

August 16, 2024

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

EXECUTIVE SUMMARY

ALL COUNTY LETTER NO. 24-59

The purpose of this All County Letter is to provide County Welfare Departments with guidance regarding the increased Standard Medical Deduction amount for the CalFresh Standard Medical Deduction Demonstration Project.



KIM JOHNSON
DIRECTOR

CALIFORNIA HEALTH & HUMAN SERVICES AGENCY
DEPARTMENT OF SOCIAL SERVICES
744 P Street • Sacramento, CA 95814 • www.cdss.ca.gov



GAVIN NEWSOM
GOVERNOR

August 16, 2024

ALL COUNTY LETTER NO. 24-59

TO: ALL COUNTY WELFARE DIRECTORS
ALL CALWORKS PROGRAM SPECIALISTS
ALL CALFRESH PROGRAM SPECIALISTS
ALL CONSORTIA REPRESENTATIVES
ALL QUALITY CONTROL PROGRAM COORDINATORS

SUBJECT: CALFRESH STANDARD MEDICAL DEDUCTION
DEMONSTRATION PROJECT – INCREASED STANDARD
MEDICAL DEDUCTION AMOUNT

REFERENCE: [FOOD AND NUTRITION ACT OF 2008 SECTION 17\(b\)\(1\)\(A\);](#)
[FOOD AND NUTRITION ACT OF 2008 SECTION 5\(e\)\(5\);](#)
[7 CODE OF FEDERAL REGULATIONS \(CFR\) SECTION 271.2;](#)
[7 CFR SECTION 273.2\(f\)\(1\)\(iv\);](#)
[ALL COUNTY LETTER \(ACL\) NO. 17-35; ACL NO. 21-117;](#)
[ACL NO. 21-117E](#)

The purpose of this All County Letter (ACL) is to provide County Welfare Departments (CWDs) with guidance regarding the increased Standard Medical Deduction (SMD) amount for the CalFresh SMD Demonstration Project (the Project).

BACKGROUND

The California Department of Social Services (CDSS) was originally authorized by the United States Department of Agriculture (USDA), Food and Nutrition Service (FNS) to operate the Project for the period beginning October 1, 2017, and ending September 30, 2021. Under the Project, CDSS established a standard deduction of \$120.00 for households containing an elderly and/or disabled member, with verified medical expenses between \$35.01 and \$155.00 per month, instead of requiring those households with an elderly or disabled member to verify actual medical expenses in excess of \$35.00 per month. The SMD was originally implemented via [ACL No. 17-35](#) released on April 25, 2017, and was extended through September 30, 2025, via [ACL No. 21-117](#) released on September 30, 2021.

PROJECT CHANGES

The following changes to the Project will take effect October 1, 2024:

- The SMD amount will increase to \$150;
- The Standard Utility Allowance offset will increase to \$4; and
- The Innovation Evaluation component will be removed from federal reporting requirements.

Unless noted in this letter, all other Project policy is unchanged. Please refer to [ACL No. 17-35](#), [ACL No. 21-117](#), and [ACL No. 21-117E](#) released on January 11, 2022, for additional details regarding the Project, including a list of qualifying medical expenses.

Standard Medical Deduction Amount

Under the Project, households who verify medical expenses within the range of \$35.01 to \$185.00 per month will now receive a standard medical deduction of \$150. Households with medical expenses above \$185.00 per month may verify and claim actual expenses over \$35. When a household claims medical expenses above \$185.00 per month but does not provide verification of expenses above \$185.00 per month, that household may receive the SMD based on verified expenses between \$35.01 to \$185.00.

SMD Eligibility Reference Table:

Verified Medical Expenses	Eligibility
\$35.00 a month and under	Not eligible for medical deduction
\$35.01 to \$185.00 a month	Eligible for the SMD (i.e., \$150.00)
\$185.01 a month and over	Eligible to deduct actual expenses over \$35.00 (i.e., \$150.00+)

Failure to verify medical expenses is not a basis for denying or discontinuing a case. When a household does not verify medical expenses, they will not receive the deduction. The CWD is required to assist applicants and recipients in securing documents and should do so with permission from the household. The SMD is a monthly deduction, only verified monthly medical expenses or one-time expenses (that can be averaged over 12 months) totaling \$35.01 or more qualify an applicant or recipient for the SMD.

Eligible households must be informed at application and recertification about the new medical deduction amount and how to claim the SMD or verify medical expenses above

\$185.00 per month. As a reminder, medical expenses do not need to be reverified at recertification unless questionable.

Standard Utility Allowance Offset

While operating the Project, the state must maintain cost neutrality to ensure that federal costs do not increase as a result of the Project. Effective October 1, 2024, CDSS will reduce the standard utility allowance (SUA) by \$4 per month for all CalFresh households. This is an increase in the SUA offset amount from \$3 to \$4. The annual SUA amount will be communicated to CWDs with the annual Cost of Living Adjustment increase.

Innovation Evaluation

FNS previously required CDSS to create an innovation to improve the Project with the extension in 2021. The Innovation Evaluation was added to the annual report for the Project to evaluate the uptake of the SMD via online applications.

The CDSS is no longer required to include the Innovation Evaluation as part of the federal report for the Project. The CDSS will continue to submit the Annual Report and Cost Neutrality Report to FNS.

If you have any questions or need additional guidance regarding the information in this letter, please contact the CalFresh Policy and Employment Bureau at CalFreshPolicy@dss.ca.gov.

Sincerely,

Original Document Signed By

ALEXIS FERNÁNDEZ GARCIA
Deputy Director
Family Engagement and Empowerment Division

Attachment



Food and Nutrition Service

U.S. DEPARTMENT OF AGRICULTURE

July 15, 2024

Andrea Brayboy
Branch Chief
CalFresh and Nutrition Branch
California Department of Social Services
744 P Street, OB 8 Room 922
Sacramento, California 95814

Dear Branch Chief Brayboy:

This letter is in response to the Standard Medical Deduction (SMD) Demonstration Project annual report the California Department of Social Services (the State) submitted to the Food and Nutrition Service (FNS) on December 21, 2023. After reviewing the report, FNS has determined the State should increase its SMD amount and revise the Heating and Cooling Standard Utility Allowance (HCSUA) offset amount to maintain cost neutrality for this project.

FNS is modifying the approval of the demonstration waiver contingent upon the new SMD amount of \$150 and the new HCSUA offset amount of \$4 with an effective implementation date of October 1, 2024. FNS believes a \$150 SMD and \$4 HCSUA offset – not the current \$120 SMD and \$3 offset – is sufficient to achieve the cost neutrality requirement associated with the terms and conditions of the SMD demonstration project. The project expires September 30, 2025, as indicated in FNS' August 26, 2021, approval letter. All other terms and conditions of that approval apply to this modification.

We are requesting that your agency submit as quickly as possible, written acceptance of the approval. The appropriate State official should sign your written acceptance of these terms and conditions. Attach this acceptance letter to a chatter post in WIMS case #8395. Please alert FNS when uploading the document by tagging the relevant Regional and National staff listed in the WIMS case team using the @ sign.

Sincerely,

DocuSigned by:

A handwritten signature in black ink that reads "Moira Johnston". The signature is written over a blue DocuSign verification line.

69FAFC07B8824F0...

Moira Johnston

Acting Director

Program Development Division

Supplemental Nutrition Assistance Program