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CHAPTER M07
FAMILIES AND CHILDREN INCOME

SUBCHAPTER 10

GENERAL---F & C INCOME RULES

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M0710.000 GENERAL-- F & C INCOME RULES

M0710.001 OVERVIEW

A. Introduction

Medicaid is a needs based program. Two financial criteria, income and resources, are used to determine if a person is in need and is financially eligible for Medicaid. This section addresses how to determine an individual's income eligibility.

B. Use of Family Units/Budget Units

Family Units (FUs) are formed to establish whose income and resources are counted in determining financial eligibility. If financial eligibility does not exist at the family unit level for one or more persons for whom Medicaid was requested and if budget unit (BU*)* rules permit, form BUs.

Financial eligibility is determined at the BU level for each person for whom Medicaid was requested and who was financially ineligible in the FU determination. Eligibility is not determined for an individual who was found eligible in the FU determination.

See M0520 for F&C Family Unit/Budget Unit (FU/BU) policy and procedures.

C. Individual Income Eligibility

An individual's income eligibility is based on the total countable income available to his/her FU/BU.

Each source of income received by a member of the FU/BU is evaluated and the countable amount determined based on the policy in this chapter. The countable amount of each FU/BU member's income is added to the countable amount of the income of all other FU/BU members. That total is used to determine the income eligibility of each individual within that FU/BU. The FU/BU's total countable income is compared to the income limit that is applicable to the individual's classification and to the number of members in the FU/BU.

D. Policy Principles

1. Income

Everything an individual owns and all monies received are assets. Monies received are income in the month received when the monies are cash or its equivalent.

Income may be either earned or unearned. See M0720 for earned income and M0730 for unearned income.

2. Verification

All income other than Workforce Investment Act and the earned income of a student under age 19 must be verified. When attempts to verify income are unsuccessful because the person or organization who is to provide the information *cannot be located or refuses to provide the information to both the applicant/recipient and the eligibility worker*, a third party statement, a collateral contact, *or as a last resort, the applicant's/recipient's written statement can be used as verification* and to determine the amount of

income to be counted. Failure to verify income results in inability to determine Medicaid eligibility and Medicaid coverage must be denied or cancelled.

3. Converted Income

For the ongoing evaluation period, all income received more frequently than monthly must be converted to a monthly amount.

- Weekly income is multiplied by 4.3
- Bi-weekly income is multiplied by 2.15
- Semi-monthly income is multiplied by 2.

4. Actual Income

When evaluating eligibility for a retroactive period, income eligibility is based on income actually received each month in the retroactive period.

5. MI, CN, CNNMP Monthly Income Determination Period

An income eligibility determination is made for each calendar month for which eligibility is being evaluated in the Medically Indigent (MI), Categorically Needy (CN), and Categorically Needy Non-Money Payment (CNNMP) classifications.

6. MN - Ongoing 6 Month Income Determination Period

Medically Needy (MN) income eligibility for the ongoing period is based on income that is anticipated to be received within the six month period beginning with the month of application.

7. MN - Retro 3 Month Income Determination Period

MN income eligibility for the retroactive period is based on income that was actually received in the three month period immediately prior to the month of application.

8. Countable Income

Assets that meet the definition of income minus the exclusions allowed by policy are countable income. Only countable income is used to determine income eligibility. See M0720 Earned Income, M0730 Unearned Income.

9. Whose Income is Counted

The total countable income of all FU members is used in determining the income eligibility of each FU member.

The total countable income of all BU members is used in determining the income eligibility of each BU member.

10. Income Eligibility

If the total amount of the FU/BU's countable income is equal to or less than the income limit for the evaluation period, income eligibility exists.

11. Excess Income

When an FU has countable income totaling more than the allowable CN, CNNMP, or MI income limit for the evaluation period, eligibility at the FU level does not exist. If ineligible at the FU level and policy permits breaking the FU into BUs, a BU evaluation must be completed.

When a BU has countable income totaling more than the allowable CN, CNNMP, or MI income limit for the evaluation period,

eligibility as CN, CNNMP, or MI does not exist. Evaluate the BU's as Medically Needy eligibility if one or more of the BU members meets a MN covered group. If no members of the BU meet a MN covered group, the BU is not eligible for Medicaid because of excess income.

12. Excluded Income

State and federal policy require that certain types of income or portions of income be excluded (not counted) when determining income eligibility. See:

- Earned Income Exclusions, M0720.500
- Unearned Exclusions, M0730.099

M0710.002 INCOME LIMITS

A. Introduction

The individual's Medicaid classification determines which income limit to use to determine eligibility.

B. Income Limits

1. CN and CNNMP

Refer to M0710, Appendix 1 for the *LIFC* 185% of the Standard of Need Chart, M0710, Appendix 2 for the grouping of localities, and M0710, Appendix 3 for the *F&C* 90% and *100% Income Limit Charts*.

2. MN

Refer to M0710, Appendix 2 for the grouping of localities and M0710, Appendix 5 for the MN income limits.

3. MI

Refer to M0710, Appendix 6 for the MI income limits.

M0710.003 NET COUNTABLE INCOME

A. Policy Principle

Income is

- cash, or
- its equivalent unless specifically listed in M0715 as not being income.

B. Net Countable Income

Net countable income is all money, both earned and unearned, which is available to the members of the FU/BU, except for portions specifically excluded and except for all amounts that are not income.

Sometimes income includes more or less than actually received, for example, gross earnings before any exclusions.

M0710.004 INCOME EXCLUSIONS

A. Introduction

Medicaid eligibility is based on countable income. See M0710.003 for the definition of countable income. In determining countable income, apply

any income exclusions. Some exclusions totally negate the amount of income received. Other exclusions reduce the amount counted.

B. Definition

Excluded income is an amount which is income but does not count in determining eligibility.

C. Policy Principles

Some Federal laws other than the Social Security Act prohibit counting some income for Medicaid purposes. Section 402(a) of the Social Security Act provides for several income exclusions in determining countable income for Medicaid purposes.

D. References

- Earned income exclusions, M0720.500
- Unearned income exclusions, M0730.099

M0710.010 RELATIONSHIP OF INCOME TO RESOURCES

A. Policy

In general, anything received in a month from any source is income to an individual, subject to the definition of income in M0710.003.

Anything the individual owns in the month under consideration is subject to the resource counting rules.

An item received in the current month is income for the current month only. If held by the individual until the following month, that item is subject to resource counting rules.

B. References

- Definition of Resources, M0610.100
- Conversion or sale of a resource, M0715.200
- Casualty property loss payments, M0630.650
- Lump sums, M0730.800

M0710.015 TYPES OF INCOME

A. Policy Principle

Income is either earned or unearned, and different rules apply to each.

B. Types of Income

Earned income consists of the following types of payments:

1. Earned Income

- wages;
- salaries, and/or commissions;
- profits from self employment; or
- severance pay.

2. Unearned Income

Unearned income is all income that is not earned income. Some types of *unearned* income are:

- annuities, pensions, and other periodic payments;
- alimony and support payments;
- dividends, interest, and royalties; or
- rents.

C. References

- Definition of net countable income, M0710.003
- Earned income, M0720
- Unearned income, M0730

M0710.030 WHEN INCOME IS COUNTED

A. Policy Principles

For applications and reapplications, the income generally to be counted is the income verified for the calendar month prior to the month of application or the most current equivalent (last 4 weekly pays, last 2 bi-weekly pays, or last 2 semi-monthly pays). When evaluating eligibility for a retroactive period, income eligibility is based on income actually received each month in the retroactive period.

For redeterminations, the income generally to be counted is the income verified for the month prior to the month of review or the most current equivalent.

B. Exceptions to Policy Principles

1. Payment Not Received In Normal Month of Receipt

FU/BUs receiving monthly or semi-monthly income, such as state or federal payments or semi-monthly pay checks, must have the income assigned to the normal month of receipt even if mailing cycles, weekends or holidays cause the income to be received in a different month.

EXAMPLE #1: The applicant/recipient is employed and is paid semi-monthly on the first and sixteenth. Because June 1 falls on a Saturday, the client receives her June 1 paycheck on May 31. The Eligibility Worker will count the paycheck received May 31 as income for June.

2. Self-Employment or Sale of Livestock or Cash Crops

Profit from the sale of livestock or cash crops, such as tobacco or peanuts, or from small businesses, such as but not limited to, vending stands, home beauty shops, or small grocery stores, is prorated on an annual basis or over the number of months in which the income is earned, whichever is appropriate. Federal farm subsidies are prorated over a 12-month period.

3. Contract Income

Guaranteed salaries paid under contract are prorated over the period of the contract even though the employee elects to receive such payments in

fewer months than are covered by the contract. When the contract earnings will be received monthly over a period longer than that of the contract, the earnings must be prorated over the number of months the income is anticipated to be received.

C. References

Contract Income, M0720.400
Income From Self-Employment, M0720.200

M0710.610 HOW TO ESTIMATE INCOME

A. Monthly Estimates

Generally, estimate future income on a monthly basis.

1. Anticipated Income

Anticipated income means any income the applicant/recipient and local agency are reasonably certain will be received during the month. If the amount of income or when it will be received is uncertain, that portion of the FU/BU's income that is uncertain is not counted by the local agency. Reasonably certain means that the following information is known:

- who the income will come from,
- in what month it will be received, and
- how much it will be (i.e., rate, frequency and payment cycle).

2. Fluctuating Income

When income fluctuates, use the previous number of months' actual receipts that will provide an accurate indication of the individual's future income situation.

3. Income Expected Less Than Once a Month

Determine the specific month(s) of receipt and use the amount(s) estimated for the appropriate month(s).

4. Converting to Monthly Totals

To estimate income for an income evaluation, convert to a monthly amount:

- multiply average weekly amounts by 4.3
- multiply average bi-weekly amounts by 2.15
- multiply semi-monthly amounts by 2

5. Partial Month Income

If the FU/BU will receive less than a full month's pay, use the exact monthly figure or an average per pay period times the actual number of pays. If actual income is used in any given calculation, adjust the figure for subsequent months if the actual income varies.

6. Examples

a. Example #2

The client's weekly pay for the prior month was:

$220.40
$175.80
$210.00
$195.70

To obtain a monthly amount, multiply the weekly average by 4.3.

$801.90 (total of the pay stubs) divided by 4 (number of paystubs) equals $200.48 (average weekly amount).

$200.48 x 4.3 = $862.06 monthly income.

b. Example #3

The client's bi-weekly pay for the prior month was:

$185.40
$209.50
$394.90

To obtain a monthly amount, multiply the bi-weekly average by 2.15. $394.90 (total of the pay stubs) divided by 2 (number of pay stubs) equals $197.45 (average bi-weekly amount).

$197.45 x 2.15 = $424.52 monthly income.

c. Example #4

The client's salary is $100 weekly. The pay does not vary. The client is paid every Friday.

The client reports she quit her job and will receive a final weekly paycheck on September 3. Since the client was paid for a partial month, the exact amount of $100 will be used.

d. Example #5

The client reports she quit her job on June 21. She will receive a final bi-weekly paycheck on July 5.

For the month of May, she received $190 and $220 for a total of $410. This amount is divided by two (the number of pays) to determine the average bi-weekly pay of $205. $205 is used to calculate her July Medicaid eligibility.

