to identify the class code and the year the mobile home was purchased. This could be initial purchase of a new vehicle (year first sold) or resale date (*asterisk date), whichever is most recent.
2	Determine the <i>Prior Year</i> by counting how many years back from the current year was the purchase year (for example, if 1988 is current year; purchase year 1984; the purchase year is 4 years prior to the current year).
3	Locate the Current or <i>Prior Year</i> and class on the DMV License fee chart on <b>Desk Aid 113</b> to obtain the value needed for the Step 4.
4	Divide the chart value by .0115 to obtain the market value of the vehicle.
5	Subtract any verified encumbrances from the market value to obtain the net market value.
6	If the customer disagrees with the market value determined by using the DMV license fee chart, use the following methods to determine the market value, including but not limited to:

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|--|---|
|  | <ul style="list-style-type: none"><li>• The market value determined by the wholesale "Kelley Blue Book."</li><li>• The market value determined by the "National Auto Dealers Association (NADA) Guide."</li><li>• An estimate of market value obtained by the customer from a disinterested knowledgeable source.</li></ul> |
|--|---|

**NOTE:** Use the original purchase price of the item if the customer does not wish or is unable to provide three appraisals, or the market value cannot be determined. The net market value will be the market value less any encumbrances.

V. Relocation Assistance

Relocation Assistance payments are exempt from consideration as both income and property. Relocation Assistance payments should be retained separately identifiable. It is the customer's responsibility to maintain records or other means of distinguishing the relocation assistance payments if these payments are commingled with other funds.

**NOTE:** Interest earned from these funds is not exempt.

W. State Hearing Payments

Payments made to beneficiaries by the California Department of Social Services (CDSS) for late favorable State Hearing decisions are considered public assistance grants and are exempt as both income and property in the month of receipt. Any unexpended payment will be considered property in the month following the month of receipt.

X. Stocks, Bonds, and Mutual Funds

Stocks, bonds, and mutual funds are included in the property reserve. The value of these items is the closing price on the date the property is evaluated.

Verify by viewing any of the following:

1. Certificate
2. Signed statement from the issuing institution which must include:
  - A description of the investment.
  - Number of shares owned.
3. Copy of an internet printout which must include:
  - Owner's name.
  - Name of the financial institution.
  - Date.
  - Complete account number.
  - Account balance.

Determine the value by doing either of the following:

- Contacting a recognized stock exchange broker to establish the current selling price of the property.
- Establishing the current selling price of the property through listings in a current newspaper or online.

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Y. Stocks Held by Natives of Alaska

Shares of stock in a regional or village corporation held by natives of Alaska for a 20-year period during which the stock cannot be conveyed, transferred, or surrendered are exempt. Follow the verification procedures outlined in 09.06.22.

Z. United States Savings Bonds

United States Savings Bonds are included in the property reserve. The value of these bonds is the amount for which they can be redeemed.

Verify prior to granting benefits by viewing the bond. Contact any bank or institution where the bonds can be redeemed to obtain the current value. Case comments must document the verification obtained.

AA. Time Shares and Campground Memberships

Time shares, campground memberships, etc. which do not have a real property deed and assessment are treated as personal property. MPG Article 9, Section 5 describes the treatment of real property. Unless otherwise exempt, the verified value is included in the property reserve.

BB. Cash Payments for Medical and Social Services

1. Treatment

Cash received by a customer specifically for a medical or social service (defined below) is exempt as property for one calendar month following the month of receipt.

<b>Service</b>	<b>Definition</b>
Medical Services	Services which are directed toward diagnostic, preventive, or therapeutic treatment of a medical condition and which are performed by a state licensed health professional.
Social Service	Service which is intended to assist a handicapped or socially disadvantaged individual to function in society on a level comparable to that of an individual who does not have such a disadvantage.

If it is unclear that the total cash payment is for a medical or social service, verify how much of the cash payment is specifically for a medical or social service.

<b>Examples</b>	
1	A Worker's Compensation payment may include regular monthly income plus an additional amount for a medical examination. The amount for the medical examination would be exempt in the month following its receipt.
2	Medical or social service agencies such as the American Red Cross, Easter Seals, and the Shriners may make payments for medical and social services as well as for other purposes. The amount specifically for social and medical services must be verified, and it is exempt. The excess is counted as unearned income in the month of receipt.

2. One Month Exemption

The one-month exemption does not apply to:

- Cash payments made to reimburse the beneficiary for services already paid.
- Payment for work performed as a participant in a sheltered workshop.

