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**INCOME**

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**INCOME COMPUTATIONS**

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**B. DEEMED  
INCOME**

The term deeming identifies the process of considering another person's income and resources to be available for meeting a Medicaid client's basic needs. Deemed income and resources are attributed to an eligible individual whether or not they are actually available to him/her with the following restrictions:

- deeming only applies in household situations
- income is only deemed from an ineligible spouse to an eligible spouse or from ineligible parent(s) to an eligible child.

Deeming is based on the concept that a husband and wife (including "holding-out" couples) and/or parents and children who live together have a responsibility for each other and share income and resources. Both SSI and Medicaid regulations require deeming in household situations.

A portion of an ineligible parent's or spouse's income is used to provide for the ineligible's own living expenses and those of any ineligible children living in the household. Based on this consideration, allocations are applied for:

- ineligible parent(s); and
- ineligible children in the household.

Application of these allocations reduces the amount of income available for deeming.

**1. Definition of  
Eligible/  
Ineligible  
Child for  
Deeming  
Purposes**

A child is someone who is neither married nor the head of a household, and:

- under age 18; or
- under age 22 and a student

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An eligible child, for deeming purposes, is a natural or adopted child under age 18 who lives in a household with one or both parents, and is eligible for or applying for Medicaid. A child is eligible if the child receives Medicaid from any source (SSI, AFDC, etc.).

Deeming to such an eligible child no longer applies beginning the month following the month the child attains age 18.

An individual attains a particular age on the day preceding the anniversary of his/her birth. Deeming applies in the month of attainment of age 18 regardless of whether an application filed that month is filed before or after the day of attainment.

An ineligible child, for deeming purposes, is a natural or adopted child of an eligible individual, or the natural or adopted child of a parent, who lives in the same household with the eligible individual, and is:

- under age 18; or
- under age 21 and a student

**2. Definition  
of Parent  
for Deeming  
Purposes**

A parent whose income and resources are subject to deeming is one who lives in the same household with an eligible child and is:

- a natural parent of the child
- an adoptive parent

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Deem a parent's income and resources to an eligible child beginning the month:

- after the month the child comes home to live with the parent(s) (e.g., the month following the month the child comes home from the hospital); or
- of birth when a child is born in the parent's home; or
- after the month of adoption (the month of adoption is the month the adoption becomes final); or

Deeming applies from a parent to a child when they live together in the same household. However, if a natural or adoptive parent is deceased or is divorced from the stepparent, and the child is living with the stepparent, the stepparent is not considered a parent or spouse of a parent of the eligible child for deeming purposes. Also, a relative or other adult who has legal custody of a child but is not also the natural or adoptive parent of the child is not a parent for deeming purposes. Also, a relative or other adult who has legal custody of a child but is not also the natural or adoptive parent of the child is not a parent for deeming purposes.

**3. Waiver of Parental Deeming Rules**

Effective July 1, 1989, a child who is eligible under the coverage group "Disabled Child Living At-Home" is exempt from deeming of parental income and resources. The eligible child's own income and resources affect Medicaid eligibility in the usual manner.

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- 4. Income Excluded From Deeming** Any item which is not income to an eligible individual is also not income to an ineligible spouse or parent.
- In addition, the following types of income are excluded:
- Exclude income used by an ineligible spouse, ineligible parent (or ineligible child) to make court-ordered support payments. Exception: If an ineligible child receives child support payments, do not disregard one-third of the payment as is done for an eligible child.
  - A stepparent's income is excluded from deeming. Work the case as a one-parent household, deeming the legal parent's income to the eligible child.
  - In-Home Supportive Services Payments provided under title XX or other Federal, State or local governmental programs to an eligible individual and paid by the individual to his/her ineligible spouse, parent or child living in the same household in return for in-home supportive services (chore, attendant, homemaker), are excluded from income for deeming purposes. Such payments made directly to the ineligible spouse, parent or child to provide the services to the eligible are also excluded for deeming purposes.
- Retroactive IHSS payments are not a resource for one calendar month following the month of receipt. Any unspent portion becomes a resource if retained into the second calendar month following receipt.
- 5. Public Income Maintenance Payments Received By a Deemor (Income Based on Need)** Any Public Income Maintenance (PIM) payments received by an ineligible spouse or parent and any income counted in determining the payment is excluded from income in the deeming computation. **RESOURCES CONTINUE TO BE DEEMED (OR COMBINED) FROM THE SPOUSE OR PARENT RECEIVING INCOME BASED ON NEED.**

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Note: If the spouse or parent who receives the PIM payments wishes to apply for Medicaid, the PIM payment is counted according to the income rules regarding the specific payment.

PIM payments are payments made under:

- TANF
- SSI
- The Refugee Act of 1980
- The Disaster Relief Act of 1974
- General Assistance programs of the Bureau of Indian Affairs
- State or local government assistance programs based on need, and
- VA benefits based on need.

No allocation is given for a parent or child in a household who receives a PIM payment.

As a result of the exclusions from the deeming process, there may be situations advantageous to a couple if the potentially eligible spouse who has nondeemable income does not file. For example, if one spouse has a VA pension of \$500, the pension is not deemable and the other spouse who has no income would be treated as an individual with \$0 income. If the spouse who has the pension also files, the \$500 would result in a dollar-for-dollar reduction in the couple FBR or FPL since income based on need is considered income to an eligible individual.

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**6. Events  
Affecting  
Deeming-  
Couples**

There are several events which can change deeming status:

Ineligible Spouse Becomes Eligible

The individual and spouse are treated as an eligible couple effective with the month the spouse becomes eligible (and applies).

Spouses Separate or Divorce

The ineligible spouse's income is no longer deemed to the eligible the month after the month of separation or divorce.

Eligible Begins Living with Ineligible Spouse

Deeming of the ineligible's income begins with the month after the month they begin living together.

Ineligible Spouse Dies

Deeming stops the month after the month of death.

Eligible Becomes Institutionalized

Deeming stops in the month of entry into the facility.

**7. Events  
Affecting  
Deeming-  
Parents/  
Children**

Ineligible Parent Becomes Eligible

Deeming from the parent stops beginning with the month the parent becomes eligible.

Eligible Parent Becomes Ineligible

Deeming of the parent's income begins with the first month of the parent's ineligibility to determine if the child is eligible.

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Ineligible Parent Dies

Deeming stops the month after the month of death.

Ineligible Parent and Eligible Child No Longer Live  
in Same Household

Deeming of the parent's income stops effective the month after the month the parent (or child) leaves the household.

Ineligible Parent & Eligible Child Begin Living in Same  
Household

The parent's income is deemed to the child beginning the month after the month they begin living together.

An example is that of a newborn child. No income of the parent(s) is deemed until the month after the month the child is home.

Eligible Child Becomes Institutionalized

Deeming stops in the month of entry into the facility.

Eligible Child Attains Age 18

Deeming stops the month following the month an individual attains age 18.