
INCOME

UNEARNED INCOME

**D. BENEFITS
PAID BY
THE SOCIAL
SECURITY
ADMINISTRATION**

The following benefits are paid by the Social Security Administration (SSA) and are counted as unearned income:

**1. RSDI &
Prouty
Benefits**

RSDI (Retirement, Survivors and Disability Insurance) benefits are paid under title II of the Social Security Act.

Prouty benefits are a special monthly benefit paid to certain persons who reached age 72 before 1968 who are not insured for regular monthly benefits.

The full amount of the monthly benefit to or on behalf of the designed beneficiary is unearned income.

The amount of premiums deducted for the optional Supplemental Medical Insurance (SMI) under Medicare from RSDI benefits is included in unearned income. Do not charge refunded SMI premiums as unearned income.

Overpayments recovered from SSA benefits are included as income in determining eligibility for Medicaid. Refer to "Determining Amount of Unearned Income" for further discussion of overpayments.

Lump-sum payments made by SSA, such as retroactive Social Security benefits or death benefits paid to a surviving spouse, are treated as unearned income in the month of receipt with the exception of the following:

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Retroactive Social Security benefits paid to an individual who also received SSI for the same period will have the retroactive Social Security benefit reduced by an amount equal to the amount of SSI payments that would not have been paid if Social Security benefits had been paid when due. The balance due the beneficiary after the reduction of the retroactive payment is not income for SSI purposes. This is the only exception to the SSI rule of counting unearned income when received.

Any retroactive Social Security benefits paid for periods prior to SSI entitlement are not subject to the reduction and are considered income when received. The award letter issued to the recipient will specify the offset amount. Any payment over and above this amount is income in the month received. If the award letter is not available, contact SSA for assistance.

2. Resource Exclusion for Retroactive Payments

Retroactive SSI benefits are any SSI benefits issued in any month after the calendar month for which they are paid. Benefits for January that are issued in February are retroactive.

Retroactive RSDI benefits are those issued in any month that is more than a month after the calendar month for which they are paid. RSDI benefits for January that are issued in February are not retroactive, but RSDI benefits for January that are issued in March are retroactive.

The unspent portion of retroactive SSI and RSDI benefits is excluded from resources for the 6 calendar months following the month in which the individual receives the benefits.

3. SSA Benefits- Reductions, Deductions, Rounding & Verification

The title II benefit payable to a beneficiary is rounded at difference points in the computation process by SSA. Charge as income the amount of title II shown as the "Gross" benefit amount on the Third Party Query (TPQY) or the BENDEX which is the amount of the benefit after rounding but before the Medicare premium is deducted.

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Exceptions:

- a. Rounding does not apply to Prouty benefits. The gross benefit shown is the amount counted as income for all J1 or K1 beneficiaries.
- b. For Medicaid applicants entitled to Medicare who are not already enrolled in State buy-in, the Gross Benefit Amount payable prior to State buy-in of the Part B premium is less than the benefit payable after State buy-in occurs. To account for this difference, the "Gross" amount shown on the TPQY must be rounded up to the nearest dollar to determine the amount of title II to count as income. For example: If the TPQY "Gross Benefit Amount" shows \$487.90 at the time of application, the amount to charge as income is \$488.
- c. If a title II monthly benefit is reduced because of a worker's compensation offset, charge the net amount of the title II benefit received plus any SMI premium withheld as unearned income. A title II benefit is reduced dollar for dollar in the amount of any monthly worker's compensation paid.

Verify title II benefits and/or Medicare entitlement by on-line viewing of BENDEX or obtain a TPQY response. If available, examine evidence the client may possess, such as an award letter or adjustment letter and make copies for the record if appropriate.

**4. Mandatory
State
Supplement**

Aged, blind and disabled individuals converted from State Welfare roles are deemed to have filed for SSI beginning January 1, 1974. Converted recipients receive SSI and a Mandatory State Supplement (MSS) to maintain the 12/73 income levels of former assistance recipients. Certain recipients may receive MSS without an SSI payment.

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The SSA administers MSS payments in Mississippi. MSS payments are included with SSI benefits each month or paid separately if the individual does not receive SSI. A MSS payment is shown on a TPQY as a "State Amount" and is treated the same as Income Based on Need for Income purposes.

5. Black Lung Benefits

Black Lung (BL) benefits are paid to miners and their survivors under the provisions of the Federal Mine Safety and Health Act (FMSHA).

Benefits under **Part B** of the FMSHA are paid by the **Social Security Administration** (SSA) and benefits under **Part C** of the FMSHA are paid by the **Department of Labor** (DOL).

In general, Part B benefits are paid on the third of the month while Part C benefits are paid on the fifteenth of the month.

Both Part B and Part C BL benefits are subject to offsets (e.g., workers' compensation) and can be reduced due to the recovery of an overpayment. In addition, Part C benefits may be reduced because of liens imposed by other Federal agencies (such as the Internal Revenue Service).

The amount deducted from a Part C BL benefit because of garnishment (e.g., liens imposed by other Federal agencies) is unearned income. The amount of the BL benefit to charge as income is the amount paid after application of an offset (i.e. workers compensation offset) but before the collection of any obligations of the recipient.

Verify the receipt of Part B Black Lung benefits via on-line viewing of BENDEX or TPQY response. Verify the receipt of Part C with the individual's own records, such as an award notice and check, if available. Contact the Department of Labor if information from the client is unavailable.