



*California's Protection & Advocacy System  
Toll-Free (800) 776-5746*

## Lump Sum Payments and Medi-Cal Eligibility

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**Note: This publication contains general information only. Everyone's situation is different. Be sure to consult an attorney or advocate knowledgeable in these matters for advice on your specific situation.**

Many people have questions about how a nonrecurring lump sum (one-time-only) payment will affect their Medi-Cal eligibility. This publication describes how lump sum payments affect eligibility for certain Medi-Cal programs for seniors and persons with disabilities. It explains what happens to your Medi-Cal when you receive a one-time or lump-sum payment, and when and whether an unspent lump-sum payment counts as a resource in the following month.

This publication will not cover Medi-Cal programs available to other groups such as pregnant women or CALWORKS-linked Medi-Cal.<sup>1</sup> Nor will it cover information on SSI linked Medi-Cal and other Medi-Cal programs that treat lump sum payments the same as the SSI program.<sup>2</sup> For the latter

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<sup>1</sup> See Dept. of Health Care Services, All-County Welfare Directors' Letter (ACWDL) No. 92-03. – [\(Return To Main Document\)](#)

<sup>2</sup> These programs are SSI-linked Medi-Cal, Section 1619(b), Pickle, Disabled Adult Child (DAC), and Medicaid widow/widower or surviving divorced spouse. See e.g. Dept. of Health Care Services, All-County Welfare Directors' Letter (ACWDL) Nos.: 09-61 and 09-62; 42 U.S.C. § 404(e), (f); 42 U.S.C. § 1383(c), (d). – [\(Return To Main Document\)](#)

group see our SSI lump sum publication at: [Lump Sum Payments and SSI Eligibility](#)

The Affordable Care Act expanded the number of people who can get Medi-Cal under the Modified Adjusted Gross Income (MAGI) Medi-Cal program. As with other Medi-Cal programs we discuss below, this program has its own Medi-Cal eligibility criteria and rules on how it treats a lump sum payment. We will address this in question 13, below.<sup>3</sup>

## **What is a non-recurring lump sum payment?**

A nonrecurring lump sum payment is a one-time payment of a benefit or any other cash or property that can be converted to cash to provide food or shelter. It does not include the amount of money you normally get in a month.<sup>4</sup> For example, does not include your monthly Social Security check but would include a check for back benefits.

## **You said that this publication applies only to certain Medi-Cal programs for seniors and persons with disabilities. What are they?**

They are:

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<sup>3</sup> For more information on MAGI Medi-Cal see our publication at [What is Adult Expansion/ MAGA Medi-Cal?](#); Also see Western Center on Law & Property's March 2016 Manual "Getting and Keeping Health Coverage for Low-Income Californians," accessed May 22, 2018, [Getting and Keeping Health Coverage for Low-Income Californians](#). – [\(Return to Main Document\)](#)

<sup>4</sup> 22 C.C.R. § 50064.5. – [\(Return to Main Document\)](#)

- Aged and Disabled Federal Poverty Level Program (A&D FPL)<sup>5</sup>,
- The Working Disabled Program<sup>6</sup>; and
- Aged, Blind & Disabled Medically Needy (ABD-MN)<sup>7</sup>.

## How do I find out what Medi-Cal program I am on?

Each Medi-Cal program is assigned an aid code. Ask your county Medi-Cal eligibility worker for your aid code. Or, when you go to a pharmacist, ask that your Medi-Cal card – called a BIC for “Beneficiary Identification Card” – be swiped to tell you your aid code or codes.<sup>8</sup>

## Why does it matter if I get a lump sum?

Each Medi-Cal program has its own eligibility criteria, including meeting income and resource rules. Receiving income (after allowable deductions for a particular Medi-Cal program) may cause you to lose eligibility under that program and be moved to the ABD-MN program with a share of cost.

