INSTITUTIONALIZATION
MEDICAID INCOME COMPUTATION

C. AVERAGING INCOME IN THE MI COMPUTATION

Recurrent income that varies in amount and/or frequently be averaged in the MI computation provided the client is eligible based on income in the month the payment is received without averaging. For eligibility purposes, all income is counted in the month it is received. If the client is eligible based on income in the Eligibility Test, the provision requiring averaging for Medicaid Income purposes applies. If the client is ineligible based on income when counting irregular or infrequent income in the month of receipt, do not average the payment in the Medicaid Income computation.

Averaging applies in the Medicaid Income computation since it is a post-eligibility budgeting procedure. Income averaging is applicable only when determining the amount of the client's gross income for Medicaid Income purposes and when determining the amount of income for a community spouse or dependent for allocating purposes. The computation used to obtain an average, as explained below, must be documented in the case record.

1. Monthly Income That Varies

Income received monthly in amounts that vary must be averaged over a 12-month period using the 3 most recent monthly payments available to obtain the averaged amount. When projecting the averaged amount over a 12-month period, allow for any known changes that will occur in the income.

If the 3 most recent payments are not available, document the case and use the best available information. In certain instances, it would not be appropriate to use the most recent 3 months payments. For example, the monthly payment may not have started being paid until a month or 2 before the average is being determined. Or, the payment may have been reduced drastically over the 3 most recent payments and there is no reason to suspect that the monthly payment would ever again increase to a higher level. In either case or in similar situations, justify the reason for using a different average from the most recent 3 payments.

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2. Infrequent Income

Income received non-monthly is averaged over the period of time the payment is intended to cover provided the payment was counted as income in the month last received and the client was eligible when counting the payment. Infrequent income that is not counted as income in the month received is treated as a countable resource in subsequent months.

The stipulation that infrequent income must be counted as income in the month received before it is subject to averaging avoids averaging "after the fact" when the income may no longer be available to the client for averaging. When infrequent income is treated as income in the month received and subsequently averaged, the client must be notified that the payment will be averaged over the period it is intended to cover and availability will not be an issue.

An example of infrequent income averaging as explained above would be an applicant who receives annual land rent income. The last payment was received six months prior to application and another payment is expected in six months. When determining eligibility, the land rent payment is not subject to averaging since it was not counted in the month received. However, a tickler must be set so that the next rent payment received can be counted and, if eligible, averaged over the next 12 months.

Infrequent payments are averaged over the period of time the payment is intended to cover, i.e., annual payments are averaged over 12 months, quarterly payments over three months, and so on. One-time payments are not recurrent income and are not subject to averaging but are counted as income in the month received, if applicable, for Medicaid Income purposes.