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- Incentive payments to encourage individuals to participate in specific medical or social service programs.
- Cash from any agency or insurance policy which pays a flat rate benefit without regard to the actual expenses incurred. Examples of these types of agencies are Unemployment Insurance Benefits, Workers Compensation, Monthly Social Security, and Vocational Rehabilitation Benefits.

CC. Veteran's Educational Assistance Program

The Post-Vietnam Veterans Education Assistance Program (VEAP) is a contribution-matching program for persons entering active military service after December 31, 1976. People on active military duty voluntarily contribute to the VEAP fund and may be eligible to receive educational benefits from the Veteran's Administration (VA) upon discharge from the military. The VA contributes \$2 for every \$1 contributed by the veteran. The veteran may elect to withdraw their contribution but forfeits the matching VA funds by doing so.

When a veteran voluntarily withdraws their contribution, the amount is considered personal property upon withdrawal, since the withdrawal from VEAP means that the funds are no longer earmarked specifically for educational purposes.

DD. Payments to Victims

1. National Socialist Persecution Victims

Payments received by an individual who was persecuted based on race, religion, physical or mental disability, or sexual orientation from Nazi Germany or any other Axis regime, or any other Nazi controlled, or Nazi-allied country are exempt.

Interest included as part of the payment is exempt, however interest earned on the payments is included in the property reserve including payments to the heirs or the estate of the individual.

If the exempt funds are commingled with non-exempt funds, it is the beneficiary's responsibility to distinguish which are the excluded funds. Once the funds are spent, conversion regulations detailed in MPG 09.07.01 apply.

2. Victims of Crime

Payments made under the California Victims of Crime program are exempt as property for the nine-month period beginning after the month the payment was received.

EE. Japanese American and Aleutian Restitution Payments

Restitution payments from the United States federal government or, effective January 1, 2000, from the Canadian government, to Japanese-Americans (or their survivors) and Aleuts, who were interned or relocated during World War II, are exempt if they are not spent and are identifiable.

**NOTE:** Effective January 1, 2000, when these payments have been converted to another form, exempt the amount of property equal to the amount of restitution payment received.

FF. Austrian Social Service Payments

1. Treatment

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Payments that were made based on wage credits under Paragraphs 500-506 of the General Social Insurance Act (GSIA), to individuals who suffered a loss, presumably due to unemployment, resulting from the individual's imprisonment, flight from Austria, or other reasons relating to political, religious, or ethnic persecution during the period from March 1933 through May 1945, are exempt from property to the extent that they are kept identifiable.

<b>If the interest is ...</b>	<b>Then it is ...</b>
Included as part of the payment,	Exempt from the property and income budget.
Earned from these exempt funds,	Included in the property reserve in the month following the month of receipt.

**NOTE:** If these exempt funds are commingled with other non-exempt funds, it is the customer's responsibility to distinguish which are the exempt funds. The exemption does not carry over to whatever has been purchased with these exempt funds. The property acquired shall be included in the property reserve, unless otherwise exempt.

2. Verification

The beneficiary must present at least one of the items below:

- Award Letter from an Austrian pension insurance agency.
- Check copy of stub showing in Austrian pension payor.

**NOTE:**

The award letter may be written in German in favor of the customer and will contain the language: ***"Die Beguenstigungsvorschriften fuer geschaedigte aus politischen oder religioesen gruenden oder aus gruenden der abstammung wurden angewendet (500ff ASVG)."***

Translation:

***"The regulations which give preferential treatment for persons who suffered because of political or religious reasons or reason of origin were applied (500ff ASVG)."***

If the beneficiary cannot produce the award letter or a check stub copy, then they must make a reasonable attempt to obtain it. If they are unable to obtain it, they may attest under penalty of perjury that they qualify and what deposits represent the payment.

GG. Susan Walker v. Bayer Corporation Payments

The Susan Walker v. Bayer Corporation court settlement is a result of a class action lawsuit involving individuals who received contaminated blood products in the process of medical treatment. Payments received under this settlement are exempt from property consideration if the funds are kept identifiable. Interest earned from those funds is not exempt.

HH. Restricted Accounts of CalWORKs Recipients

1. Treatment

Up to a total of \$5,000, held in one or more qualifying restricted accounts by CalWORKs recipients, is exempt as property. These accounts must be maintained at a financial institution such as a bank or credit union and may not be commingled with other accounts.

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2. Qualifying Accounts

To establish a qualifying restricted account a restricted account agreement form (CA 86) must be completed and signed by both the CalWORKs recipient and the CalWORKs HSS as outlined in CPG 42-200 J. Once established, a restricted account is exempt for Medi-Cal purposes if:

- At least one person in the family continues to receive CalWORKs benefits.
- The restricted account agreement is not terminated.