B. Procedure

1. When a Change Occurs

An anticipated change in income occurs when you expect an individual's income to start, to stop, or to come in at a different rate in the future.

2. How to Develop a Change

When you anticipate an increase in income, use only that income which the individual is reasonably certain he will receive.

3. Handling Changes in Income

When a change in income occurs, redetermine Medicaid eligibility.

C. Documentation

1. What the File Must Contain

Verify and document the case record regarding the rate and frequency of payment (i.e., weekly, biweekly, semi-monthly, monthly, etc.) and the payment cycle (i.e., on what day the client is paid).

The case record must be documented to reflect the method used to arrive at the anticipated income.

2. Who May Provide an Estimate

Estimates of income may come from the applicant/recipient, employer, or representative.

M0710.700 DETERMINING ELIGIBILITY BASED ON INCOME

M0710.710 CATEGORICALLY NEEDY (CN)

A IV-E Foster Care/Adoption Assistance recipient's money payment meets the income eligibility criteria in the F&C CN classification. No separate income eligibility determination is completed for Medicaid.

M0710.720 MEDICALLY INDIGENT (MI)

The following procedures apply to the Medically Indigent classification:

A. Income Charts

The countable income of all FU/BU members allowing income exclusions when appropriate, is compared to the m*edically indigent* income limits. Refer to subchapter M0710, Appendix 6 for the MI Income Limits.

B. Gross Income

Total gross income includes all gross earned income, *other than Workforce Investment Act income and income of a child under age 19 who is a student. It also includes* unearned income of all FU/BU members and any income deemed available to the family/budget unit.

C. Excluded Income

The following income is excluded when income is compared to MI limits:

1. All unearned income specifically excluded per M0730.099;

2. Earned income is excluded in the following order:

   - standard work exclusion of the first $90 of gross earned income for each employed member of the assistance unit whose income is not otherwise exempt per M0720.520;

   - child care/incapacitated adult care exclusion per M0720.540

D. Income Eligibility

If the countable income (gross income minus above exclusions) is equal to or less than the MI income limit for that covered group, the members of the FU/BU meeting that classification are income eligible. If the countable income exceeds the income limit, the FU/BU is not eligible as MI.

Determine if any members of the FU/BU would be eligible as CNNMP or MN.

M0710.730 CATEGORICALLY NEEDY NON-MONEY PAYMENT (CNNMP)

The following procedures apply to the Categorically Needy Non-Money Payment (CNNMP) classification:

A. Individuals under 21 in Nursing Facilities or ICF/MR

Individuals under 21 in nursing facilities or ICF/MR are evaluated as individuals in medical facilities and their income is screened at 300% of SSI (see M0810.002 A. 3.).

B. Individuals under 21 in Foster Care/Adoption Assistance

Individuals under 21 in foster care or receiving adoption assistance are evaluated as Medically Indigent if they are under age 19 or pregnant. If they are not eligible as MI, evaluate their eligibility as CNNMP using the following procedures:

1. Step 1- 185% Screen

The child's countable income is the total gross earned *income, other than Workforce Investment Act income and income of a child under age 19 who is a student. It also includes* unearned income, *other than* the unearned income listed in M0730.099.

Screen income at LIFC 185% of the standard of need. Refer to M0710, Appendix 1 for the LIFC 185% of Standard of Need Chart.

If the countable income exceeds the LIFC 185% standard of need, the child is not eligible as an Individual Under 21 in FC/Adoption Assistance. If the income is equal to or less than LIFC 185% standard of need, proceed to Step 2.

2. Step 2 - 100 % Screen

Once the total countable income of the child is determined to be less than or equal to LIFC 185% standard of need, the child's income must be screened at F&C 100% income limit in the locality where the child resides outside an institution. Refer to M0710, Appendix 2 for the grouping of localities and M0710, Appendix 3 for F&C 100% Income Limit for one person.

Total gross income is all earned income, *other than Workforce Investment Act income and the income of a child under age 19 who is a student. It also includes* unearned income of the child, including contributions. The following income is excluded when income is screened at 100%:

a. All unearned income specifically excluded in M0730.099;

b. Earned income is excluded in the following order:

- standard work exclusion of the first $90 of gross earned income for each employed member of the family/budget unit whose income is not otherwise exempt per M0720.520;
- child care/incapacitated adult care exclusion per M0720.540.

If the countable income (gross income minus above exclusions) is equal to or less than the F&C 100% income limit, the child is eligible as an Individual Under 21 in FC/Adoption Assistance.

If the countable income exceeds F&C income limit, evaluate eligibility as MN.

C. LIFC (Non-View)

1. Step 1 - 185% Screen

In order to meet the income requirements for Medicaid in the Low Income Families with Children (LIFC) covered group, the family/budget unit's countable income must be screened at LIFC 185% standard of need and the F&C 90% income limit (prospective determination) to determine the family/budget unit's eligibility. If the income of the assistance unit is equal to or less than LIFC 185% of the standard of need, income is then screened at the F&C 90% income limit, allowing income exclusions, when appropriate. Refer to M0710, Appendix 1 for LIFC 185% Standard of Need Chart.

Total gross income for this purpose includes all gross earned income, *other than Workforce Investment Act income and the income of a child under age 19 who is a student. It also includes* unearned income, such as net countable support, benefits, etc., and any income deemed available to the family/budget unit.

The following income is excluded when income is screened at 185%:

a. All unearned income specifically excluded per M0730.099;

b. For MED-UP, unemployment compensation benefits received by either parent.

If the countable income (gross income minus above exclusions) is equal to or less than LIFC 185% of the standard of need proceed to Step 2.

If the countable income is in excess of LIFC 185% standard of need, the FU/BU is not eligible as CNNMP. Determine if any members of the FU/BU would be eligible as MN.

2. Step 2 - 90% Screen

Once the total gross countable income of the family/budget unit is determined to be less than or equal to LIFC 185% standard of need, income must then be screened at the F&C 90% income limit. Refer to M0710, Appendix 2 for the grouping of localities and M0710, Appendix 3 for the F&C 90% income limits.

Total gross income includes all gross earned income, *other than Workforce Investment Act income and the income of a child under age 19 who is a student. It also includes* unearned income of all FU/BU members and any income deemed available to the family/budget unit. The following income is excluded when income is screened at 90%:

a. All unearned income specifically excluded per M0730.099;

b. Earned income is excluded in the following order:

- standard work exclusion of the first $90 of gross earned income for each employed member of the family/budget unit whose income is not otherwise exempt per M0720.520;
- $30 plus 1/3 exclusion and the $30 monthly earned income exclusion if an FU/BU member received LIFC Medicaid in any one of the preceding four months per M0720.525 and M0720.526; and
- child care/incapacitated adult care exclusion per M0720.540.

If the countable income (gross income minus above exclusions) is equal to or less than F&C 90% income limit, the individuals in the FU/BU that meet a CNNMP covered group are income eligible.

If the countable income is in excess of the F&C 90% income limit, the FU/BU is not eligible as CNNMP. Determine if any members of the FU/BU would be eligible as MN.

D. VIEW Participants

VIEW participants' income eligibility in the LIFC covered group is determined by comparing all of the *FU's* gross earned income, other than Workforce Investment Act and income of a child under age 19 who is a student, to the 100% Federal Poverty Limit (FPL) and unearned income to the F&C 90% income limit. If the earned income of the *FU* is equal to or less than 100% of the FPL, then the unearned income is screened as the F&C 90% income limit for the locality. If the *FU's* unearned countable income is equal to or less than the F&C 90% income limit, income eligibility for VIEW participants in the LIFC covered group is established.

If the *FU's* earned or unearned income exceeds the limits, the *FU* is not eligible as VIEW participants in the LIFC covered group. *BU policy does not apply to the VIEW participant income eligibility determination.* Determine if any family members are eligible as LIFC (non-VIEW) or in any other covered group.

1. Step 1- Earned Income

Determine the total gross earned income other than Workforce Investment Act income and income of a child under age 19 who is a student, of all required *FU* members. Compare the total gross earned income to the 100% FPL Chart (see subchapter M0710, Appendix 6) for the income limit for the appropriate *FU* size.

Total gross income for this purpose includes all gross earned income of both adults and children in the *FU*.

If the gross countable earned income is equal to or less than 100% FPL for the *FU*, proceed to Step 2.

If the gross earned income is greater than 100% FPL for the *FU*, the *FU* is not eligible in the LIFC covered group. Determine if any family members are eligible in any other covered group.

2. Step 2- Unearned Income

Once the earned income is determined to be equal to or less than 100% FPL, unearned income must be screened at the F&C 90% income limit. Refer to M0710, Appendix 2 for the grouping of localities and M0710, Appendix 3 for the F&C 90% income limit.

Total unearned countable income includes all unearned income of all family unit members and any unearned income deemed available to the *FU*. Exclude all unearned income in listed in M0730.099.

If the countable unearned income is equal to or less than the F&C 90% income limit, the individuals in the *FU* meet the income requirements for the LIFC covered group and are eligible.

If the countable unearned income is greater than the F&C 90% income limit, the individuals in the *FU* do not meet the income requirements for the LIFC covered group. Determine if any member of the *FU* is eligible in any other covered group.

M0710.740 MEDICALLY NEEDY (MN)

The following procedures apply to the Medically Needy (MN) classification:

A. Locality Grouping and Income Limits

The countable income, allowing income exclusions when appropriate, is compared to the Medically Needy (MN) income limits for the locality and the number of members in the FU/BU.

Refer to M0710, Appendix 2 for the grouping of localities and M0710, Appendix 5 for the Medically Needy income limits.

B. Gross Income

Total gross income includes all gross earned *income, other than Workforce Investment Act income and income of a child under age 19 who is a student. It also includes the* unearned income of all FU/BU members and any income deemed available to the family/budget unit.

C. Excluded Income

The following income is excluded when income is compared to MN limits:

1. All unearned income specifically excluded per M0730.099;

2. Earned income is excluded in the following order:

   - standard work exclusion of the first $90 of gross earned income for each employed member of the assistance unit whose income;

   - is not otherwise exempt per M0720.520;

   - child care/incapacitated adult care exclusion per M0720.540.

D. Income Eligibility

If the countable income (gross income minus above exclusions) is equal to or less than the appropriate MN limit for the locality and the number of members in the FU/BU, the FU/BU is income eligible as MN. If the countable income is in excess of the MN limit, the FU/BU must be placed on an MN spenddown following policy in chapter M13.