As for resources, again, it depends on what Medi-Cal program you are on. Most programs allow you to have no more than \$2,000 in total nonexempt countable resources for a single person and \$3,000 for a married couple at

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<sup>5</sup> See Disability Benefits 101, "[Medi-Cal: The Details](#)", accessed May 22, 2018, - ([Return To Main Document](#))

<sup>6</sup> See Disability Benefits 101, "[Medi-Cal: The Details](#)," accessed May 22, 2018. – ([Return To Main Document](#))

<sup>7</sup> See Disability Benefits 101, "[Medi-Cal: The Details](#)," accessed May 22, 2018. – ([Return To Main Document](#))

<sup>8</sup> For an index of aid codes see [Dept. of Health Care Services Aid Codes Master Chart](#). – ([Return To Main Document](#))

some time during the month.<sup>9</sup> For each additional family member, Medi-Cal-only programs have a higher resource limit.<sup>10</sup> This means that if you receive countable income that will become a countable resource in the following month, you must spend down to the \$2,000 (\$3,000) countable resource level before the *end* of the following month in order to remain eligible for Medi-Cal. However, you can reestablish Medi-Cal eligibility retroactive to the first of that month if you spend down your resources before the end of that month.<sup>11</sup>

## **What is the difference between income and resources (property)?**

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<sup>9</sup> 20 C.F.R § 416.202(d); 22 C.C.R §§ 50420(a), 50195(c)(2); *See also* [California Health and Human Services Agency, "Medi-Cal General Property Limitations,"](#) , p. 1., April 2014, accessed May 23, 2018. – [\(Return to Main Document\)](#)

<sup>10</sup> 22 C.C.R § 50420(a). - [\(Return to Main Document\)](#)

<sup>11</sup> Coverage for months prior to the month of application can be covered even though there are excess resources in the retroactive month if the amount of resources above the limit is used to pay medical expenses. [California Health and Human Services Agency, "Medi-Cal General Property Limitations,"](#) , p. 2-3, April 2014, accessed May 23, 2018, *see also* ACWDL No. 97-41, implementing *Principe v. Belshe*. - [\(Return to Main Document\)](#)

Generally, income is money or in-kind assistance,<sup>12</sup> you receive during a month to meet your food and shelter needs.<sup>13</sup> Income can be earned<sup>14</sup> or unearned.<sup>15</sup> And, only income or resources that are available are considered.<sup>16</sup>

Things and services paid for directly by someone else and which are not in-kind income for food or shelter is not considered income.<sup>17</sup> So the following kinds of gifts would not affect your countable income for purposes of Medi-Cal: grocery items not food (paper products, cleaning and laundry supplies), pet food and vet care, telephone bills, internet and cable fees, taxi vouchers, yard work, magazine or newspaper subscriptions.

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<sup>12</sup> “In-kind” assistance means nonmonetary assistance that meets your shelter, utilities or food needs instead of money. Unlike SSI, the Medi-Cal program only counts in-kind assistance if it meets *all* of your needs for shelter or utilities or food in a month. 22 C.C.R § 50509. – [\(Return to Main Document\)](#)

<sup>13</sup> Welf. & Inst. Code § 14006(c), 42 C.F.R § 435.601, 22 C.C.R § 50451. – [\(Return to Main Document\)](#)

<sup>14</sup> 22 C.C.R § 50503. – [\(Return to Main Document\)](#)

<sup>15</sup> 22 C.C.R § 50507. – [\(Return to Main Document\)](#)

<sup>16</sup> 22 C.C.R. §§ 50501(b), 50513 (“available income”), 50515 (defining “unavailable income”). – [\(Return to Main Document\)](#)

<sup>17</sup> 20 CFR § 416.1103(g). – [\(Return to Main Document\)](#)

Usually, resources (or property)<sup>18</sup> are cash or other things you own that you could sell or convert to cash, such as a house, stocks, bank accounts, or real property.<sup>19</sup>

Countable income (after allowable deductions) and resources are used to determine your eligibility for Medi-Cal. Exempt income and resources are not used in determining your eligibility for Medi-Cal.<sup>20</sup>

