

CMSP Letter No.: 20-03
Issue Date: May 18, 2020



TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: TREATMENT OF CERTAIN INCOME RECEIVED UNDER THE
FEDERAL CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY
ACT (P.L. 116-136)

The purpose of this CMSP All County Letter is to provide instruction to counties regarding certain unemployment benefits provided as a result of recent passage of H.R. 748, The Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law No. 116-136) and the treatment of these benefits for CMSP eligibility determination purposes. The guidance in this letter is effective March 27, 2020.

Section 2102—Pandemic Unemployment Assistance

Section 2102 provides for Pandemic Unemployment Assistance (PUA), which extends unemployment benefits for individuals who exhaust their regular unemployment benefits or their Pandemic Emergency Unemployment Compensation, and whose households have been directly impacted by COVID-19 in various ways. This section also expands unemployment benefits to individuals that are generally not eligible for unemployment benefits, including self-employed individuals, business owners, independent contractors and freelancers.

Further, Section 2102 extends the time period for which an individual can receive unemployment benefits from 26 weeks to 39 weeks.

- CMSP Eligibility Rule: For CMSP eligibility, the regular portion (taxable portion) of unemployment benefits received under Pandemic Unemployment Assistance will be counted as income in the eligibility determination. Please refer to Section 8-014 of the updated CMSP Eligibility Manual.

Section 2107—Pandemic Emergency Unemployment Compensation

Section 2107 provides for Pandemic Emergency Unemployment Compensation (PEUC), which is an extension of unemployment benefits for individuals who exhaust their regular unemployment benefits. An individual has exhausted their benefits either when the person has received all regular compensation available based on employment or wages during their base period; or, when the person's rights to compensation have been terminated due to the expiration of the benefit year under which the rights to compensation existed.

- CMSP Eligibility Rule: For CMSP eligibility, the regular portion (taxable portion) of unemployment benefits received under Pandemic Emergency Unemployment Compensation will be counted as income in the eligibility determination. Please refer to Section 8-014 of the updated CMSP Eligibility Manual.

Section 2104—Emergency Increase in Unemployment Assistance

Section 2104 provides for Federal Pandemic Unemployment Compensation (PUC), which is a weekly \$600 amount provided in addition to other unemployment benefits. This emergency payment increase is available until July 31, 2020.

- CMSP Eligibility Rule: For CMSP eligibility, this \$600 weekly payment is disregarded and will not be counted in the eligibility determination. Please refer to Section 8-043.5 of the updated CMSP Eligibility Manual.

Section 2201—Recovery Rebates

Section 2201 provides for one-time tax rebates of up to \$1200 for each adult and \$500 for each child to eligible households.

- CMSP Eligibility Rule: For CMSP eligibility, these Recovery Rebates (also known as economic impact payments or stimulus payments) are disregarded and will not be counted as income in the eligibility determination. Furthermore, these one-time tax rebates are exempt as property for 12 months from receipt of the rebate. Please refer to Section 8-043.5 of the updated CMSP Eligibility Manual.

The CMSP eligibility rules described above conform with eligibility rules adopted by the California's Medi-Cal program for MAGI and non-MAGI Medi-Cal eligibility. C-IV and CalWIN are modifying the enrollment systems to conform with these changes. Please find attached "track changes" of the CMSP Eligibility Manual sections. The entire CMSP Eligibility Manual is available for download at <https://www.cmspcounties.org/county-forms/>.

If you have any questions regarding the treatment of these types of income, please contact Alison Kellen, Program Manager at akellen@cmspcounties.org.

Thank you,



Kari Brownstein
Administrative Officer

Attachments

8-014. Gross Unearned Income

Gross unearned income includes:

- A. Old Age, Survivors, and Disability Insurance (OASDI) payments from the SSA. If benefits are being reduced to offset a previous Overpayment use the gross amount less the overpayment reduction as income.
- B. Annuities, which are sums paid yearly or at other specific intervals in return for payments of a fixed sum by the annuitant.
- C. Pensions.
- D. Retirement payments.
- E. Disability payments from an employer or insurance except for State Disability Insurance benefits considered to be earned income under Section 8-011.
- F. Veteran's payments which include:
 - 1. Pensions based on need.
 - 2. Compensation payments.
 - 3. Educational assistance.

NOTE: The Aid and Attendance portion of Veteran's payment is considered a third party payment and is exempt.

- G. Workers' compensation, except for any amount determined to be unavailable in accordance with Sections 8-014 (I) and 8-018 or for temporary workers' compensation payments considered to be earned income under Section 8-011.
- H. Railroad retirement or any other payments made by the Railroad Retirement Board.
- I. Unemployment Insurance Benefits.
 - 1. If benefits are being reduced to offset prior Overpayments the net amount of benefits will be used.
 - 2. Coronavirus Aid, Relief, and Economic Security (CARES) Act related benefits shall be treated as follows:
 - A. The regular (taxable portion) of Pandemic Unemployment Assistance (PUA) provided under Section 2102 of the CARES Act shall be counted as income.
 - B. The regular portion (taxable portion) of Pandemic Emergency Unemployment Compensation (PEUC) benefits provided under Section 2107 of the CARES Act shall be counted as income.

C. Refer to Section 8-043.5 for CARES Act income exemptions.

- J. Proceeds from a Life Insurance policy which are in excess of the lesser of:
 - 1. \$1,500.
 - 2. The amount expended on the insured person's last illness and burial expenses.
- K. Other insurance payments.
- L. Loans, which do not require Repayment.
- M. Gifts.
- N. Nonexempt child support, whether provided voluntarily or by court order.
- O. Alimony payments.
- P. Inheritances, which are in the form of cash, securities, or other liquid assets.
- Q. Contributions from any source.
- R. Prizes and awards.
- S. Net income from the rental, real, or Personal Property, which is not considered gross earned income in accordance with Section 8-011.
- T. Dividends.
- U. Interest payments from any source, including trusts, trust deeds, and contracts of sale.
- V. Royalties including, but not limited to, payments to a holder of a patent or copyright for the use of the invention, or to the owner of a mine, oil well, or similar holdings for the extraction of the product or other use.
- W. Income from a PA or Other PA Recipient, which is not used to determine the Recipient's eligibility.
- X. Incentive payments or training allowances under WIA.
- Y. Proceeds from Indian Gaming.
- Z. Any other income, which is available to meet current needs in accordance with Section 8-017.
- AA. Any of the items specified in (J) through (Z) if received as a lump sum payment.

8-043. Earned Income Tax Credit

The actual Earned Income Tax Credit (EITC) payment received by a CMSP person shall be exempt as income whether received as a tax refund or an advance payment.

8-043.5. CARES Act

A. Recovery Rebates (also known as economic impact payments or stimulus payments) provided under Section 2201 of the CARES Act shall be exempt as income. Furthermore, these one-time tax rebates of up to \$1200 for each adult and \$500 for each child are exempt as property for 12 months from receipt of the benefit.

B. Pandemic Unemployment Compensation (PUC), the weekly \$600 amount increase, provided under Section 2104 of the CARES Act shall be exempt as income in the CMSP eligibility determination. Refer to Section 8-014 for other types of unemployment compensation which are counted as income.

8-044. Earnings of a Child Under Age 14

Earnings of a Child under 14 years of age shall be exempt.