LIFC 185% OF STANDARDS OF NEED (MAXIMUM MONTHLY INCOME) EFFECTIVE 7/01/04

FAMILY/BUDGET UNIT SIZE	GROUP I	GROUP II	GROUP III
1	$ *292.82*	*$ 348.99*	$ *487.37*
2	*459.30*	*515.46*	*655.85*
3	*591.67*	*645.85*	*788.25*
4	*718.05*	*774.21*	*916.61*
5	*846.42*	*916.61*	*1087.11*
6	*948.70*	*1020.91*	*1189.40*
7	*1073.07*	*1143.27*	*1313.76*
8	*1207.46*	*1275.66*	*1444.21*
9	*1317.77*	*1387.99*	*1562.48*
10	*1440.15*	*1512.35*	*1682.77*
Each person above 10	*122.33*	*122.33*	*122.33*

GROUPING OF LOCALITIES *EFFECTIVE 7/01/01*

GROUP I		GROUP II	GROUP III
Counties	Madison	Counties	Counties
	Mathews		
Accomack	Mecklenburg	Albemarle	Arlington
Alleghany	Middlesex	Augusta	Fairfax
Amelia	Nelson	Chesterfield	Montgomery
Amherst	New Kent	Henrico	Prince William
Appomattox	Northampton	Loudoun	
Bath	Northumberland	Roanoke	
Bedford	Nottoway	Rockingham	Cities
Bland	Orange	Warren	
Botetourt	Page		Alexandria
Brunswick	Patrick		Charlottesville
Buchanan	Pittsylvania	Cities	Colonial Heights
Buckingham	Powhatan		Falls Church
Campbell	Prince Edward	Chesapeake	Fredericksburg
Caroline	Prince George	Covington	Hampton
Carroll	Pulaski	Harrisonburg	Manassas
Charles City	Rappahannock	Hopewell	Manassas Park
Charlotte	Richmond County	Lexington	Waynesboro
Clarke	Rockbridge	Lynchburg	
Craig	Russell	Martinsville	
Culpeper	Scott	Newport News	
Cumberland	Shenandoah	Norfolk	
Dickenson	Smyth	Petersburg	
Dinwiddie	Southampton	Portsmouth	
Essex	Spotsylvania	Radford	
Fauquier	Stafford	Richmond	
Floyd	Surry	Roanoke	
Fluvanna	Sussex	Staunton	
Franklin	Tazewell	Virginia Beach	
Frederick	Washington	Williamsburg	
Giles	Westmoreland	Winchester	
Gloucester	Wise		
Goochland	Wythe		
Grayson	York		
Greene			
Greensville			
Halifax	Cities		
Hanover			
Henry	Bristol		
Highland	Buena Vista		
Isle of Wight	Danville		
James City	Emporia		
King George	Franklin		
King & Queen	Galax		
King William	Norton		
Lancaster	Suffolk		
Lee			
Louisa			
Lunenburg			

F&C Monthly Income Limits Effective 7/01/04

Group I

Family/Budget Unit Size	100%	90%
1	*158.28*	*142.02*
2	*248.27*	*224.42*
3	*319.82*	*287.30*
4	*388.14*	*349.11*
5	*457.53*	*411.99*
6	*512.81*	*462.95*
7	*580.04*	*522.58*
8	*652.68*	*586.54*
9	*712.31*	*640.75*
10	*778.46*	*701.47*
Each person above 10	*66.13*	*60.70*

Group II

Family/Budget Unit Size	100%	90%
1	*188.65*	*170.21*
2	*278.63*	*250.44*
3	*349.11*	*315.49*
4	*418.49*	*376.20*
5	*495.47*	*443.47*
6	*551.85*	*496.56*
7	*617.99*	*555.10*
8	*689.55*	*620.16*
9	*750.27*	*675.45*
10	*817.49*	*735.08*
Each person above 10	*66.13*	*60.70*

F&C Monthly Income Limits Effective 7/01/04

Group III

Family/Budget Unit Size	100%	90%
1	*263.44*	*238.52*
2	*354.52*	*318.75*
3	*426.08*	*383.80*
4	*495.47*	*444.52*
5	*587.63*	*529.09*
6	*642.92*	*578.95*
7	*710.14*	*639.67*
8	*780.65*	*704.73*
9	*844.59*	*760.02*
10	*909.60*	*818.56*
Each person above 10	*66.13*	*60.70*

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MEDICALLY NEEDY INCOME LIMITS EFFECTIVE 7-01-04

	GROUP I		GROUP II		GROUP III	
# of Persons In Family/ BudgetUnit	Semi-Annual Income	Monthly Income	Semi-Annual Income	Monthly Income	Semi-Annual Income	Monthly Income
1	*$1409.47*	*$234.91*	*$1626.31*	*$271.05*	*$2114.20*	*$352.36*
2	*1794.91*	*299.15*	*2002.90*	*333.81*	*2549.20*	*424.86*
3	*2114.20*	*352.36*	*2331.05*	*388.50*	*2873.15*	*478.85*
4	*2385.26*	*397.54*	*2602.10*	*433.68*	*3144.20*	*524.03*
5	*2656.31*	*442.71*	*2873.15*	*478.85*	*3415.26*	*569.21*
6	*2927.36*	*487.89*	*3144.20*	*524.03*	*3686.31*	*614.38*
7	*3198.41*	*533.06*	*3415.26*	*569.21*	*3957.36*	*659.56*
8	*3523.68*	*587.28*	*3740.52*	*623.42*	*4228.41*	*704.73*
9	*3848.94*	*641.49*	*4065.78*	*677.63*	*4607.89*	*767.98*
10	*4228.41*	*704.73*	*4445.26*	*740.87*	*4933.15*	*822.19*
each add'l person add	*364.29*	*60.71*	*364.29*	*60.71*	*364.29*	*60.71*

MEDICALLY INDIGENT CHILD UNDER AGE 19 *(FAMIS PLUS)*
INCOME LIMITS
ALL LOCALITIES
FEDERAL POVERTY LEVEL (FPL)
EFFECTIVE *2-18-05*

# of Persons in Family/Budget Unit	*100% FPL Monthly Limit*	*133% FPL Monthly Limit*
1	*$ 798*	*$1,061*
2	*1,070*	*1,422*
3	*1,341*	*1,784*
4	*1,613*	*2,145*
5	*1,885*	*2,506*
6	*2,156*	*2,868*
7	*2,428*	*3,229*
8	*2,700*	*3,590*
each add'l person add	*272*	*362*

MI Child under age 6 with income less than or equal to 100% FPL –PD 91

MI Child age 6 to 19 with income less than or equal to 100% FPL – PD 92

MI Child under age 6 with income greater than 100% FPL and less than or equal to 133% FPL – PD 90

Insured MI Child age 6 to 19 with income greater than 100% FPL and less than or equal to 133% FPL –PD 92

Uninsured MI Child age 6 to19 with income greater than 100% FPL and less than or equal to 133% FPL PD 94

MEDICALLY INDIGENT PREGNANT WOMAN
INCOME LIMITS
133% FPL
ALL LOCALITIES
EFFECTIVE *2-18-05*

# of Persons in Family/Budget Unit	Monthly Limit
1	*$1,061*
2	*1,422*
3	*1,784*
4	*2,145*
5	*2,506*
6	*2,868*
7	*3,229*
8	*3,590*
each add'l person add	*362*

Pregnant Woman with income less than or equal to 133% FPL – PD 91

185% of FEDERAL POVERTY LIMITS
TWELVE MONTH EXTENDED MEDICAID
INCOME LIMITS
ALL LOCALITIES
EFFECTIVE *2-18-05*

# of Persons in Family/Budget Unit	Monthly Limit
1	*$1,476*
2	*1,978*
3	*2,481*
4	*2,984*
5	*3,486*
6	*3,989*
7	*4,491*
8	*4,994*
each add'l person add	*503*

CHAPTER M07
FAMILIES AND CHILDREN INCOME

SUBCHAPTER 15

WHAT IS NOT INCOME

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M0715.000 WHAT IS NOT INCOME

M0715.001 WHAT IS NOT INCOME -- GENERAL

A. Introduction

Some items that an individual receives are not income because they do not meet the definition of income and others are income but are excluded by federal statutes. In making income determinations, the eligibility worker must distinguish between an asset that is income and an asset which is not income by definition. This subchapter addresses assets that are not income based on federal regulation. Only those items specifically listed in the law and regulations can be excluded from income.

B. Policy

An asset received is not income if it is not cash or its equivalent (check, money order, etc.), or if it is listed in this subchapter.

C. Documentation

Document the receipt of the assets described in this subchapter and the determination that they are not income.

Verification is limited to establishing that the monies received is of a type listed in this chapter. Verify that the money received is one of the types listed in this subchapter.

M0715.050 REIMBURSEMENTS

A. Policy

Reimbursements for out-of-pocket expenses are not countable income.

B. Types of Reimbursements

Reimbursements may include, but are not limited to, reimbursement for travel expenses such as mileage, reimbursement to the caretaker of a child for child care expenses, reimbursement for expenses incurred as a volunteer, etc.

Payments from the Department of Medical Assistance Services to Medicaid registered drivers or Health Insurance Premium Payment (HIPP) participants are reimbursements and are not income.

M0715.100 MEDICAID RECIPIENT IS AN AGENT

A. Policy

Money which belongs to another person that is handled by an individual to pay expenses for that other person is not income to the individual. The individual is acting as an agent for the other person.

B. Examples

Example 1:

Mrs. C. has a son in the Army who is currently in Germany. He sends her $250 a month to pay his car payment of $250 a month. None of this money is considered as income to Mrs. C.

Example 2:

Mrs. X and Mrs. Y live in the same house which is rented in Mrs. X's name. Mrs. Y gives Mrs. X an established portion of the rent each month. Mrs. X adds her portion to Mrs. Y's and pays the rent. Since this is a Ashared shelter@ arrangement, Mrs. Y's portion of the rent is not considered income to Mrs. X.

M0715.200 CONVERSION OR SALE OF A RESOURCE

A. Policy

Receipts from the sale, exchange, or replacement of a resource are not income, but are resources that have changed their form.-

This includes cash or in-kind items that are provided to replace or repair a resource that has been lost, damaged, or stolen.

B. Reference

Casualty Property Loss Payments, M0630.130

M0715.270 INCOME TAX REFUNDS

A. Policy

Income tax refunds (including Earned Income Tax Credit payments and refunds) are not income.

B. Tax Withheld Prior to Application Date

Income tax refunds are not income even if the income from which the tax was withheld or paid was received in a period prior to application for Medicaid.

M0715.350 PROCEEDS OF A LOAN

A. Introduction

Proceeds of a loan are not income to the borrower because of the borrower's obligation to repay the loan.

B. Policy

1. Loan Not Income

All bona fide loans, regardless of the intended use, are not income. This includes loans obtained for any purpose and may be from a private individual as well as from a commercial institution.

2. Documentation of Bona Fide

A simple statement signed by both parties indicating that the payment is a loan and must be repaid is sufficient to verify that a loan is bona fide.

3. Loan Not Bona Fide

If an individual indicates that money received was a loan but does not provide required verification, the money is to be treated as unearned income in the month received and a resource thereafter.

4. Interest on a Loan

Interest earned on the proceeds of a loan while held in a savings account, checking account, or other financial instrument will be counted as unearned income in the month received and as a resource thereafter.

M0715.370 SHELTER CONTRIBUTED

A. Policy

Shelter that is contributed is not income.

B. Exception

Pending establishment of a child support obligation by the District Child Support Enforcement Office, payments for shelter made to a third party such as a rental agency in lieu of or in addition to child support, whether based on a court order or a mutual voluntary agreement between the Medicaid applicant/recipient and the responsible person, must be counted as unearned income to the family/budget unit. The $50 disregard is not applicable to third party shelter payments.

Once the support order is established and payments are made to a third party for shelter in lieu of child support these payments are third party payments for shelter and are not income.