## **What are exempt income and resources?**

Some items are not counted as income or a resource at all. Disaster relief or relocation assistance received from federal, state or local governments is an example.<sup>21</sup> Certain Indian judgment funds are another example.<sup>22</sup> Certain tax credits<sup>23</sup> such as the Earned Income Tax Credits (EITCs)<sup>24</sup> are also exempt. You can look up a list of exempt income for Medi-Cal eligibility relevant for programs where eligibility is based on age or disability at 22 C.C.R. §§ 50523- 50544. Here is a list of exempt resources under the SSI

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<sup>18</sup> The SSI program uses the term “resources” to describe this and the Medi-Cal-only programs use the term “property” to describe the same thing. Throughout this memo, we will use the term “resources.” - ([Return to Main Document](#))

<sup>19</sup> 22 C.C.R §§ 50073, 50074. – ([Return to Main Document](#))

<sup>20</sup> 22 C.C.R §§ 50418, 50521. – ([Return to Main Document](#))

<sup>21</sup> 22 C.C.R § 50535.5. – ([Return to Main Document](#))

<sup>22</sup> 22 C.C.R § 50537. – ([Return to Main Document](#))

<sup>23</sup> See also 22 C.C.R §§ 50454.5, 50523.5. – ([Return to Main Document](#))

<sup>24</sup> Exempt in month received: 22 C.C.R § 50543.5. Exempt in the month following receipt: 22 C.C.R § 50449. – ([Return to Main Document](#))

program that are also exempt under the Medi-Cal programs for persons with disabilities and seniors: [POMS SI 01110.210](#).

## **I am going to receive a lump sum payment. How will that affect my Medi-Cal?**

It depends on what kind of payment you are going to receive.

### **Retroactive Social Security or SSI payments**

Any payment from Social Security that is not a regular SSI payment or Social Security Disability or Retirement Insurance Benefit (DIB or RIB) monthly benefit payment is a retroactive payment and considered exempt income in the month of receipt and not included in your property reserve for nine months thereafter.<sup>25</sup>

### **IHSS payments**

Retroactive IHSS benefits examples include money you receive:

- If you apply and are found eligible for IHSS but there is delay in starting the payments to your provider (or to you if you qualify for advance pay)<sup>26</sup>, or

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<sup>25</sup> 22 C.C.R. § 50455 indicates that the exemption period is six months, but see, [California Health and Human Services Agency, Dept. of Health Care Services letter, December 28, 2009, accessed May 23, 2018](#). – [\(Return to Main Document\)](#)

<sup>26</sup> If you qualify for IHSS/Medi-Cal personal care services as someone who meets the definition of severely disabled and you or your representative are able to handle the process of making and keeping track of the payments you make directly to your provider, you are entitled to receive at the first of the month money to pay your providers directly. Welf. & Inst. Code § 12304(a). The advance payment is exempt income. 20 C.F.R. § 416.1103(b)(3)(ii). – [\(Return to Main Document\)](#)

- If you appeal, the number of hours authorized and win because the fair hearing concluded the county social worker did not authorize all the hours you need.

### **IHSS payments made to ineligible spouses or ineligible parents**

An “ineligible” parent or spouse means they are not receiving Medi-Cal benefits. An IHSS retroactive lump sum payment made to an ineligible parent or spouse, who provides services to their minor child or spouse, is exempt income—in other words it is not deemed to or counted against to the eligible child or spouse, and thus does not affect the recipient child or spouse’s eligibility.<sup>27</sup>

Remember, income becomes a resource the month after you receive it; therefore, an IHSS retroactive lump sum payment made to an ineligible parent or spouse is an excluded resource the month following the month of receipt.<sup>28</sup> However, it counts as a resource the second calendar month following receipt and would be deemed to the spouse or child if it was a retroactive lump-sum IHSS payment.<sup>29</sup> For example, if a retroactive IHSS payment is made to an ineligible spouse in January, the payment will be an excluded resource in February, but a counted resource in March for both SSI and Medi-Cal.

