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GAVIN NEWSOM
Governor

Office of AIDS (OA)
AIDS Drug Assistance Program (ADAP)

Management Memorandum
Memorandum Number: 2019-27

DATE: October 25, 2019
TO: ADAP ENROLLMENT WORKERS
SUBJECT: ADAP INCOME POLICY UPDATES

The purpose of this memo is to inform ADAP Enrollment Workers about ADAP income policy updates, which includes the Franchise Tax Board (FTB) review process, new acceptable income documentation, and the updated Eligibility Exception Request (EER).

Background

For the purpose of verifying financial eligibility, ADAP is required by California Health and Safety Code 120962 to verify the accuracy of income reported on an ADAP application.

To perform this function, OA contracts with the FTB who provides state and federal adjusted gross income, which is then reviewed against the documentation provided by the client. If the current income documentation provided is a Self-Employment or Income Affidavit, and the FTB data indicates that the client's income is outside of program limits, additional income documentation is required from the client. If the income documentation provided is within income limits, more recent than the FTB information, and is not an affidavit, the client passes the review.

New Allowable Income Documentation

Preferred income documents for establishing Modified Adjusted Gross Income include current federal and state tax returns. However, to increase the options available for clients whose circumstances have changed to provide proof of income, ADAP will now accept the following documents:

Employer statement. The employer statement must:

- Be on company letterhead or state the name of the company
- Be signed by the employer
- Be no older than 45 days from the date received by ADAP
- Include the following information:



- Name of employer or company
- Name and title of person writing the letter
- Employer or company address
- Employer or company phone number
- Date of the letter
- The start date and, if applicable, the end date of the employee's employment or pay.
- The following two statements:
 - "I certify that [first and last name of person employed or receiving income: is/was an employee of [name of company]]. [employee's name]'s gross income for this pay period is/was \$_____ and frequency of pay is [weekly, every two weeks, twice a month, or monthly]. This letter does not guarantee employment or wages."
 - "The information provided above is true and correct to the best of my knowledge."

A sample employer statement can be viewed here:

https://www.coveredca.com/documents-to-confirm-eligibility/PDFs/Sample_Employer_Statement.pdf

Self-employment Profit and Loss Statement or Ledger documentation (the most recent quarter(s) or year-to-date profit and loss statement, or a self-employment ledger). The profit and loss statement or ledger documentation are examples of financial statements that summarize revenues, costs, and expenses incurred during a fiscal quarter. CDPH will accept current year profit and loss statements or ledger documentation when the client's circumstances have changed from the previous year, and they have yet to file taxes for the current year. Please note, the client must provide all profit and loss statements up to the most recent fiscal quarter.

For example, a client is self-employed and 2018 filed taxes show income of \$75,000. The client's income has decreased from 2018 to present. The client can provide all profit and loss statements up to the most recent fiscal quarter to verify they meet ADAP's income eligibility criteria. It must contain:

- The person's first and last name and company name
- Dates covered and the net income from profit/loss

Gross Income Documents

If the client is using a paystub as income documentation, ADAP requires that the client submit paystubs reflecting three consecutive months of income. Clients can do this by providing three consecutive months of current paystubs, or one paystub that includes all of the following:

- year-to-date earnings;
- a minimum of three months of income; and
- the employment start date.

Requiring the employment start date on the client paystub will indicate the length of time on the job, which will assist in determining if the client qualifies for the program.

Policy

For clients whose circumstances have changed since their taxes were filed, ADAP may allow the Self-Employment or Income Affidavit to be submitted upon review by an ADAP Advisor. However, if the client appears on the FTB list in a subsequent year and is over/under the Federal Poverty Level,

they would have been accessing services for over a year while ineligible. In this situation, the client will be placed on a TAP and notified of disenrollment from the program. The client can reapply:

- at their next re-enrollment date, or
- at their next re-certification date, or
- if their recent taxes (current year) are filed showing they are within program limits

In addition, the EER has been changed to include a future employment start date as a reason for the exception. OA will not refer a client to Medi-Cal if income documentation is provided within the specified timeframe.

Please contact your OA Advisor if you have any questions regarding the information provided in this memo. The most current ADAP Staff Assignments by Enrollment Site list is available on the OA website at:

https://www.cdph.ca.gov/Programs/CID/DOA/Pages/OA_adap_advisor_by_enroll_site.aspx

Thank you,

A handwritten signature in blue ink that reads "Nikki Gracey". The signature is fluid and cursive, with the first name "Nikki" and last name "Gracey" clearly distinguishable.

Nikki Gracey
ADAP Eligibility Manager
California Department of Public Health

enclosure