C. Reference

Child/Spousal Support, M0730.400

M0715.400 BILLS PAID BY A THIRD PARTY

A. Policy

Bills paid by a third party directly to a supplier are not income.

EXAMPLE: A church pays the electric company for Mrs. Brown=s electric bill. This is a bill paid by a third party and is not income to Mrs. Brown.

B. Exceptions

Pending establishment of a child support obligation by the District Child Support Enforcement Office, payments made to a third party such as a day care provider or telephone company in lieu of or in addition to child support, whether based on a court order or a mutual voluntary agreement between the Medicaid applicant/recipient and the responsible person, must be counted as unearned income to the family/budget unit.

Once the support order is established and payments are made in lieu of child support, these are third party payments and are not income unless they meet the definition of contributions in kind (food or clothing totally supplied on a regular basis). The $50 disregard is not applicable to third party payments.

Third party payments made by an absent spouse in lieu of spousal support are treated as contributions in kind.

C. Reference

X Contributions in Kind, M0730.700

- Child/Spousal Support, M0730.400

CHAPTER M07
FAMILIES AND CHILDREN INCOME

SUBCHAPTER 20

F & C EARNED INCOME

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M0720.000 F & C EARNED INCOME

M0720.001 OVERVIEW

A. Introduction

This subchapter provides policy and procedures for identifying and counting earned income.

B. Policy

1. What Constitutes Earned Income

Earned income may be received in cash and consists of:

- wages
- profit from self-employment

The source and amount of all earned income other than Workforce Investment Act and student income must be verified.

2. Earned Income Exclusions

Earned income exclusions are subtracted from the gross monthly income in determining eligibility.

C. References

- Income From Self-Employment, M0720.200
- Income From Real Property, M0720.250
- Income From Room and Board, M0720.260
- Income From Day Care, M0720.270
- Income From Small Businesses/Cash Crops, M0720.280
- Contract Income, M0720.400
- Earned Income Exclusions, M0720.500

M0720.100 WAGES -- GENERAL

A. Definition

Wages are what an individual receives (before deductions; not "take home" pay) for working as someone else's employee.

NOTE: Under certain circumstances, services performed as an employee are deemed to be self-employment rather than wages.

B. Policy

1. Kinds of Wages

Wages may take the form of:

- contract earnings
- commissions

- pay for jury duty
- severance pay
- tips
- vacation pay
- sick pay from employer or employer-obtained insurance

2. When to Count

Wages are calculated on a monthly basis and counted at the earliest of the following points:

- when they are received, or
- when they are credited to the individual's account, or
- when they are set aside for the individual's use.

Absent evidence to the contrary, if FICA taxes have been deducted from an item, assume it meets the definition of wages. Failure to deduct FICA taxes does not mean the income is not wages.

EXAMPLE #1:
Mrs. Green is employed by Mr. Brown who owns a small business. Mr. Brown does not deduct FICA taxes from Mrs. Green's income. Mrs. Green's income from Mr. Brown is wages.

C. Verification

Verify wages, salaries, and commissions by pay stubs, pay envelopes, a written statement from the employer, or by the eligibility worker's verbal contact with the employer.

When attempts to verify income are unsuccessful because the person or organization who is to provide the information *cannot be located or refuses to provide the information to both the applicant/recipient and the eligibility worker*, a third party statement, a collateral contact, *or as a last resort, the applicant's/recipient's written statement can be used as verification* and to determine the amount of income *to be* counted.

Verify tips by a weekly record of the tips prepared by the employed individual.

M0720.105 INCOME FROM A CORPORATION

If a person has incorporated a self-employment enterprise either alone or with other persons and draws a salary from the business, the wages drawn are regular earned income, <u>not</u> self-employment income.

M0720.110 HOW TO COUNT INCOME IN THE RETROACTIVE PERIOD

When evaluating eligibility for a retroactive period, income eligibility is based on income actually received each month in the retroactive period.

M0720.155 HOW TO ESTIMATE EARNED INCOME

A. General

Ongoing income eligibility is determined based on the income that is anticipated (expected) to be received within the ongoing evaluation

period. Income received in prior periods is normally used to determine the amount of income to be received in future periods. Income from the prior period is averaged and converted to a monthly amount. That monthly amount is the amount anticipated to be received in each of the future months. New sources of income may be anticipated based on statements from the provider of the income.

B. Definitions

1. Anticipated Income

Income the individual and local agency are reasonably certain will be received during the ongoing evaluation period.

To be reasonably certain that income will be received determine:

- from whom the income will come (the provider);
- in what month and on what dates it will be received (frequency and payment cycle); and
- how much will be received (rate).

2. Income Base Period

A period of time immediately prior to the month of application/ redetermination that includes one or more pay periods, *or the most current equivalent (last 4 weekly pays, last 2 bi-weekly pays, or last 2 semi-monthly pays)* that is used to provide an accurate reflection of the individual's future income.

3. Monthly Income

Monthly income is the income received in an average month. An average month contains 4.3 weeks. Income received more frequently than monthly is converted to a monthly figure.

4. Pay Period

The time period covered by each pay check. A pay period may be weekly, bi-weekly, semi-monthly, monthly or longer periods of time.

C. Income Base Period Used

1. Non-Fluctuating Income

Use the income received in the month prior to the month of application/redetermination unless the prior calendar month cannot by itself provide an accurate indication of anticipated income.

2. Fluctuating Income

Use the income received in the month prior to the month of application/redetermination unless the prior calendar month cannot by itself provide an accurate indication of anticipated income.

When the prior calendar month cannot by itself provide an accurate indication of anticipated income use any number of pay periods immediately prior to application/redetermination that is still appropriate to the individual's circumstances. Select only the pay periods that will yield the most realistic estimate of income to be received. Document the file to support how the income was anticipated.

3. Seasonal Income

When the individual's income fluctuates seasonally, use the most recent season, past seasons, or the current calendar month prior to the month of application/redetermination, as an indicator of future income.

Use the information obtained from the income provider and worker judgement to determine the anticipated income. Document the file to support how the income was anticipated.

4. Migrant Or Seasonal Farm Worker

For migrant and seasonal farm workers, the income that is reasonably certain to be received is based on formal or informal commitments for work for an individual, rather than on the general availability of work in an area.

Base income on the information obtained from the income provider and worker judgement to determine the anticipated income. Document the file to support how the income was anticipated.

Do not base income on an assumption of optimum weather or field conditions.

5. New or Increased Income

Use the income provider's statement of the beginning date, the amount of income to be received, the frequency of receipt, and the day/dates of receipt to establish the amount to be received per pay period.

6. Terminated Income

Income from a terminated source must only be verified when it was received in a month in which eligibility is being determined.

7. Decreased Income

Use the income provider's statement of the beginning date of the decrease, the new amount of income to be received, the frequency of receipt, and the day/date of receipt to establish the amount to be received per income period. Document the file to support how the income was anticipated.

If an employed person anticipates a decrease in wages that is not supported by evidence in the file, the individual must be advised to report the decrease as soon as it can be verified. Adjustments are made when the decrease is verified.

D. Calculating Estimated Monthly Income

1. Full Month's Income

Total the income received in the Income Base Period. Divide that total by the number of pay periods in the Income Base Period. The result is the average amount to be received per pay period. If the income is received more frequently than monthly, convert the income to a monthly amount.

To convert to monthly income:

- Multiply weekly wage by 4.3; or
- multiply biweekly wage by 2.15; or
- multiply semi-monthly wage by 2.

2. Partial Month's Income

If less than a full month's income is received or expected to be received, do not convert to a monthly amount. Use the actual amount received or expected to be received.

C. References

How to Estimate Income, M0710.610

M0720.200 INCOME FROM SELF-EMPLOYMENT

A. Policy

Self-employment is defined as a business, farming or commercial enterprise in which the individual receives income earned by his own efforts, including his active engagement in management of property. Self-employment situations include, but are not limited to, domestic workers, day care providers including babysitters, and chore and companion service providers. The profit from self-employment is earned income.

Profit from self-employment means the total income received, less the allowable business expenses directly related to producing the goods or services and without which the goods or services could not be produced.

B. Business Expenses

Business expenses are expenses directly related to producing goods or services and without which the goods or services could not be produced including, but not limited to, the following:

- payments on the interest of the purchase price of, and loans for, captial assets such as real property, equipment, machinery and other goods of a durable nature;
- insurance premiums;
- legal fees;
- expenses for routine maintenance and repairs;
- advertising costs;
- bookkeeping costs.

Business expenses **do not** include:

- payments on the principal of the purchase price of, and loans for, capital asset, such as real property, equipment, machinery and other goods of a durable nature;

- the principal and interest on loans for capital improvements of real property;
- net losses from previous periods;
- federal, state, and local taxes;
- money set aside for retirement purposes;
- personal expenses, entertainment expenses, and personal transportation;
- depreciation of equipment, machinery, or other capital investments necessary to the self-employment enterprise.

C. Verification

Verification is proof of the gross amount of income received and proof of the business related expenses. Verify gross income received and business related expenses by self-employment bookkeeping or tax records.

M0720.250 INCOME FROM REAL PROPERTY

A. Policy

Income from real property is self-employment income when the individual is actively engaged in the managerial responsibilities of the income producing property. Income from real property is determined on a monthly basis except farm subsidies which are prorated over a twelve month period.

If the individual is not actively involved in the management responsibilities, income received from the property is unearned income. See M0730.505.

When income from real property is received, the case record must clearly indicate the basis for determining whether or not the individual produces it by his own efforts or whether or not he is actively engaged in management.

B. Profit

Deduct the amount of the allowable business expenses from the gross income to determine profit from real property.

M0720.260 INCOME FROM ROOM AND BOARD

A. Policy

Income from room and board is earned income from self-employment if the applicant/recipient produces the income from his own efforts or carries managerial responsibilities. Income from room and board is determined on a monthly basis.

B. Procedure

1. Verify Gross Income

Verify gross income received by self-employment bookkeeping records.

2. Determine Profit

Deduct the amount of allowable business expense from the gross income to determine profit from self-employment.

a. Board

The profit from board is the monthly gross income from boarders less the food allowance for one person living in a group (at 100%) per boarder. See Table I, M0710, Appendix 4.

b. Room Rent

The profit from room rent is 65% of the monthly gross income received if heat is furnished, 75% of gross income if heat is not furnished.

c. Room and Board

The profit from room and board is determined by

- subtracting from the monthly gross income the food allowance for one person living in a group (at 100%) per boarder as in a. above, and
- multiplying the balance by 65% if heat is furnished, 75% if heat is not furnished.

M0720.270 INCOME FROM DAY CARE

A. Policy

Income from day care is earned income from self-employment. Income from day care is determined on a monthly basis.

B. Procedure

1. Day Care Provided in Applicant/Recipient's Home

a. Day Care for Children Living in the Home

Verify gross monthly income by self-employment bookkeeping or tax records or a written statement from the person who pays the day care costs.

Do not deduct the cost of meals and snacks. Profit is sixty-five percent of the gross income from day care.

b. Day Care for Children Not Living in the Home

Verify gross monthly income by self-employment bookkeeping or tax records or a written statement from the person who pays the day care costs.

From the average monthly gross income received, deduct the cost of meals and snacks that are provided for the children. Sixty-five percent of the balance is profit from day care.