If an ineligible spouse or parent receives in-home supportive services payments for services provided to anyone other than his/her eligible

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<sup>27</sup> 22 C.C.R. § 50527. – [\(Return to Main Document\)](#)

<sup>28</sup> 22 C.C.R. § 50451. – [\(Return to Main Document\)](#)

<sup>29</sup> 20 C.F.R. § 416.1201(a)(3); P.O.M.S. SI 01120.112(B)(1), available at [SI 01120.112 Retroactive In-Home Supportive Services Payments to Ineligible Spouses and Parents.](#) – [\(Return to Main Document\)](#)

spouse or eligible child, the payments are included as income subject to deeming.<sup>30</sup>

### **IHSS payments made to recipient**

Retroactive IHSS payments to you as the IHSS recipient will be exempt income in the month you receive it and an exempt resource for the next month. After that if not yet paid out, the money will become a countable resource.<sup>31</sup>

### **Nonrecurring lump-sum social insurance payments**

Nonrecurring lump-sum social insurance payments such as railroad retirement benefits, veterans' benefits, worker's compensation, and disability insurance benefits are countable resources in the month you receive them.<sup>32</sup> They will not affect Medi-Cal eligibility if your total countable resources do not exceed \$2,000 at any time during the month you receive the payment.<sup>33</sup>

### **Replacement of income or a resource**

Some items you receive have already been counted as income once in one form or another. In order to avoid double counting, these items are not

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<sup>30</sup> See [P.O.M.S. SI 01320.175](#). – [\(Return to Main Document\)](#)

<sup>31</sup> 20 CFR §§ 416.1103(b), 416.1201(a)(3), 416.1161(a)(16); See, [SI 01120.112 Retroactive In-Home Supportive Services Payments to Ineligible Spouses and Parents](#). – [\(Return to Main Document\)](#)

<sup>32</sup> 22 C.C.R §§ 50455, 50507. – [\(Return to Main Document\)](#)

<sup>33</sup> 22 C.C.R § 50420; [California Health and Human Services Agency, "Medi-Cal General Property Limitations," April 2014, accessed May 23, 2018](#), p. 1. – [\(Return to Main Document\)](#)

counted as income. For example, tax refunds are exempt from income.<sup>34</sup> In addition, some items you receive are not income but a resource. For example, proceeds from the sale, exchange or replacement of a resource (such as the sale of a car) are not income but are a resource.<sup>35</sup>

If you receive cash for the purpose of repairing or replacing an excluded resource, such as your home, that has been lost, damaged, or stolen, you have 9 months from the date you receive the cash to repair or replace the resource.<sup>36</sup> This can be extended for an additional 9 months if you show good cause.<sup>37</sup> Otherwise, the cash becomes a countable resource.<sup>38</sup> The cash also becomes a countable resource if you change your intent to repair or replace the property.<sup>39</sup>

### **All other lump sum payments**

If you are going to receive any other kind of a lump sum payment (for example, an inheritance, a gift, a life insurance payment, or a bonus from work) it will be countable income in the month you receive it and a countable resource in the following month.<sup>40</sup>

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<sup>34</sup> 22 C.C.R § 50523.5. – [\(Return to Main Document\)](#)

<sup>35</sup> 22 C.C.R §§ 50406, 50407. – [\(Return to Main Document\)](#)

<sup>36</sup> 20 C.F.R. § 416.1232(a). – [\(Return to The Main Document\)](#)

<sup>37</sup> 20 C.F.R. § 416.1232(b). – [\(Return to The Main Document\)](#)

<sup>38</sup> 20 C.F.R § 416.1232(a). – [\(Return to the Main Document\)](#)

<sup>39</sup> 20 C.F.R § 416.1232(d). – [\(Return to the Main Document\)](#)

<sup>40</sup> 20 C.F.R §§ 416.1104 (SSI counted income), 416.1120 (SSI unearned income), 416.1207 (SSI resource determinations); 22 C.C.R §§ 50451, 50455 (Medi-Cal Lump Sum Payments); see also [P.O.M.S. SI 00810.410 Infrequent of Irregular Income Exclusion](#). – [\(Return to the Main Document\)](#)

