
INSTITUTIONALIZATION

MEDICAID INCOME COMPUTATION

**B. INCOME USED
IN THE MI
COMPUTATION**

In computing MI, only the eligible individual's income is considered. Deemed income is never included in the MI computation. The MI computation begins with the eligible's income only.

The eligible's income to consider is the total income received in the month of the computation with the exception of the following:

- Total income does not include any SSI payments received by the eligible. Do not count any SSI payment received for any month of institutionalization in the Medicaid Income computation.
- Total income does not include the full amount of any irregular or infrequent income subject to averaging. Income of this type is averaged first before adding the averaged amount to the eligible's total income.

**1. Nonrecurring
Lump Sum
Payments**

Certain lump sum payments are excluded from income determinations (for eligibility purposes) while others are not excluded. Income eligibility policy specifies the types of payments considered as income in the eligibility computation. However, in determining whether income, such as a lump sum payment, should be counted as income in the Medicaid Income computation, the general rule is to determine whether the payment has previously been counted as income for MI purposes. Two examples will illustrate:

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- A former SSI recipient currently in a nursing home receives a retroactive title II payment that meets the qualifications for excluding the payment from income in the Eligibility Test, i.e., the payment has been reduced by the amount of SSI payments previously received, so it is not counted as income according to SSI policy. Although the payment can be excluded as income for eligibility purposes, it cannot be excluded as income in the Medicaid Income computation because the retroactive title II payment has not previously been counted as income for Medicaid Income purposes. In this instance, the lump sum title II payment is counted as income in the month received in the Medicaid Income computation only if there is sufficient time to count the payment.

- A nursing home recipient who receives a VA pension has his VA benefits suspended for failure to verify medical expenses. The recipient remains entitled to his full VA payment, therefore, the full basic pension amount of the VA benefit continues to count as income in both the Eligibility Test and the MI computation. However, when the recipient receives a lump sum payment from VA which represents payments previously suspended, the lump sum payment is not counted as income for eligibility or Medicaid Income purposes. This is because the payment has previously been counted as income in both computations.

**2. Recurring
Lump Sum
Payments**

If a payment is recurring, such as annual rental payments, the policy governing irregular and infrequent income applies, which means the payment is subject to averaging.

One-time (nonrecurring) lump sum payments are not subject to averaging and are handled according to the lump sum payment policy described above. If a payment has not been previously counted as income, the payment is subject to being counted as income in the month received in the Medicaid Income computation.