The cost of meals is determined using the following method:

- Determine the number of days in the month in which meals were provided for each child and the number of meals provided to each child per day;

- Add to obtain the total number of meals provided for all children during the period;
- Multiply the total meals provided by 40 cents per meal to obtain monthly cost of meals provided for all children.

The cost of snacks is determined using the following method:

- Determine the number of days in the month in which snacks were provided for each child and the number of snacks provided to each child per day;
- Add to obtain the total number of snacks provided for all children during the period;

Multiply the total snacks provided by 20 cents per snack to obtain monthly cost of snacks provided for all children.

2. Day Care Provided Outside Applicant/Recipient's Home

Verify gross monthly income by self-employment bookkeeping or tax records or a written statement from the person who pays the day care costs.

Do not deduct the cost of meals and snacks. Profit is sixty-five percent of the gross income from day care.

M0720.280 INCOME FROM SMALL BUSINESSES/CASH CROPS

A. Policy

Income from the sale of live stock or cash crops, such as tobacco or peanuts, or from federal farm subsidies, or from small businesses, such as but not limited to, vending stands, home beauty shops, or small grocery stores, is earned income from self-employment.

B. Profit

To determine the profit from small businesses and cash crops, deduct the applicable business expenses directly related to producing the goods or services and without which the goods or services could not be produced.

1. Sale of Livestock or Cash Crops

The profit is prorated on an annual basis or over the number of months in which it was earned.

2. Small Businesses

The profit is prorated on an annual basis or over the number of months in which it was earned.

3. Federal Farm Subsidies

The profit is prorated on an annual basis.

C. Verification

Verify gross monthly income by self-employment bookkeeping or tax records.

M0720.400 CONTRACT INCOME

A. Introduction

Contract income and guaranteed wages are based on a contract between the employer and the employee. The contract specifies the period it covers and the rate and frequency of the pay the employee will receive.

B. Definitions

1. Contract Earnings

Contract earnings are wages guaranteed by a contract. This does not include work on an hourly or piecework basis or self-employment.

2. Guaranteed Wage

A guaranteed wage is one which is received by an individual employed on a contractual basis and paid over a period of time.

C. Policy

Wages received by an individual employed on a contractual basis are prorated over the period of time the contract covers even though the employee elects to receive such payments in **fewer** months than are covered by the contract.

If the income is received in **more** months than is covered by the contract, the income is prorated over the period the income is anticipated to be received.

EXAMPLES:

1. Months Wages Received = Months In Contract

A contract period is November 1997 - June 1998 (8 months). The individual chooses to receive the contract income over the eight-month period. The contract amount is divided by eight months to arrive at the monthly gross income.

2. Months Wages Received = Fewer Months Than In Contract

A contract period is September 1997 - August 1998 (12 months). The individual chooses to receive the contract income over a 10-month period. The contract amount is divided by the contract period of 12 months to arrive at the monthly gross income.

3. Months Wages Received = More Months Than Covered By Contract

A contract period is September 1997 - January 1998 (5 months). The individual receives the contract income monthly over a 12-month period. The contract amount is divided by the number of months in which the income is received (12).

D. Verification

Verify the terms of the contract by obtaining a copy of the contract.

E. Procedures

1. Additional Earnings

When a contract specifies a set amount to be paid over the contract period, plus additional monies of an uncertain amount if additional work is available and done, only the base contract is prorated. Additional monies earned over and above the base contract are counted as income when they can be anticipated.

2. Decrease in Income

When a contract calls for no pay for those days not worked, the salary for those days should not be counted if it can be anticipated at the time that the prospective determination is made that certain days will be missed. Otherwise, the income calculation is to be based on the maximum salary. If the individual informs the local agency that days are missed, recalculate the countable monthly amount for the entire contract period.

3. Changes in Contract

If the contract amount changes during the contract period, recalculate the amount of income to be received in the contract period. To determine the new monthly income amount, divide the contract amount by the number of months in the original contract period.

EXAMPLES:

a. Decrease In Pay

A school bus driver's 12 month contract states that she will receive $1,250 for the year, but that she will not be paid for days the school is closed or for days she is sick. When she applies on February 10, she has already missed three days for snow in the contract year and she was sick for two days. The contract reads that $10 will be deducted for each day not worked. The case is approved with income of $100 per month.
($1,250 - 50 = $1,200 $1,200 / 12 = $100)

b. Increase In Pay

On December 11, the school bus driver reports that her 12 month contract which began September 1 will be increased by 10% effective January 1. The income that is anticipated to be received is recalculated for the months in the original contract period using the increased figure of $110
($1,200 X 10% = $120; $1,200 + 120 = $1,320; $1,320 / 12 = $110
$110 will be the contract income for January - August.

EARNED INCOME EXCLUSIONS

M0720.500 GENERAL

A. Policy

The source and amount of all earned income other than *Workforce Investment Act and student income* must be *verified; however*, not all earned income counts when determining Medicaid eligibility. Federal and state laws and regulations require that certain types of earned income be totally or partially excluded when determining Medicaid eligibility.

B. Earned Income Exclusions

Income exclusions are applied, in the following order, to earned income for family unit/budget unit (FU/BU) members as appropriate to the covered group.

See Families and Children (F&C) Earned Income Exclusions chart in Appendix 1 to this subchapter.

1. *Workforce Investment Act* Income

Earned income of an eligible child (less than 18, or 18 and expected to graduate prior to 19) derived from employment in a program under the *Workforce Investment Act* is excluded. *Do not request verification of income from employment under the Workforce Investment Act.*

2. Student Income

Earned income of a child *under age 19* who is a student is excluded. *Do not request verification of student income.*

3. Standard Work Exclusion

A standard work exclusion of the first $90 of gross monthly earned income is excluded for each employed member of the FU/BU whose income is not otherwise exempt. For LIFC, the standard work exclusion is not allowed in the 185% screening. See M0720.520.

4. $30 Plus 1/3 Earned Income Exclusion

For the LIFC covered group only, $30 plus 1/3 of the remaining monthly earned income is excluded fo*r 4* consecutive months from the total earnings (other than those specified above) and from self-employment of each employed member of the FU/BU. The $30 plus 1/3 earned income exclusion is not allowed in the 185% screening. See M0720.525.

5. $30 Earned Income Exclusion

For the LIFC covered group only, $30 per month earned income is excluded for 8 consecutive months following the receipt of 4 months of the $30 plus 1/3 earned income exclusion from total earnings (other than those specified above) and from self-employment of each employed member of the FU/BU. The $30 earned income exclusion is not allowed in the 185% screening. See M0720.526.

6. Child Care/ Incapacitated Adult Care Exclusion

Monthly anticipated child care expenses or incapacitated adult care expenses, up to the appropriate maximums, which are paid for by the caretaker-relative must be excluded. For LIFC, the child care/incapacitated adult care exclusion is not allowed in the 185% screening. See M0720.540.

M0720.505 WORKFORCE INVESTMENT ACT INCOME EXCLUSION

A. Policy *Earned income of any eligible child derived from employment under the Workforce Investment Act is excluded. Do not request verification of earnings under the Workforce Investment Act.*

M0720.510 STUDENT CHILD EARNED INCOME EXCLUSION

A. Policy *Earned income of a child under age 19 who is a student is excluded. Do not verify school enrollment or request verification of student child earned income.*

M0720.520 STANDARD WORK EXCLUSION

A. Policy The first $90 of gross earned income is excluded for each employed individual in the FU/BU whose income is not otherwise exempt regardless of when it is reported. For LIFC, the standard work exclusion is not allowed in the 185% screening.

B. Procedure Apply this exclusion to the amount of earned income

M0720.525 $30 PLUS 1/3 EARNED INCOME EXCLUSION

A. Policy The $30 plus 1/3 earned income exclusion policy applies only to individuals in the LIFC covered group. $30 monthly, plus 1/3 of the remainder of earned income of each employed member of the FU/BU must be excluded for 4 consecutive months IF the employed member was enrolled in Medicaid in the LIFC covered group during any one of the preceding 4 months.

The $30 plus 1/3 earned income exclusion is not given if the individual has already received the exclusion for 4 consecutive months as a LIFC recipient UNLESS there has been an interim period of 12 consecutive months in which he has not been enrolled in Medicaid in the LIFC covered group.

This exclusion does NOT apply when determining an individual's eligibility in any other Medicaid covered group.

B. Procedures

Apply the $30 plus 1/3 earned income exclusion for the 4 consecutive months:

- to the amount of earned income remaining after the standard work exclusion.
- to each period of employment until the exclusion has been allowed for 4 consecutive months.

EXAMPLE #1: Ms. Doe was an employed Medicaid recipient who lost her job in March. $30 plus 1/3 of the remainder of earned income was excluded in February and March. She had no earnings in April. She went back to work in May. Her entitlement to $30 plus 1/3 earned income starts over because $30 plus 1/3 earned income was previously excluded for just 2 consecutive months. She will be entitled to the $30 plus 1/3 earned income exclusion for May, June, July and August.

1. $30 Plus 1/3 Earned Income Exclusion for Applicants

For Medicaid applicants in a LIFC covered group only (including the LIFC individual being added to an existing family/budget unit), $30 monthly plus 1/3 the remainder, of earned income of each employed member of the FU/BU must be excluded for 4 consecutive months only if:

- the employed individual received (was enrolled in*)* Medicaid in the LIFC covered group during any one of the preceding four months; and
- the individual's FU/BU passes the 185% income screen without applying the $30 plus 1/3 earned income exclusion.

a. Determining the Preceding 4 Months

When determining the preceding four months for applicants, begin with the earliest month of the retroactive period if the applicant received a Medicaid covered medical service in the retroactive period. If the applicant did not receive a Medicaid covered medical service in the retroactive period, begin with the month of application.

When determining the preceding four months for persons being added to the FU/BU, begin with the month assistance was requested for that individual.

b. When the Exclusion Begins

The 4 months of the $30 plus 1/3 earned income exclusion begins with:

- the first month in the retroactive period in which the individual has earned income, or
- the month of application if no Medicaid covered medical service was received in the retroactive period

2. $30 Plus 1/3 Earned Income Exclusion for Recipients

For Medicaid recipients in the LIFC covered group only, $30 plus 1/3 of the remainder, of earned income of each employed member of the FU/BU must be excluded for the 4 consecutive months.

a. Determining the Preceding 4 Months

When determining the preceding 4 months, begin with the month in which the recipient's eligibility is being determined. If the employed member was enrolled in Medicaid in the LIFC covered group during any one of the preceding four months, $30 plus 1/3 of the remainder of earned income must be excluded for 4 consecutive months.

b. When the Exclusion Begins

Entitlement to the 4 months of the $30 plus 1/3 earned income exclusion begins with the month in which the recipient's eligibility is being determined or reviewed if the recipient has been employed but the agency worker is applying the $30 plus 1/3 earned income exclusion for the first time.

EXAMPLE #2: Ms. Green has been a Medicaid recipient in the LIFC covered group since May 1998. She has been employed since January 1996. The worker is reviewing her eligibility in March 2000 because she reported a change in her earnings for March. The $30 plus 1/3 earned income exclusion has never been used in calculating Ms. Green's countable income. The worker applies the $30 plus 1/3 earned income exclusion beginning March 1, 2000, and ending June 30, 2000.