## **What if someone gives me a plane ticket? A car? A house? Money to attend school?**

If you are given a *noncash* gift of something that would qualify as a resource if you keep it, then the gift does not count as income or as a resource if you keep it.<sup>41</sup>

A *plane ticket for domestic travel* received as a gift is not counted as income or a resource unless cashed in or sold.<sup>42</sup> If cashed in or sold, then the money received is treated as income in the month cashed in or sold. A plane ticket received as a gift for nondomestic travel is counted as income or resource if kept to the next month. However, if the ticket for nondomestic travel cannot be cashed in or sold with the money going to you, then it is not counted as income or treated as a resource because the value of the ticket is not available to pay for food or shelter.

A *gift of a car* in a case where you do not have a car would not be treated as income in the month received and would be treated as an

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<sup>41</sup> 42 C.F.R. § 416.1103(j): “Any item you receive (except shelter other than a gift of a as defined in § 416.1130 or food) which would be excluded as a resource ... if you kept it, is not income.” –[\(Return to Main Document\)](#)

<sup>42</sup> 42 U.S.C. § 1382a (b)(15); 20 CFR §§ 416.1124(c)(16), 416.1161(a)(19). As set out in the regulations, “domestic travel” includes travel to U.S. territories such as the Virgin Islands. – [\(Return to Main Document\)](#)

exempt resource beginning in the following month.<sup>43</sup> This is because if you receive something that would count as an exempt resource in the following month, it would not count as income in the month received. If the car would be a second vehicle, and the second vehicle would not be exempt because you use it at work per ACWDL No. 91-28 , then it would count as in-kind income to the extent its net cash value exceeded your resource allowance.

A *gift of a house* or a condominium or other housing unit including a trailer that you will be using as your home will be subject to the in-kind income under the SSI presumed maximum value (PMV) rules in the month you receive it.<sup>44</sup> In subsequent months, the house will be treated as an exempt resource. Under Medi-Cal rules, the value of in-kind income for a one-person household would be capped at \$111, a two-person household at \$150.<sup>45</sup> If you receive the gift of a house that you will not be using as your home, then the amount you would receive if you sold it, after deducting the cost of selling it or getting it ready to sell, is the income. Sometimes a house is considered not available because it can't be sold because of hardship<sup>46</sup> to other owners living in the home or other reasons.<sup>47</sup> Or the house is not available because the Medi-Cal beneficiary does not have the legal right to sell or selling would require litigation.

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<sup>43</sup> Exclusion of one vehicle: 22 CCR § 50461; 20 C.F.R. § 416.1218. – [\(Return to Main Document\)](#)

<sup>44</sup> 20 CFR §§ 416.1140, 416.1141. The amount of in-kind income attributed as a result of the Presumed Maximum Value rule is 1/3 the amount of the Federal Benefit Rate plus the \$20 general income deduction. In 2018, that equals \$260. – [\(Return to the Main Document\)](#)

<sup>45</sup> 22 C.C.R. §§ 50509(a). 50511(a)(2), (d)(1)(A)-(B). – [\(Return to the Main Document\)](#)

<sup>46</sup> See, [POMS SI 01130.130](#). – [\(Return to the Main Document\)](#)

<sup>47</sup> 22 C.C.R. § 50402; POMS SI 01120.010, [POMS SI 01120.010](#). – [\(Return to the Main Document\)](#)

*A gift of money to be used for education* or any other source of funds – i.e., grants, scholarships, etc. – whose use is limited to the costs of receiving an education such as books, fees, tuition, cost of a tutor, etc. – is exempt as a resource for 9 months after the month of receipt and therefore is not considered to be income in the month received.

