

# USDA Discrimination Financial Assistance Program (DFAP) Awards and Medi-Cal

The information below is for the farmers and ranchers who applied for and received a one-time, lump-sum award from the United States Department of Agriculture (USDA) under the USDA Discrimination Financial Assistance Program (DFAP). DFAP was created to address the consequences of prior discrimination by USDA in USDA farm lending. This general information will help people who receive these USDA DFAP awards understand the potential impact of such money on Medi-Cal coverage.

The USDA DFAP Award may affect your Medi-Cal eligibility. Everyone's situation is different. Be sure to consult an attorney or advocate knowledgeable about Medi-Cal in your state for advice.

See below for a list of resources.

## What is Medi-Cal?

Medi-Cal (called Medicaid in other states) is a joint federal and state program that helps cover medical costs for Californians with limited income. The federal government has general rules that all state Medicaid programs must follow, but each state runs its own program. This means eligibility requirements and benefits can vary from state to state.

## How could my USDA DFAP award affect my Medi-Cal?

Depending on the category of Medi-Cal that you have, your USDA DFAP award could increase your countable income in the month you receive it. Your Medi-Cal eligibility is based on having limited income. Depending on the category in which you are eligible for Medi-Cal, the DFAP award may or may not impact your eligibility in the month it is received.

## When is my USDA DFAP award considered “income?”

The USDA DFAP award is “income” in the month you receive it. Income is any item an individual receives in cash or in-kind that can be used to meet their need for food or shelter. Medi-Cal eligibility depends on both earned and unearned income. Earned income includes payment for work. Unearned income is all other income, such as retroactive benefits or a settlement payment. The DFAP award is unearned income in the month you receive it. This is unlikely to have any practical effect on you if you are already getting Medi-Cal.

## When is my USDA DFAP award considered a “resource” or “asset?”

A resource or asset is something you own, such as a bank account, land, or personal property that could be used or sold to get money for food or shelter. In California, Medi-Cal does NOT have asset limits. Therefore, keeping the DFAP award beyond the month of receipt will not make you ineligible for Medi-Cal. Please note that if you receive SSI or other public benefit programs that have asset limits, keeping your USDA DFAP may impact eligibility for those programs. If you have any concerns about the impact of the DFAP award on your Medi-Cal or other public benefit programs, please see the resources section below to learn of local and free assistance to advise you.

## What are the Medi-Cal income and asset limits for different Medi-Cal eligibility categories?

How the USDA DFAP award affects your Medi-Cal eligibility depends on the category of your Medi-Cal eligibility.

- Individuals who have Medi-Cal because they are aged, blind or disabled, and are not receiving Supplemental Security Income (SSI), typically will receive no-cost Medi-Cal if countable monthly income remains at or below \$1,732 for an individual or \$2,352 for a couple. The USDA DFAP award will be considered income only in the month of receipt. This may impact Medi-Cal eligibility for that one month. There are no asset limits for these categories of Medi-Cal.
- If you are eligible for Medi-Cal because you are on the SSI (Supplemental Security Income) program, your benefits are subject to an asset limit. You may lose your SSI benefits if you keep your USDA DFAP after the month you receive it and the total value of your countable assets exceed the SSI program asset limit. You may still qualify for no cost Medi-Cal.

- For others on Medi-Cal (e.g. those under 65 years old, who are not blind nor have a disability), the USDA DFAP award will count in the month of receipt and will be considered as a part of your annual taxable income. These categories of Medi-Cal, called Modified Adjusted Gross Income or MAGI Medi-Cal, are determined by looking at taxable income with some modifications. For most, receipt of the USDA DFAP should not impact their Medi-Cal eligibility given that the USDA DFAP award will not continue to be distributed each year.
- If you are on Medicare and Medi-Cal pays ONLY your Medicare premiums, there are still no asset limits. These programs are called the Medicare Savings Programs (MSPs). In California, the annual income limit is \$20,121 for an individual or \$27,214 for a couple.

**WARNING: If the USDA DFAP award increases your assets, AND you are receiving Medicaid because you are over age 65, blind or disabled and get SSI, AND you do not spend down to the allowable limit, you will become ineligible for Medicaid.**

## **What can I do to avoid or lessen the impact of the USDA DFAP award on my Medi-Cal?**

For most people who receive Medi-Cal, the USDA DFAP award will not have a significant impact on their benefits. If you are receiving Medi-Cal because you are also receiving SSI benefits, you can avoid or lessen the impact of the USDA lump-sum award by spending the money on an exempt resource. Examples of exempt resources include buying a home, car, household good or personal effects, property essential for supporting yourself, life insurance, a burial plot and burial insurance.

For example, if you use the USDA DFAP payment to pay off a mortgage, pay off credit card or other debt, make home improvements or repairs, purchase a burial plot or plan, or trade in a car for a new one, you can spend down the amount of money necessary to be under the resource limit. **DO NOT GIVE THE MONEY AWAY.** Penalties and overpayments can occur if Social Security Administration determines that you did not reduce your excess asset according to the rules.

## **Do I need to report the USDA DFAP award to Medi-Cal?**

Yes. You should report the amount received directly to your local county Medi-Cal office as soon as you can, but no later than 10 days after receipt.

## How do I get information from Medi-Cal about my benefits?

You can find the contact information for your local county Medi-Cal office at the Department of Health Care Services (DHCS) website at <https://www.dhcs.ca.gov/services/medi-cal/Pages/CountyOffices.aspx> or by calling (800) 541-5555.

## Where can I find more resources related to the impact of the USDA DFAP award on my Medi-Cal?

For questions about the USDA DFAP awards and where to go for more information about the impact on other benefits, call the Health Consumer Alliance (HCA) at 1-866-834-3536. You will be prompted to enter your preferred language and ZIP code and then be routed to free local assistance.

If you need more information about CalFresh benefits, you may be referred to a CalFresh specialist within the HCA partner's office or another free legal service provider in your area.

Also, you can learn more about how the USDA DFAP awards affect SSI, Medicaid (federally) and CalFresh (SNAP) by visiting: <https://www.nlada.org/USDA-DFAP/payment-recipients>. State-specific information and resources are listed.

Many USDA DFAP award recipients can request brief legal advice through the ABA Free Legal Answers platform at <https://abafreelegalanswers.org/>. You will need to select the state where you live and provide income and asset information to determine eligibility for free legal advice, which is generally available to people with household income below 250 percent of the federal poverty guidelines. When answering questions about your assets, do not include your USDA DFAP award. Once you are approved, you can create an account to ask a question and get advice from a volunteer attorney.

You can also contact the legal aid office that serves your community. Not all legal aid programs can assist with these kinds of questions, and they only serve people who meet financial and other eligibility requirements. You can look up your local legal aid at <https://www.lsc.gov/about-lsc/what-legal-aid/i-need-legal-help>.

Additional resources and information are available at <https://www.nlada.org/USDA-DFAP/award-recipients>.

For general questions about your USDA DFAP award, contact the DFAP Call Center at 1-800-721-0970.