3. Re-entitlement to the $30 Plus 1/3 Earned Income Exclusion

If an individual has received the $30 plus 1/3 earned income exclusion for 4 consecutive months and has not been enrolled in Medicaid in the LIFC covered group in any of the 12 consecutive months following the last month in which the exclusion was given, the individual can again be eligible for the $30 plus 1/3 earned income exclusion.

EXAMPLE #3: Ms. Grey, a Medicaid recipient, had $30 plus 1/3 of her earned income excluded for the months of August, September, October, and November 1998 (4 consecutive months). She requested that her case be closed effective December 1, 1998. She reapplied for Medicaid in December 1999. She had no earned income. She became employed in January 2000. She is eligible for the $30 plus 1/3 earned income

exclusion because she was not a member of a LIFC FU/BU for 12 consecutive months (December 1998 through November 1999) following the last month in which she received the $30 plus 1/3 earned income exclusion (November 1998).

M0720.526 $30 EARNED INCOME EXCLUSION

A. Policy

The $30 earned income exclusion applies only to individuals in the LIFC covered group. A $30 earned income exclusion is available for an additional 8 months immediately following receipt of 4 months of the $30 plus 1/3 earned income exclusion by any employed member of the FU/BU. This 8-month period is fixed and begins the month following the 4th consecutive month of the $30 plus 1/3 earned income exclusion.

B. Procedures

Apply the $30 earned income exclusion:

- to the amount of earned income after the standard work exclusion.
- for a fixed 8-month period of time that begins the month following the 4th consecutive month of the $30 plus 1/3 exclusion.

If an individual has received the $30 plus 1/3 earned income exclusion for 4 consecutive months and received the $30 earned income exclusion for 8 additional months, the individual is not eligible for the $30 plus 1/3 earned income exclusion and the $30 earned income exclusion again until the individual has not been enrolled in Medicaid in the LIFC covered group for 12 consecutive months.

a. Unbroken Coverage As LIFC

The $30 earned income exclusion is applied beginning the month immediately following the 4 consecutive months of the $30 plus 1/3 earned income exclusion.

EXAMPLE #4: Ms. White, a Medicaid recipient in the LIFC covered group since January 1998, became employed June 1, 1999. In determining continued eligibility for Medicaid, $30 plus 1/3 of her earned income is excluded from countable income in June, July, August, and September (4 consecutive months) because Ms. White had been enrolled in Medicaid in the LIFC covered group during all four of the four months preceding June 1999. In October 1999 through May 2000, (8 consecutive months), $30 of her earned income is excluded. In June 2000 the exclusion was no longer allowed because she had received the full extent of the exclusion as of May 31, 2000.

b. Received Assistance Only Four Months

If an individual has received the $30 plus 1/3 earned income exclusion for 4 consecutive months, the fixed period of time that the exclusion is

available continues until the 8 consecutive months has ended. If the individual is not enrolled in Medicaid in the LIFC covered group in any of the following 8 consecutive months, the individual will not receive the $30 earned income exclusion.

EXAMPLE #5: A LIFC recipient becomes employed in January and receives the $30 plus 1/3 earned income exclusion for February, March, April and May. She is entitled to a $30 earned income exclusion for the 8-month period of June through January. She requests her case be closed in June. The 8-month time period for the $30 earned income exclusion continues to run. In February she reapplies and is employed. She is not eligible to receive the $30 earned income exclusion.

c. Reapplies in 8-Month Period

If an individual becomes ineligible for Medicaid for any reason and reapplies during the 8-month $30 earned income exclusion period, the individual will be eligible for the exclusion for the remaining months of the 8-month period.

EXAMPLE #6: A LIFC recipient becomes employed in January and receives the $30 plus 1/3 exclusion on earned income received in February, March, April and May. She is entitled to a $30 earned income exclusion on income received in June through January. The recipient requests her case be closed in July. The 8-month period continues to run. She reapplies in September and is found eligible. The $30 earned income exclusion applies to her earnings in the months of September through January.

d. Received $30 Earned Income Exclusion For Less than Eight Months Due to Loss of Earnings

If an individual receives the $30 earned income exclusion for less than 8 months because of a loss of earnings, the individual will again be eligible for the remaining months of the 8-month period if the individual receives earned income.

EXAMPLE #7: Mrs. Tan, a Medicaid recipient, received the $30 plus 1/3 earned income exclusion in January, February, March , and April (first 4 consecutive months). She received the $30 earned income exclusion in May and June. She loses her job in June. In August, she becomes employed. She is eligible for the $30 earned income exclusion for the months of September through December.

M0720.540 CHILD CARE/INCAPACITATED ADULT CARE EXCLUSION

A. Policy

Anticipated child or incapacitated adult care expenses paid or anticipated to be paid by the family/budget unit for children or adults in the family unit, up to the appropriate maximums, must be excluded from earned income in determining Medicaid eligibility. For LIFC, the child or incapacitated adult care exclusion is not allowed in the 185% screening.

The child care/incapacitated adult care exclusion is based on an individual's employment status.

B. Definitions

1. Full-time Employment

Full-time employment means employed to work 30 hours or more per week on an on-going basis; or working, or expected to work 120 hours or more per month (for an individual working on a fluctuating basis).

2. Part-time Employment

Part-time employment means employed to work less than 30 hours per week on an on-going basis; or working or expected to work less than 120 hours per month (for an individual working on a fluctuating basis).

3. Not Employed Throughout a Month

Not employed throughout a month means an individual began or terminated employment within the month.

C. Operating Principle

1. Verification

a. Incapacity

Incapacity must be supported by a professional determination. The medical examination for *Medicaid* and GR is used for this purpose, unless incapacity is established by receipt of Social Security Disability benefits.

b. Employment Status

An individual's employment status is verified by either an employer's statement of the number of hours employed to work, or actually worked or by pay stubs. For self-employed individuals, the agency is required to accept the client's statement concerning the number of hours worked, unless the agency has reason to question the validity of the statement.

c. Expenses

Verification of child/incapacitated adult care expenses is not required. Accept the parent/caretaker's declaration of the amount of the child/incapacitated adult care expense.

2. Amount of Exclusion

a. Full-time Employment

For full-time employment, deduct an amount equal to the anticipated cost, not to exceed $175 per month, for care of each child, age 2 and older and/or incapacitated adult in the family unit. In the case of child care for a child under 2 years old, deduct the anticipated cost not to exceed $200 per month.

b. Part-time Employment

For part-time employment, deduct an amount equal to the anticipated cost, not to exceed $120 per month, for care of each child and/or incapacitated adult in the family unit.

c. Not Employed Throughout a Month

1) If an individual has worked, or is expected to work, 120 hours or more in that month, deduct an amount not to exceed the full-time exclusion.

2) If an individual has worked, or is expected to work, less than 120 hours in that month, deduct an amount not to exceed the part-time exclusion.

3. Conversion to Monthly Amount

If child care/incapacitated adult care is payable on a weekly or bi-weekly basis, the amount of the monthly expense may be calculated using the 4.3 (weekly), or 2.15 (bi-weekly), or 2 (semi-monthly) conversion factors.

FAMILIES & CHILDREN EARNED INCOME EXCLUSIONS

EXCLUSION	CRITERIA	LIMITATIONS
Workforce Investment Act M720.505	child < age 19	none
Student Earnings M720.510	child < age 19 in school	none
$90 Standard Work M720.520	available for EACH person in the FU/BU whose earnings are being counted	not allowed in 185% screening for LIFC
$30 plus 1/3 (LIFC only) M720.525	applicants must have received LIFC Medicaid in at least one of the preceding 4 months can be allowed until exclusion has been received for 4 consecutive months once received for 4 consecutive months cannot allow again until person has not been enrolled in Medicaid in a LIFC covered group for 12 consecutive months	not allowed in 185% screening for LIFC 4 consecutive months
$30 (LIFC only) M720.526	allowed immediately following the $30 plus 1/3 exclusion	not allowed in 185% screening for LIFC fixed 8-month period
Child Care/ Incapacitated Adult Care M720.540	allowed for child or adult in FU/BU amount based on employment status of applicant/recipient and age of child or adult = or >30 hours/week or 120 hours/month <2 years= $200 maximum per child >2 years= $175 maximum per child or adult < 30 hours/week or 120 hours/month $120 per child or adult	not allowed in 185% screening for LIFC allowed as long as child or adult is in FU/BU

CHAPTER M07
FAMILIES AND CHILDREN INCOME

SUBCHAPTER 30

F & C UNEARNED INCOME

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GENERAL

M0730.001 INTRODUCTION TO UNEARNED INCOME

A. Policy - General

Unearned income is all income received by members of the family/budget unit that is not earned income. Unearned income consists of:

- benefits, including public assistance benefits received from another state
- royalties
- child/spousal support
- dividends and interest
- some rental income
- gifts
- some home energy assistance
- contributions
- lump sums

B. Policy - When to Count Unearned Income

Unearned income is counted as income in the earliest month it is:

- received by the individual;
- credited to the individual's account; or
- set aside for the individual's use.

C. Policy - What Amount of Unearned Income is Counted

The amount of unearned income received is counted as income.

EXCEPTION: When the Medicare Part B premium is deducted from the Social Security or Railroad Retirement benefits, that amount must be added to the actual benefit being received.

D. Verifications

Verify the amount of the unearned income by an award letter or notice, a benefit payment check, or through contact with the source of the unearned income, *unless the source of the unearned income is listed in M0730.099 B. Verification of unearned income that is totally excluded is not required.*

E. References

What is income, M0710.003
What is not income, M0715.050
When income is counted, M0710.030
How to estimate income, M0710.610

UNEARNED INCOME EXCLUSIONS - GENERAL

M0730.050 OVERVIEW OF EXCLUSIONS

A. Definitions

An exclusion is an amount of income that does not count in determining eligibility.

B. Policy Exclusions never reduce unearned income below zero. No unused unearned income exclusion may be applied to earned income.

C. Procedure First determine whether what is received is income. Next apply any appropriate exclusions of unearned income listed in this subchapter.

D. Reference What is not income, M0715.050

M0730.099 GUIDE TO EXCLUSIONS

A. Introduction The following provides a list of exclusions of unearned income:

B. List of unearned income exclusions

1. Home Produce Home produce of the individual utilized for his/her family's own consumption is excluded.

2. Food Stamps *Benefits* under the Food Stamp Program *are* excluded.

3. Commodities The value of foods donated under the U.S.D.A. Commodity Distribution Program, including those furnished through school meal programs, is excluded.

4. Federal Relocation Assistance Any payment received under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 is excluded.

5. Nutrition Program for the Elderly Any benefits received under Title VII, Nutrition Program for the Elderly, of the Older Americans Act of 1965, as amended, are excluded.

6. Grant or Loan Administered by U.S. Secretary of Education Any grant or loan to any undergraduate student for educational purposes made or insured under any program administered by the U.S. Secretary of Education is excluded. Programs that are administered by the U.S. Secretary of Education include: Pell Grant, Supplemental Educational Opportunity Grant, Perkins Loan, Guaranteed Student Loan, including the Virginia Educational Loan, PLUS Loan, Congressional Teacher Scholarship Program, College Scholarship Assistance Program, and the Virginia Transfer Grant Program.

