

# Frequently Asked Questions: Making Medi-CAL Recipients Categorically Eligible for Food Stamps

*Assembly member Judy Chu has introduced the “Food for Families Act,” AB 696. This bill makes a number of improvements to California’s last-place Food Stamp Program. Included in this package of reforms is a proposal to make it easy for Medi-CAL recipients to enroll into the Food Stamp Program. This brief responds to common questions about this proposal.*

**W**hy is the connection between health and nutrition important?

Nutrition is a health issue. Hunger exacerbates health problems, especially for children and the elderly. Poor nutrition can also lead to problems of overweight and obesity. The costs of obesity to the state of California are enormous: CDC estimates it costs California \$7.7 billion a year. By connecting the Food Stamp Program with the Medi-CAL program, California would bring in millions of federal dollars for healthy eating, which in turn would improve Californians’ health status.

**W**hat is cat-el?

The bipartisan federal welfare bill of 1996 allowed states to streamline eligibility for the Food Stamp Program and provided states with an opportunity to better coordinate food stamps with TANF-funded programs. Prior to welfare reform only recipients of cash welfare (the old AFDC program, County General Assistance Programs, etc.) were made “categorically eligible” for food stamps. Under “cat-el,” food stamp administrators don’t have to go through the hassles of verifying the assets and income of cash recipients because that had already been done by the cash programs.

After the 1996 law was passed, welfare funding was not only directed at cash assistance but also at a variety of work supports. To streamline eligibility and enhance participation among the working poor, states were given the opportunity to make recipients of all TANF-funded services categorically eligible for food stamps.

**H**ow have other states used this cat-el opportunity?

Over 41 states seized the new opportunity provided by cat-el. Some, like Texas, used it as a tool to establish a more realistic asset test for food stamp recipients. Others used it as a tool to eliminate the time-consuming and outdated asset tests altogether. Still others used it as a tool to connect and align other low-income programs, like Medicaid, with Food Stamps.

**H**ow would California benefit from cat-el for Medi-CAL recipients?

On broad scale, establishing cat-el for Medi-CAL would help change the perception of the Food Stamp Program from being a “welfare” program to being seen as a health and nutrition program. This is especially true if combined with other elements of the Chu legislation, such as aligning Medi-CAL and food stamp reporting requirements.

**B**ut in a practical sense, how does this help?

On a practical level, Medi-CAL recipients would no longer have to go through another income or asset check to see if they are eligible for food stamps; those checks occurred when they applied for Medi-CAL. This will save time for food stamp administrators. Some clients benefit because in some cases (depending on family size and other factors) the Medi-CAL asset limit is slightly more liberal. This means that some families who may have been denied food stamps because of their assets might now be eligible for aid.

**I**s cat-el a way to skirt rules, such as the state's remaining drug felon ban, or to inflate food stamp benefits?

Even with cat-el, other food stamp rules still apply. For example, the ban on undocumented immigrants receiving benefits, the partial ban on drug felons receiving benefits, etc., would still be in place. And while a Medi-CAL recipient's income would not be checked again for determining food stamp eligibility, it would still be used to determine food stamp benefits levels, only now the income information would be imported from their Medi-CAL case.

**B**ut Medi-CAL in California is not funded by TANF. How would this proposal work?

Following the lead of other states and using existing USDA guidance, recipients of Medi-CAL would become authorized to receive a welfare-funded brochure, which in turn would make them categorically eligible for food stamps. This authorization to receive a TANF-funded service would bestow categorically eligibility on the Medi-CAL population.

**B**ut hasn't

President Bush proposed repealing the expansion of categorical eligibility for food stamps?

Yes, it is one of many budget cutting proposals contained in the President's 2006 budget. The proposal would eliminate \$1.1 billion in food stamp funding over ten years.

**S**o why should California pursue cat-el, if it is on the chopping block?

For several reasons. First, the Bush proposal is just that, a "proposal." Congress may not feel the same way about removing this valuable tool aimed at helping low-wage working families. Given that 41 states are currently using the option, we would expect broad and diverse support for maintaining it. Second, by moving a cat-el proposal forward, California can add its voice to the other states that believe that cat-el has substantial benefits for the working poor and substantial streamlining benefits for administrators. Finally, given our state's own budget crisis and the burdens already placed on food stamp administrators, we shouldn't give up such a good opportunity, even if there is some chance that it may disappear.

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