**Note: A restricted account may not be established by a Medi-Cal only customer.**

3. Qualifying Withdrawals

Withdrawals from restricted accounts are considered qualifying and exempt when they meet criteria outlined in CPG 42-200 J.

4. Good Cause

Good cause exists when situations beyond the Assistance Unit's (AU) control occur as outlined in CPG 42-200 J.

5. Non-Qualifying Withdrawal

If an HSS determines that a non-qualifying withdrawal as outlined in CPG 42-200 J has been made and good cause was not found to exist, the funds withdrawn are no longer exempt.

Consider the amount withdrawn minus interest paid and withdrawn during the month of receipt property in the property reserve.

Any interest paid and withdrawn in the month of receipt shall be considered unearned income.

NOTE: Evaluate any property purchased with withdrawn funds to determine if it is exempt or nonexempt.

6. New Medi-Cal Family Budget Unit (MFBU) Members

When an MFBU is determined over property because of a non-qualifying withdrawal, and good cause is not found to exist:

<b>Step</b>	<b>Action</b>	
1	Give the MFBU members adequate time to reduce nonexempt property as outlined in MPG 9-1-12.	
	<b>If ...</b>	<b>Then ...</b>
	the excess nonexempt property is not spent down following adequate notice	go to Step 2
	subsequently, new members are added to the MFBU	go to Step 3
2	All MFBU members no longer eligible because of excess property are to be made inactive in the case.	
3	Consider the excess property resulting from the non-qualifying withdrawal exempt in determining the eligibility of the new MFBU members, until the excess funds are spent down.	



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**7. Excess Balance**

If accumulated interest results in an account balance more than the \$5,000 limit:

<b>Step</b>	<b>Action</b>						
1	Encourage the owner to withdraw the excess interest. <table border="1" data-bbox="493 478 1230 596"> <thead> <tr> <th><b>If ...</b></th> <th><b>Then ...</b></th> </tr> </thead> <tbody> <tr> <td>Withdrawn,</td> <td>The interest will remain exempt.</td> </tr> <tr> <td>Not withdrawn,</td> <td>Go to Step 2.</td> </tr> </tbody> </table>	<b>If ...</b>	<b>Then ...</b>	Withdrawn,	The interest will remain exempt.	Not withdrawn,	Go to Step 2.
<b>If ...</b>	<b>Then ...</b>						
Withdrawn,	The interest will remain exempt.						
Not withdrawn,	Go to Step 2.						
2	Consider the funds more than \$5,000 nonexempt.						
3	Issue adequate ten-day notice for adverse action if the MFBU is over the property limit and is no longer eligible.						
4	Include the interest payments as income in the month accrued.						
5	If the interest payment is still retained in the account in the month following the month of receipt, then it is to be included in the property reserve.						

**II. National Defense Authorization Act of 1997 Payments**

Payments made because of the National Defense Authorization Act of 1997 to persons captured and interned by North Vietnam are exempt as income and property.

Recipients are sent a letter from the Office of the Assistant Secretary of Defense that identifies the payment as having been made in accordance with the National Defense Authorization Act of 1997.

**JJ. CalWORKs Diversion Payments**

The CalWORKs Diversion Program provides one-time payments to families who appear eligible to CalWORKs. These payments are to enable a family member to accept a job offer, or continue in their current job, and thus avoid the need for public assistance. Payments received under this program are exempt as income and property.

**KK. Ricky Ray Hemophilia Relief Fund Act Payments**

Payments received under the Ricky Ray Hemophilia Relief Fund are for individuals with blood-clotting disorders, who contracted Human Immunodeficiency Virus in the process of medical treatment, due to contaminated blood products. Payments received from this fund are exempt as property.

**LL. Radiation Exposure Compensation Trust Fund Payments**

The Radiation Exposure Compensation Trust Fund provides payments to individuals who were exposed to fallout emitted from nuclear testing in Nevada during the 1950's and for a brief period in 1962. Payments received from this fund are exempt as property.

**MM. Payments Received for the Replacement of Exempt Property**

Any cash or in-kind items received from any source for purposes of replacing **exempt** property that is lost, damaged, or stolen is exempt property in the month of receipt. This includes:

- Payments for temporary housing.
- Interest received from these payments.

These payments remain exempt for nine months from the date of receipt.

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If any of the money received for the repair or replacement of exempt property has not been spent or contracted for the repair or replacement of the exempt property, within the nine-month exemption period it becomes countable property following the nine-month exemption period.