7. College Work Study Programs Any funds derived from the federal College Work Study Program or any other college work study programs are excluded.

***8. Educational* Scholarships and Grants** *All educational scholarships and grants are excluded.*

9. Vocational Rehabilitation Training Allowances

Training allowances (transportation, books, required training expenses and motivational allowances) provided by Vocational Rehabilitation for persons participating in Vocational Rehabilitation Programs are excluded.

The exclusion is not applicable to the allowances provided by VR to the family of the participating individual.

10. SSI, TANF or Auxiliary Grant

Any portion of an SSI, TANF and/or Auxiliary Grant payment is excluded.

11. VISTA Payments

Payments to VISTA Volunteers under Title I, when the monetary value of such payments is less than minimum wage as determined by the Director of the action office, and payments for services of reimbursement for out-of-pocket expenses made to individual volunteers serving as foster grandparents, senior health aides, or senior companions, and to persons serving in the Service Corps of Retired Executives (SCORE) and Active Corps of Executives (ACE) and other programs pursuant to Titles II and III, of Public Law 93-113, the Domestic Volunteer Service Act of 1973 are excluded. The worker must contact the Action Office at the following address or telephone number when VISTA payments are reported; Action Office, 400 N. 8th Street, Richmond, Virginia 23219, (804) 771-2197.

12. VA Educational Allowances

The Veterans Administration educational amount for the caretaker 18 or older is excluded when it is used specifically for educational purposes. Any additional money included in the benefit amount for dependents is counted as income to the individual for whom intended.

13. Foster Care/ Adoption Assistance Payments

Foster care or adoption assistance payments received by anyone in the assistance unit are excluded.

14. Job Corps Payments to Eligible Children

Any unearned income received from Title IV, Part B (Job Corps) of the Job Training Partnership Act (JTPA) by an eligible child (less than 18 or 18 and expected to graduate by the end of the month in which he turns 19) is excluded as an incentive payment. However, any payment received by any other Job Corps participant or any payment made on behalf of the participant's eligible child(ren) is counted as income to the individual.

15. Fuel Assistance Program

Any payment made under the Fuel Assistance Program is excluded.

16. Child Nutrition Act

The value of supplemental food assistance received under the Child Nutrition Act of 1966 is excluded. This includes all school meal programs, the Women, Infants and Children (WIC) Program, the child care food program, and U.S.D.A. reimbursement payments to day care providers which are authorized by the National School Lunch Act.

17. HUD Payments

HUD Section 8 and Section 23 payments are excluded.

18. JTPA Income to Eligible Children

Any unearned income received by an eligible child (less than 18 or 18 and expected to graduate by the end of the month in which he turns 19) under Title II, Parts A and B, and Title IV, Part A of the Job Training Partnership Act (JTPA) is excluded.

19. Certain Funds for Indian Tribes

Any funds distributed to, or held in trust for, members of any Indian tribe under Public Law 92-254, 93-134, 94-540, 98-64, 98-123, 98-124 or 97-458 are excluded. Additionally, interest and investment income accrued on such funds while held in trust, and purchases made with such interest and investment income are excluded.

20. Alaska Native Claims Settlement Act

The following of distributions received from a Native Corporation under the Alaska Native Claims Settlement Act (Public Law 100-241) are excluded:

a. Cash (including cash dividends on stock received from a Native Corporation) to the extent that the total received does not exceed $2,000 per individual per calendar year;

b. Stock (including stock issued or distributed by a Native Corporation as a dividend or distribution on stock);

c. A partnership interest;

d. Land or an interest in land (including land or an interest in land received from a Native Corporation as a dividend or distribution on stock); and

e. An interest in a settlement trust.

21. Income from Submarginal Land

Income derived from certain submarginal land of the United States which is held in trust for certain Indian tribes (Public Law 94-114) is excluded.

22. Child/Spousal Support Payments

The first $50 of total child or child and spousal support payments received by the family/budget unit is excluded. The $50 exclusion is only applicable to current child/spousal support payments received each month. (See M0730.400)

23. DCSE Payments of Excluded Support

Payments sent to the recipient by the State which are identified as excluded support are excluded. See M0730.400.

24. Disaster Relief

Federal major disaster and emergency assistance provided under the Disaster Relief and Emergency Assistance Amendments of 1988 and

disaster assistance provided by state and local governments and disaster assistance organizations (Public Law 100-707) is excluded.

25. Certain Payments to Japanese and Aleut

Payments received by individuals of Japanese ancestry under the Civil Liberties Act of 1988, and by Aleut under the Aleutian and Pribilof Islands Restitution Act (Public Law 100-383) are excluded.

26. ESP or VIEW Support Payments

Payments by Employment Services Program or VIEW for support services such as transportation, uniforms, child care, etc. are excluded.

27. Agent Orange Payments

Any payment received from the Agent Orange Settlement Fund or any other fund established in response to the Agent Orange product liability litigation is excluded. To verify whether a payment is an Agent Orange payment, use documents in the individual's possession. If the individual cannot provide verification or the situation is unclear, write to the Agent Orange Veteran Payment Program, P.O. Box 110, Hartford, CT 06104, Attention: Agent Orange Verification. Include in the request the veteran's name and social security number. If a survivor of a qualifying veteran was paid, also provide the survivor's name and social security number.

28. Radiation Exposure Compensation Act Payments

Payment received by individuals under the Radiation Exposure Compensation Act (Public Law 101-426) is excluded.

29. Maine Indians Claims Settlement Act

Funds received pursuant to the Maine Indians Claims Settlement Act of 1980 (Public Law 96-420); and the Aroostook Band of Micmacs Settlement Act (Public Law 102-171) are excluded.

30. Higher Education Act Student Financial Assistance

Student financial assistance received under Title IV of the Higher Education Act. Assistance to be excluded under this provision, whether awarded to an undergraduate or graduate student, includes but is not limited to:

- Pell Grants,
- Supplemental Educational Opportunity Grants,
- State Student Incentive Grants,
- Federal College Work-Study Programs,
- Perkins Loans (formerly National Direct Student Loans), and
- Guaranteed Student Loans (including PLUS loans and Supplemental Loans for Students).

31. Carl D. Perkins Student Financial Assistance

Student financial assistance received under the Carl D. Perkins Vocational and Applied Technology Education Act made available for attendance costs (Public Law 101-392) is excluded. Attendance costs are defined below:

- tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study; and

- an allowance for books, supplies, transportation, dependent care, and miscellaneous personal expenses for a student attending the institution on at least a half-time basis, as determined by the institution.

32. HUD Self-Sufficiency Program

Funds paid to an escrow account established under the Family Self-Sufficiency Program of the Department of Housing and Urban Development are excluded.

33. BIA Student Assistance

Student financial assistance received under Bureau of Indian Affairs (BIA) student assistance programs is excluded.

34. Interest on Certain Savings Accounts

Interest earned on a savings account for the purpose of paying for tuition, books, and incidental expenses at any elementary, secondary, or vocational school or any college or university for a family member, for making a down payment on a primary residence, or establishing a business is excluded.

35. Up To $2000/yr. Received by Individual Indians

Up to $2,000 per year of income received by individual Indians, which is derived from leases or other uses of individually-owned trust or restricted lands is excluded.

36. Nazi Persecution Payments

Payments received by victims of Nazi persecution under Public Law 103-286 are excluded.

37. First $30 for Special Occasions

The first $30 received by each individual in the family/budget unit per calendar quarter for special occasions, such as birthdays, Christmas, etc. is excluded. See M0730.520.

38. Lump Sum

A lump sum plus all other earned and unearned income that is less than 100% of need in the locality for the number of members in the FU/BU is excluded from countable unearned income when evaluating lump sum income. See M0730.800.

39. Walker v. Bayer Settlement Payments

Section 4735 of the Balanced Budget Act of 1997 (P.L. 105-33) states that payments described in this subsection from the settlement of the Susan Walker v. Bayer Corp., et.al., class action lawsuit are NOT counted as income in determining eligibility for Medicaid. Payments described in this subsection are:

a. payments made from any fund established pursuant to a class settlement in the case of Susan Walker v. Bayer Corp., et.al., 96-C-5024 (N.D.III.); and

b. payments made pursuant to a release of all claims in a case that entered into in lieu of the class settlement of Walker v. Bayer Corp., et.al., and that is signed by all affected parties on or before the later of

- December 31, 1997, or
- the date that is 270 days after the date on which such release is first sent to the persons to whom the payment is to be made.

Information received by claimants in this lawsuit shows that claimants can choose to receive the payment in one of three ways – in a lump sum, a structured settlement, or a special needs trust. Regardless of which form the individual chooses, the payment(s) are excluded if the above requirements are met.

Verify the source of the funds from a letter from the individual's attorney or a copy of the check which identifies the payor as a Walker v. Bayer settlement account.

Any interest earned on these funds is NOT excluded. Any interest earned on these funds must be evaluated as unearned income in the month of receipt and as a resource thereafter.

40. Combat Zone Income

Any amount received by or made available to household members for deployment or service in a combat zone will not count as income for Medicaid purposes unless the payment was received before the deployment. This exclusion includes items such as, but not limited to, incentive pay for hazardous duty, special pay for imminent duty or hostile fire duty or certain re-enlistment bonuses, or special pay for certain occupational or educational skills.

M0730.100 MAJOR BENEFIT PROGRAMS

A. Policy

Annuities, pensions, retirement benefits, and disability benefits are unearned income. The amount of unearned income actually being received, not the entitlement amount, is counted as income.

EXCEPTION: When the Medicare Part B premium is deducted from the Social Security or Railroad Retirement benefits, that amount must be added to the actual benefit being received.

B. Definitions

1. Annuity An annuity is a sum paid yearly or at other specific times in return for the payment of a fixed sum. Annuities may be purchased by an individual or by an employer.

2. Pensions and Retirement Benefits Pensions and retirement benefits are payments to a worker following his retirement from employment. These payments may be paid directly by a former employer, by a trust fund, an insurance company, or other entity.

3. Disability Benefits Disability benefits are payments made because of injury or other disability.

C. List of *Benefits* The following are examples of benefits:

Social Security Benefits
VA Payments
Worker's Compensation
Railroad Retirement
Black Lung Benefits
Civil Service Payments
Military Pensions

D. Procedure Verify entitlement amount and amount being received by documents in the applicant/recipient's possession, such as an award letter or benefit payment check, or by contact with the entitlement source.

M0730.200 UNEMPLOYMENT COMPENSATION

A. Policy Unemployment Compensation received by an individual is counted as unearned income. *The amount counted is the gross benefit before any taxes or deductions.*

B. Procedures Count Unemployment Compensation as unearned income for all covered groups, *but do not count it* in the 185% income screening for LIFC.

Exclude Unemployment Compensation in the 185% income screening for LIFC. Count Unemployment Compensation in the 90% income screening.

M0730.400 CHILD/SPOUSAL SUPPORT

A. Policy Support received by an individual, whether it comes directly from the provider or is redirected to the individual by DCSE, is unearned income. The support received by the individual is subject to the $50 Support Exclusion.

B. TANF Recipients

1. Distribution of Support

As a condition of eligibility for Temporary Assistance to Needy Families (TANF), an individual is required to assign to the State any rights to support from an absent parent of a child receiving TANF.

