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**INCOME**

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**UNEARNED INCOME**

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**A. GENERAL**

Unearned income is all income that is not earned income.

The monthly amount of any unearned income must be determined and verified for all applicants and recipients except in cases where ineligibility results from another factor of eligibility. Verification of unearned income will normally be by documentation from the source of the unearned income.

Another means of verification may be used only if the source and the amount of unearned income can be clearly established. The case record will clearly show the method and particulars of the verification used to establish the unearned income.

**B. AMOUNT OF  
UNEARNED  
INCOME**

The amount of unearned income which must be counted in determining eligibility for Medicaid is the gross amount due the client. The exception to this rule is that the gross amount of unearned income may be reduced by certain expenses incurred to obtain that income. The most common expenses of this type are attorney fees; however, there are others. Fees for medical examinations, legal papers, proofs of relationship, birth and death, filing fees, etc., can be involved in securing income and diminish the amount which is countable. Proof of having incurred the expense (bills, canceled checks, money orders, etc.) is required.

Deduct excludable expenses from the first and subsequent payments until completely offset. Excludable expenses may occur in periods prior to the receipt of income. All excludable expenses can be offset against the income when it is actually or constructively received.

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- 1. Deductions Other Than Expenses**

Any income deducted from the gross amount of unearned income which are not incurred expenses in obtaining the income as outlined above, must be counted as income in determining eligibility, such as:

  - a. Overpayment Recovery

Amounts withheld by Title II and other programs to recover overpayments are counted as unearned income.

This policy applies to income received by an applicant/recipient as well as to persons whose income is subject to deeming.
  - b. Taxes Withheld

Taxes withheld from unearned income are counted as unearned income in determining eligibility.
  - c. Other Deductions

Amounts withheld for pension fund contributions, garnishments, child support or optional deductions, such as life or medical insurance premiums, savings bonds or accounts, are counted as unearned income in determining eligibility.
  
- 2. Return of Money Previously Deducted**

If any of these deductions listed above are later returned to an individual by the original source or the agency or organization to which the deducted amounts are transferred (e.g., governmental tax collection unit), the refunds cannot again be income but can be available resources when received and would be counted if retained into the following month.

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**3. Payments In  
Foreign  
Currency**

Occasionally, an individual receives income tendered to him/her in a monetary unit other than U. S. dollars. This usually will be in the form of a check or a direct deposit to a bank. The U. S. dollar value of a payment made in foreign currency, less expenses, is income.

Foreign currency payments are counted as income when received unless the individual can establish that the payment was received too late in the month for conversion prior to the following month.

Use a check or documents in the individual's possession to verify receipt of a foreign payment and the amount in foreign currency. If the payment is made directly to a bank, the bank may provide a statement of the amount received.

Verify the exchange rate for conversion of the foreign currency into U. S. dollars using a receipt for the individual's last exchange or a telephone call to a local bank or currency exchange. Use the established exchange rate until the next redetermination or until a change is reported/verified.