If the customer still intends to repair or replace the exempt property and has not yet done so the nine-month exemption period can be extended for up to an additional nine months if the customer can show good cause. Good cause exists when circumstances beyond the customers control prevent the repair, replacement, or contracting for the repair or replacement of exempt property.

Verify:

- The money has been used by viewing the bank statements or contract for repair or replacement of the exempt property by the end of the exemption period.
- Payments received by a customer for the repair or replacement of any lost, damaged, or stolen exempt property. The verification must show the:
  - Payment source.
  - Value.
  - Date.
  - Intended purpose of the item(s) received, including whether any cash is received for a purpose other than the repair or replacement of lost, damaged, or stolen property.

**NOTE:** If the customer cannot provide the necessary verification, obtain the information over the phone from the person or entity providing the payment, and narrate the findings in the case record.

NN. Individual Development Account (IDA)

1. Overview

IDAs are trust accounts established by and for individuals eligible under the CaWORKs Program. Funds retained and interest accrued in IDAs are exempt when evaluating for Medi-Cal eligibility. Earned income and income tax refunds are the only type of income, which may be deposited into an IDA, and become exempt property.

**NOTE:** There is no income exemption for earnings prior to their deposit into an IDA.

2. Trust Account Status

An IDA trust account may be established only for the following specific purposes:

	<b>Purpose</b>
<b>Postsecondary Educational Expenses</b>	Postsecondary educational expenses paid from an IDA directly to an eligible educational institution.
<b>First Home Purchase</b>	Qualified acquisition costs with respect to a qualified principal residence for a qualified first-time homebuyer and if paid from an IDA directly to the person(s) to whom the amounts are due.
<b>Business Capitalization</b>	Business capitalization expenses paid from an IDA directly to a business capitalization account, which is established in a federally insured financial institution and is restricted to use solely for qualified business capitalization expenses.

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The trustee must be a qualified entity defined as either of the following:

- Not-for-profit organization that is exempt from taxation under Section 501(c) or 501(a) of the Internal Revenue Code.
- State or local government agency acting in cooperation with a not-for-profit organization described above.

**3. IDA Verification**

Before determining the IDA exempt, verify that the individual was eligible to CalWORKs at the time the IDA was established. A copy of the IDA trust documents, and verification of deposits and withdrawals must be filed in the case record.

**4. Length of Exemption**

The IDA remains exempt if funds are maintained in the IDA whether the individual or any family member remains eligible for CalWORKs. If funds are withdrawn for any other purpose than is listed in Section 2, the amount withdrawn is to be counted as property.

**OO. IHSS Plus Waiver Income**

The income received under the In-Home Supportive Services (IHSS) Plus Waiver is exempt as property in any month after the month of receipt for Medi-Cal purposes. These exempt payments include:

- Caretaker wages that are paid to a parent of an IHSS Plus Waiver minor child recipient for services provided to that child (for the purposes of this exemption, a minor child is defined as a child up to age 21).
- Caretaker wages that are paid to a spouse of an IHSS Plus Waiver recipient for services provided to that recipient.
- Restaurant meal allowances supplied by IHSS.
- The advance payment made to IHSS Plus Recipients to pay their caregivers directly for services provided under IHSS Plus Waiver.

**PP. In-Home Caregiver Wages**

Effective January 01, 2005, in-home caregiver wages received by a spouse or parent for care of a spouse or minor child in receipt of federal, state, or local government in-home services program are exempt as property for Medi-Cal purposes. This exemption includes payments received by a parent or spouse of an IHSS Residual recipient. For exemption, a minor child is defined as a child under 21.

**QQ. In-Home Care Services Payments**

Effective January 01, 2005, payments made by CDSS to an in-home care recipient for the purpose of purchasing in-home care services, including restaurant meals, shall be exempt as property for Medi-Cal purposes.

**References:**

ACWDLs 87-34, 88-46, 89-46, 89-85, 89-112, 92-08, 92-32, 92-35, 92-36, 92-38, 95-23, 95-75, 96-48, 96-55, 98-05, 98-50, 99-04, 00-03, 00-14, 01-20, 01-65, 02-51, 03-50, 05-28, 09-61, 11-17, 21-26  
CCR, Title 22 0451, 50167, 50402, 50412, 50423, 50427, 50453, 50453.5, 50456, 50457, 50461, 50463, 50465, 50467, 50469, 50471, 50487  
MEPM 4M, 9B, 9C, and 9E

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**Sunset Date:**

This policy will be reviewed for continuance by March 31, 2025.

**Approval for Release:**

Handwritten signature in blue ink, followed by the date "3-8-22".

Rick Wanne, Director  
Self-Sufficiency Services