The State, through the Division of Child Support Enforcement (DCSE), sends the first $50 of support collected in a month on behalf of the TANF assistance unit to that unit. (If the total support collected is less than $50, the entire amount is sent to the unit.) Any remaining amount of support is kept by the State as reimbursement of TANF payments made to the family. If DCSE collects more support than the State is entitled to keep as reimbursement for TANF paid, it will forward the excess to the TANF assistance unit. That excess amount is counted as unearned income.

2. After TANF Stops

If the Medicaid recipient has been removed from the TANF unit and is no longer included in the money payment, the assignment of rights to support for that individual is no longer valid (except with respect to any unpaid support obligation that has accrued under the assignment). From that point forward, the Medicaid recipient is entitled to receive from the State his or her share of any support collected on his/her behalf. Any support received is unearned income in the month received.

C. Procedures

1. Retained by State

Child support collected by a State and retained as reimbursement for TANF payments is not income to a Medicaid recipient.

2. $50 Pass Through

Child support collected by DCSE and paid to a TANF assistance unit as a $50 (or less) pass-through of child support is not income to the Medicaid family/budget unit.

3. Amount in Excess of the $50 Pass-Through

Child support collected by DCSE and forwarded to a TANF family because the support exceeds the amount which the State is entitled to keep as reimbursement for TANF is a payment of child support and is unearned income.

4. Direct Child/Spousal Support

Support collected by DCSE and paid to the Medicaid family/budget unit is unearned income in the form of child support to the family/budget unit. Support paid directly to the Medicaid family/budget unit by an absent parent or spouse is unearned income in the form of child/spousal support to the family/budget unit.

NOTE: The first $50 of total child or child and spousal support paid to the family/budget unit is excluded. The $50 exclusion is only applicable current child/spousal support payments received each month. The $50 exclusion does not apply to alimony that is not commingled with child support.

5. Payments Made to Third Party (Other Than DCSE)

Pending establishment of a child support obligation by the District Child Support Enforcement Office, payments made to a third party such as a rental agency in lieu of or in addition to child support, whether based on a court order or a mutual voluntary agreement between the Medicaid

applicant/recipient and the responsible person, must be counted as unearned income to the child. The $50 disregard is NOT applicable to third party payments.

M0730.500 DIVIDENDS AND INTEREST

A. Policy

Dividends and interest are *only counted as unearned income when earned on a countable resource. Dividend and interest income payments on countable resources* are counted as income in the month received or anticipated to be received (even if paid quarterly, annually, etc.), unless the interest is earned on an excluded savings account for education, home purchase or establishing a business per M0630.125.

B. Definition

Dividends and interest are returns on capital investments such as stocks, bonds, certificates of deposit, or savings accounts.

C. Procedure

Verify the amount that is received or is anticipated to be received by documents in the applicant/recipient's possession or through contact with the financial institution where the account or other financial instrument is located.

M0730.505 RENTAL/ROOM AND BOARD INCOME

A. Policy

Net rental/boarder income from the rental of real property, or rooms, or board paid when the applicant/recipient is not engaged in a business enterprise or actively involved in management is unearned income. Rental/room and board income is counted in the month in which it is received.

B. Definitions

1. Rent

Rent is a payment which an individual received for the use of real or personal property, such as land or housing.

2. Net Rental Income

Net rental income is the total amount received less the allowable costs.

3. Board

Board is the amount paid for the provision of meals only.

4. Room

Room is the amount paid to rent a room only.

5. Room and Board

Room and board is the amount paid for room rent and the provision of meals.

C. Calculation of Net Rental/Boarder Income

1. Real or Personal

The net rental income is the total amount received less the tax on the property.

Verify the anticipated income by documents in the applicant's possession or by a statement from the tenant.

Verify the anticipated cost by a tax receipt for the property owned.

2. Room Rent

The net rental income is 65% of the total rent received if heating fuel is furnished by the applicant/recipient. The net rental income is 75% of the total rent received if heating fuel is not furnished.

Verify the rent paid by documents in the applicant/recipient's possession or a statement from the tenant.

3. Boarders

The net rental income is the total board received less the standard food allowance for one person at 100% per boarder. *Contact your Medicaid Consultant for the current standard food allowance.*

Verify anticipated income from documents in applicant/recipient's possession or statement from boarder.

4. Roomer/ Boarders

The net rental income is the total rent received less the standard food allowance for one person at 100% per boarder AND the room rental costs: 65% of the total rent received if heating fuel is furnished or 75% of the total rent received if heating fuel is not furnished.

Verify anticipated income by documents in the applicant/recipient's possession or by a statement from the boarder.

M0730.520 GIFTS

A. Policy

The first $30 received by each individual in the assistance unit per calendar quarter for special occasions, such as birthdays, Christmas, etc., is excluded.

B. Definition

Calendar quarters are:

January - March;
April - June;
July - September;
October - December.

C. Procedure

Any amount in excess of the $30 per calendar quarter anticipated to be received will be counted as unearned income in the month in which it is anticipated to be received.

M0730.522 CONTRIBUTIONS

A. Policy

1. Contribution from agencies or organization

Any cash contribution made directly to the FU/BU by an agency or organization must be counted as unearned income to the FU/BU if such contribution is for any of the following:

- food, including special diets
- clothing
- personal care
- household supplies and equipment
- insurance
- school supplies and expenses
- laundry
- utilities (including telephone)
- housekeeping and personal services
- obligations incurred within the month of application
- guardianship fees
- average shelter costs appropriate to the locality in which the assistance unit resides (including rent, house payments, taxes, fire or comprehensive insurance repairs, installations, water sewage and trash disposal

NOTE: If the contribution to the assistance unit is for one of the items listed above, it is unearned income and counted dollar for dollar. If it is not for one of the items listed above, it is not unearned income.

2. All Other Cash Contributions

All other cash contributions are counted in amount received as unearned income.

B. Procedure

- Verify with the administering agency or person contributing, the purpose of the contribution; AND
- Verify the amount of the contribution.

M0730.600 HOME ENERGY ASSISTANCE

A. Policy

Payments made directly to a household for home heating or cooling provided by suppliers of home energy, such as electric and gas companies and fuel oil dealers, must be counted as income.

B. Value of Assistance

When payments are received jointly by a household composed of Medicaid and non-Medicaid applicants/recipients, the FU/BU's pro rata share, based on the total number of persons in the household, must be considered as unearned income to the Medicaid FU/BU.

M0730.800 TREATMENT OF LUMP SUM INCOME

A. Policy

The receipt (on or after the month of application for Medicaid) of a nonrecurring lump sum payment is counted as income of the individual who received it. It is counted as income to the individual who received it in the month of receipt. If any of the lump sum is retained beyond the month of receipt, the retained portion is counted as a resource to the individual.

The lump sum is earned income if it meets the definition of earned income, such as an earnings bonus paid annually to an employee. If the lump sum does not meet the definition of earned income, it is unearned income. Most lump sum payments are unearned income.

In the month of receipt, the countable portion of the lump sum (lump sum minus directly related expenses) is added to the individual's other income and counted as income to the individual's family unit and/or budget unit. The countable lump sum amount is also added to all other earned and unearned income in calculating the amount of the deemor parent's income to deem to the F&C child.

B. Definition

A lump sum is one of the following:

- accumulation of benefits for a prior period, including Social Security and Workman's Compensation benefits;
- payments in the nature of a windfall, e.g., inheritances or lottery winnings;
- personal injury awards;
- any portion of a casualty property loss payment which is not used for repair or replacement of the damaged/lost resources;
- life insurance settlement when the policy is owned by someone other than a member of the family/budget unit;
- child support identified as payments paid in excess of public assistance; or
- income from any other nonrecurring source.

NOTE: Money received from the sale or conversion of any real or personal property is not considered a lump sum (see M0610.100, Distinction Between Assets and Resources).

NOTE: A lump sum is a resource if it was received before the month of application for Medicaid or if any amounts are remaining after the period of time it is counted as income. If counted as income, it cannot be counted as a resource even if placed in a savings account for education, home purchase, or establishing a business as described at M0630.125.

C. Procedure

1. Determine Countable Amount of Lump Sum

The gross amount of the lump sum minus directly related expenses, equals the countable amount of the lump sum. The countable amount of the lump sum is income in the month of receipt.

a. Definition of Directly Related Expenses

Directly related expenses are items such as funeral expenses, medical bills, legal fees, or liens against insured property. Expenses for day-to-day living incurred pending receipt of a lump sum are not directly related expenses.

Lump sum payments received as a result of an accumulation of benefits for a prior period, such as Social Security benefits, will have no directly related expense deduction.

b. Documentation of Directly Related Expenses

The applicant/recipient must promptly provide documented evidence of directly related expenses which were incurred prior to or are anticipated to be incurred within 30 days after receipt of the lump sum.

If verification of the payment of directly related expenses is not provided promptly, the lump sum is counted in full. Subsequent provision of verification of the lump sum payment or the payment of directly related expenses will not change the countable amount of the lump sum. The agency must advise the applicant/recipient of the requirement to count the lump sum in full unless the directly related expenses are actually paid.

2. Determine Total Income

Add all countable earned and countable unearned income to the countable portion of the lump sum to determine the individual's total amount of income for the month of receipt.

3. Evaluate Asset Transfer

Evaluate the spending of a lump sum under the asset transfer policy in subchapter M1450 and document the case record with the amount(s) of compensation received.

D. Example--Lump Sum Received By Adult In Family

EXAMPLE #1: Mr. Fox , who lives in a Group II locality, receives a $5000 lump sum on August 2, 1997. There are 5 members of the family unit. Their other countable earned and unearned income for that month is $200. *The family unit's income for August is $200 + $5000 = $5200.*

$1,730 of the lump sum remains in September. The $1,730 is counted as a resource to Mr. Fox in September.

E. Example--Lump Sum Received By *Adult, Stepparent* In Family

EXAMPLE #2: *Mrs. Bear lives in a Group II locality with her husband, Mr. Bear, and her son from a previous relationship, Baby Bear. Baby Bear has been receiving Medicaid as a Medically Indigent Child Under 6. The parents had not requested Medicaid for themselves. On September 3, 1997, Mrs. Bear receives a $5000 lump sum payment (after directly related expenses are deducted). The family has no earned income, but has unearned income of $1300 per month (retirement for Mr. Bear). Mrs. Bear has no other income. The family unit's income for September is $1300 + 5000 = $6300.*

The countable income of the family unit is compared to the MI income limit for three people. $6300 exceeds the MI limit for three people ($1477). Since Baby Bear has a stepparent in the home, budget units must be formed. One budget unit contains Mr. and Mrs. Bear; the other budget unit contains Baby Bear.

Deem a portion of Mrs. Bear's income to Baby Bear:

$5000.00	*Mrs. Bear's lump sum income*
- 128.50	*deeming standard (1/2 of 100% standard of assistance for 2 in Group II)*
$4871.50	*deemable income*

Baby Bear's monthly income for September is $4871.50. That amount exceeds the MI Child Under 6 income limit for a budget unit of one ($874) so Baby Bear is not eligible for Medicaid in September. For October, Baby Bear has no countable income because his mother has no income in October; he is eligible for Medicaid again in October as an MI child under age 6.