



## Consumer Alert: Treatment of Disaster Assistance and Insurance Payments for Medi-Cal Eligibility

This alert is to inform those consumers who are on Medi-Cal -- either traditional Medi-Cal or MAGI, the adult Medicaid expansion program through the Affordable Care Act -- who were impacted by the recent fires.

This alert contains information about Medi-Cal beneficiaries' rights regarding receipt of disaster assistance and insurance payments, as well as information on assistance available for those wishing to apply or recertify for Medi-Cal.

### Treatment of Insurance Payments:

Insurance payments, (including funds received for the purchase of temporary housing) received for the purpose of replacing or repairing exempt property that is lost, damaged or stolen is exempt property in the month of receipt and is exempt property for nine months from the date of receipt. The initial nine month period shall be extended for a reasonable period up to nine months where the county finds that the individual has good cause for not repairing, replacing or contracting for the repair or replacement of exempt property. Note: Given the circumstances with the Paradise fires, we were informed that the Department will build in great flexibility with this policy since it is likely to be some time before residents can rebuild – if they can rebuild. Please let CANHR know if you have any problems with extensions being granted.

(Source: Medi-Cal Eligibility Procedures Manual 9M)

### Traditional Medi-Cal: Treatment of Disaster Relief Payments

For those on traditional Medi-Cal, either in the community or in a nursing home, receipt of disaster assistance funds from federal, state or local government agencies, or disaster assistance organizations, are **permanently exempt** and shall not be counted as income or property. ([All County Welfare Director's Letter 92-08](#)). These exemptions are mandated by the Disaster Relief and Emergency Assistance Act of 1974 (Public Law 93-288, Public Law 95-171 and Public Law 101-107.) Interest earned on funds exempt under this provision is exempt from income and from property, unless commingled with nonexempt funds, in which case the interest will be prorated. ([All County Welfare Director's Letter 92-08](#)). **Note:** Gift cards of any amount are also exempt as income and as property.

## **MAGI Eligibility – Treatment of Disaster Relief Payments**

Under MAGI, most disaster assistance received by disaster victims of federally recognized disasters are exempt as income. Whether the payments are exempt depends on the source of the payment.

Payments individuals receive from charitable organizations (not employer sponsored) as a result of a disaster or emergency hardships are considered gifts and are excluded from the gross income of the tax household. Note: Gift cards of any amount are also exempt as income and as property.

- Payments from insurance in federally declared disaster areas are exempt as income.
- Payments disaster victims receive from federal or state government that are based on need are exempt.
- Payments to disaster victims of qualified disasters from federal, state or local government are also exempt.
- A qualified disaster is defined by federal tax law as a disaster that:
  - Results from terrorist or military actions
  - Results from an accident involving a common carrier
  - Is a Presidentially declared disaster
  - Is an event that the Secretary of the Treasury determines to be catastrophic

See [All County Welfare Director's Letter 15-36](#) for more information on the treatment of disaster relief payments.

## **Processing Medi-Cal Applications from Individuals Affected by Disasters**

Counties are reminded that they shall accept application and renewal forms and information through all available channels including in-person, online, mail, fax, and telephone. Counties should use self-attestation, when appropriate, electronic verification, and ex parte to attempt to confirm eligibility. In situations where the applicant or beneficiary is unable to provide the necessary verifications due to the unusual circumstances such as earthquake, fire, flood or other natural disasters, Title 22, CCR §50167(c) provides that a signed and dated affidavit, under penalty of perjury can be used in place of the requested verification documentation. Additionally, counties are reminded that applicants who do not have a fixed address may provide a written statement indicating that they are a resident of the state.

Counties may wish to remind applicants of where immediate temporary Medi-Cal eligibility may be obtained. Persons with severe or immediate medical needs should be advised of resources such as Presumptive Eligibility (PE) programs available through participating hospitals, PE for pregnant women providers, and Child Health Disability Prevention Program providers. However, it is important to expedite the eligibility determinations whenever possible for any Medi-Cal applicant or beneficiary who has immediate medical needs and has been impacted by the disaster. ([All County Welfare Director's Letter 15-36](#)).

### **Natural Disaster Talking Points – Medi-Cal Applications**

The Department of Health Care Services (DHCS) collaborated with federal partners and other States' Medicaid programs to develop talking points to provide special instructions, guidance, and resources to the affected population. The talking points include information for applicants and beneficiaries about requirements on how to apply and/or how to access services. The talking points also include information for providers in California and providers in other states or territories affected by natural disasters. See talking points included in [Medi-Cal Eligibility Division Information Letter 17-16](#).

Please contact the CANHR office at (800) 474-1116 if you have questions about this alert.