

REDRESS UPDATE

by Priscilla Ouchida

The following pertains ONLY to those who are on public assistance and/or the Medi-Cal program. Medi-Cal is California's public health system. Eligibility is limited to those who are deemed to be impoverished, and is a welfare program. Medi-Cal is NOT to be confused with the federal Medicare program which is available to all Social Security recipients.

Redress payments will **NOT** affect a person's eligibility for either public assistance or Medi-Cal. However, any interest or investment income earned on the \$20,000 **WILL BE COUNTED AS INCOME** and may reduce the amount of any public assistance benefits or affect a person's eligibility for public assistance and Medi-Cal benefits.

There are **NO** spending limitations on redress payments - a person can purchase anything they want without being penalized. However, any assets, including property, can be claimed by the State after the death of a Medi-Cal recipient.

There is a short window period in which a person can transfer their money to another person. The money can be given away ONLY during the month in which the money is received, and the month immediately after the month of receipt. The following table lists deadlines for giving away money. Redress money cannot be transferred to any other party after the window period has passed.

Money received in October 1990	Deadline for transfer 11/30/90
Money received in November 1990	Deadline for transfer 12/31/90
Money received in December 1990	Deadline for transfer 1/31/91
Money received in January 1991	Deadline for transfer 2/28/91

Any money left unspent or which has not been transferred to another person at the time of a person's death can be claimed by the State. Under the Medi-Cal Recovery Act, the State can recover any Medi-Cal costs it has incurred on behalf of a person from that person's estate.

Redress money should not be comingled with other assets, or should be kept identifiable in the event there is any question about the source of the income.

In light of the Department's policy on redress payments, those who are on public assistance and/or Medi-Cal should be aware of the following:

1. Any investment or interest income they will receive will most likely reduce their benefits by the amount of any such income. In effect, any such income will replace their public assistance benefits, not add to them. For example, a person is currently receiving \$600 in public assistance benefits. He plans to invest his redress money and begins to receive \$200 per month in investment income. The State will view this investment income as "income" for eligibility purposes, and will reduce public assistance benefits to \$400 to reflect the additional income.
2. If a person is on Medi-Cal and wants to leave the money to their children, grandchildren or a favorite charitable organization, they must transfer the money to them immediately. They can have as little as 31 days to make such a transfer. Following that time, they will not be able to give their money away.
3. If person is on Medi-Cal, he/she will not be able to will his/her redress money away. The State of California will have first crack at their estate, and given the high cost of medical care, will probably deplete any remaining redress money leaving very little, if any, for heirs.

For further information or clarification, call Priscilla Ouchida at (916) 445-7931.