**My Social Security Disability Insurance benefits total \$1200 and I qualify for Medi-Cal with no share of cost under the Aged & Disabled FPL program. I just received \$100 from my aunt for my birthday. I am afraid that will make me ineligible for Medi-Cal for this month.**

Your countable income based only on your SSDI income is \$1180 (\$1200 less the \$20 any-income deduction<sup>48</sup>) per month, which is below the A&D FPL 2018 program income cap of \$1242 a month for an individual. Because the gift from your aunt is considered irregular or infrequent unearned income within the meaning of 22 CCR § 50542(a) because it is income not received more than twice per quarter and income that cannot be reasonable anticipated, the first \$60 is exempted. Thus, only \$40 of the gift is counted and therefore your countable income would be \$1220, still below the 2018 income cap.<sup>49</sup>

Even if the gift brought you over the income cap in one month, your benefits would continue for at least one month to permit a redetermination as required by Welf. & Inst. Code § 14005.37 and, assuming the gift did not put you over your resource limit the following month, your Medi-Cal benefits would continue unchanged.

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<sup>48</sup> 22 CCR § 50549.2. –([Return to the Main Document](#))

<sup>49</sup> The SSI rules are more restrictive in that the extra irregular or infrequent income deduction applies if the income is only once per quarter plus no extra deduction if income from the same source is received the quarter before or after even if in a different quarter. 20 CFR § 416.1124(c)(6).

– ([Return to the Main Document](#))

## **When do I have to tell Social Security or the county welfare department about the lump sum payment?**

You have to tell the county welfare department about the income within 10 days after you receive it.<sup>50</sup> For example, if you receive the payment on December 5, you must tell the county welfare department about it by December 15.

*Note:* We recommend that you report your income (and how you spent it) in writing and submit the income to the county in person. Take a copy of what you submit with you and ask that it be date-stamped. Keep your receipts of how you spent the money because the county may ask for these as proof that you spent the money and do not have it hidden under your mattress, for instance.

### **Why do I have to tell the county welfare department about the lump sum?**

The county welfare department has to determine your eligibility for benefits. If you receive a lump sum and keep it into the following month, it may put you over the countable income and/or resource limit for that month making you ineligible for Medi-Cal or placing you on the ABD MN program perhaps with a share of cost. Therefore, the county welfare department is going to want to know how you spent the money.

### **How can I spend down the nonrecurring lump sum?**

One option may be to spend money on something that will be an exempt resource. Examples of exempt resources are a home, a car, household goods and personal effects, property essential for self-support, term life

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<sup>50</sup> Welf. & Inst. Code 14005.37(h); 22 C.C.R § 50185(a)(4). – ([Return to the Main Document](#))

insurance, a burial plot and burial insurance, or set money aside in a Plan to Achieve Self Support (PASS).<sup>51</sup>

Another option may be to put some or all of the money in what is called an OBRA Trust – such as in a pooled trust – so you can use the money to improve the quality of your life without losing your benefits.<sup>52</sup>

You can also establish a Special Needs Trust.<sup>53</sup> Changes in Special Needs Trusts law now makes it possible for the disabled trust beneficiary to establish such a trust for him or herself, instead of requiring the disabled beneficiary's parent, grandparent, legal guardian, or a court to establish such a trust.<sup>54</sup> This change is effective for trusts established on or after December 13, 2016.<sup>55</sup> It is important to note that the trust must be created for the beneficiary before they reach 65 years of age.<sup>56</sup>

To find out more about these and other options, we suggest you contact California Advocates for Nursing Home Reform – [CANHR Long Term Care Justice and Advocacy](#) – for advice and referral to an attorney specializing in these areas.<sup>57</sup>

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<sup>51</sup> 22 C.C.R. §§ 50418, 50425-50489, 50551.5; [California Health and Human Services Agency, “Medi-Cal General Property Limitations,” April 2014, accessed May 23, 2018.](#) – [\(Return to the Main Document\)](#)

<sup>52</sup> 22 C.C.R. § 50489 *et seq.*, ACWDL Nos: 95-75 and 06-24. – [\(Return to the Main Document\)](#)

<sup>53</sup> 22 C.C.R. § 50489.9. – [\(Return to the Main Document\)](#)

<sup>54</sup> ACWDL No. 17-13. – [\(Return to the Main Document\)](#)

<sup>55</sup> *Id.* – [\(Return to the Main Document\)](#)

<sup>56</sup> 42 U.S.C. § 1396p(d)(4)(A). – [\(Return to the Main Document\)](#)

<sup>57</sup> Go here for more information: [CANHR Long Term Care Justice and Advocacy](#). – [\(Return to the Main Document\)](#)

**You may also check the California State Treasurer website for information about CalABLE accounts. See, California State Treasurer.<sup>58</sup> If you became disabled before age 26, you may be able to save up to \$14,000 per year, and up to \$100,000 total in a tax-advantaged savings account called the ABLE account before your SSI or Medi-Cal is impacted.<sup>59</sup> This means that if you save money in an ABLE account, the countable resource limits will not apply to you for SSI or Medi-Cal and you get to have up to \$100,000 in the account. Also, you can have both an ABLE account and a Special Needs Trust.**

Distributions from your ABLE account do not count as income, and you can use the money from your ABLE account to spend on qualifying expenses, such as housing, transportation, and healthcare.<sup>60</sup> Another benefit of an ABLE account is that you can receive a distribution from the account and it will not be counted as a resource as long as you are retaining the amount to pay for a non-housing related qualified disability expense.<sup>61</sup> For example, if you withdraw \$500 from your account in June to pay for an anticipated medical expense occurring in September, the \$500 will not be counted as a resource for June, July, August, or September.<sup>62</sup>

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<sup>58</sup> See also, [CalAble Providing People With Disabilities Greater Financial Security](#) and [CalAble Program – Frequently Asked Questions](#) for more information. – [\(Return to the Main Document\)](#)

<sup>59</sup> 26 U.S.C. § 529A; available at [P.O.M.S. SI 01130.740](#). – [\(Return to the Main Document\)](#)

<sup>60</sup> See, [P.O.M.S. SI 01130.740\(C\)](#). – [\(Return to the Main Document\)](#)

<sup>61</sup> See, [P.O.M.S. SI 01130.740\(C\)\(5\)\(a\)](#). – [\(Return to the Main Document\)](#)

<sup>62</sup> See, [P.O.M.S. SI 01130.740\(C\)\(5\)\(c\)](#). – [\(Return to the Main Document\)](#)

## What if I am on MAGI Medi-Cal and receive a lump sum?

Generally, non-taxable income under IRS rules is not counted when determining financial eligibility under MAGI. This means that any non-taxable income, such as an inheritance will not count towards your MAGI income.<sup>63</sup> Scholarships or fellowship grants not used for living expenses are excluded from income.<sup>64</sup> For a more complete list of what is and is not counted towards your MAGI, please see Medi-Cal Eligibility Division Information Letter (MEDIL) No. I 17-09.<sup>65</sup> Neither MAGI nor the Targeted Low-Income Children's program has a resource/asset limit.<sup>66</sup> It is recommended that you do not report any income until it is actually received.

Taxable income that is received as a lump sum - such as gambling or lottery winnings, prizes or awards, employee back pay awarded in a settlement, retroactive unemployment insurance benefits, retroactive social security and railroad retirement benefits, or a lump sum distribution from a qualified retirement plan from the deceased's employer - is considered income only in the month it is received.<sup>67</sup> After that first month, it will not count as a resource or "asset". If you receive a disability pension that you paid for (versus a disability pension paid for by an employer), that income does not count because that income is exempt from income taxes. If you meet the IRS rules explained here - [IHSS/Live-in-provider-Self-Certification Information](#) - your IHSS income does not count because exempt from income taxes (but not from Social Security or Medicare taxes).

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<sup>63</sup> See, [Medi-Cal Eligibility Division Information Letter No.: I 17-09](#). -[\(Return to the Main Document\)](#)

<sup>64</sup> 42 C.F.R. § 603(e)(2). - [\(Return to the Main Document\)](#)

<sup>65</sup> MEDIL I 17-09. - [\(Return to the Main Document\)](#)

<sup>66</sup> 42 C.F.R. § 603(g). -[\(Return to the Main Document\)](#)

<sup>67</sup> 42 C.F.R § 435.603(e)(1); MEDIL I 17-09.- [\(Return to the Main Document\)](#)

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