

# MISSISSIPPI DIVISION OF MEDICAID

## Eligibility Policy and Procedures Manual

### 200.06 UNEARNED INCOME - 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 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.

#### 200.06.01 WHEN TO COUNT UNEARNED INCOME

Unearned income is counted as income in the earliest month it is:

- Received by the individual;
- Credited to the individual's account; or
- Set aside for the individual's use.

**NOTE:** To determine when to count retroactive RSDI benefits, refer to 200.09.02.

#### 200.06.02 UNEARNED INCOME EXCLUSIONS

An exclusion is an amount of income that does not count in determining eligibility and payment amount. Except for the \$50/\$20 general exclusion, no unused unearned income exclusion may be applied to earned income.

#### 200.06.03 EXPENSES OF OBTAINING INCOME

The amount of unearned income which must be counted in determining eligibility for Medicaid is the gross amount due the client; however, the gross amount of unearned income may be reduced by certain expenses that are an essential factor in obtaining a particular payment(s). Therefore, unearned income does not include that part of a payment that is for an essential expense incurred in getting the payment. For example:

- From a payment received for damages in connection with an accident, subtract legal, medical and other expenses connected with the accident.
- From a retroactive check from a benefit program other than SSI, subtract legal fees connected with that claim.

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### **EXPENSES OF OBTAINING INCOME** (Continued)

The following fees are considered essential to obtaining income and are allowed as deductions:

- **Document Fees** – A fee to acquire documentation to establish that an individual has a right to certain income is an essential expense and reduces the amount of unearned income which is countable. Examples include fees for obtaining birth or death certificates, legal papers, medical examinations, filing fees, etc.
- **Guardianship Fees** – A guardianship fee is an essential expense only if the presence of a guardian is a requirement for receiving the income.

### **Deducting Allowable Expenses**

Use the following criteria when deducting expenses essential to obtaining the unearned income:

- Expenses are deducted from the first and any subsequent amount(s) of related income until the expense is completely offset.
- Excludable expenses can be offset against the income when it is actually or constructively received.
- Allow any verified expenses which were paid by the recipient prior to the receipt of the income (e.g., a partial payment to an attorney made from an individual's savings account) as long as they are essential to obtaining the income.
- Proof of having incurred the expense (bills, canceled checks, money orders, etc.) is required. If an expense has been incurred, but not paid, assume the individual will pay the expense.
- The remainder is unearned income subject to the general rules pertaining to income and income exclusions.

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### 200.06.04 OVERPAYMENT RECOVERY

Unearned income includes that part of a benefit that has been withheld to recover a previous overpayment. However, the amount withheld to reduce a prior overpayment is not included as income if double counting would result. Double counting (counting the unearned income twice) would result if:

- The individual received both SSI and the other benefit (or deemed income using the other benefit) at the time the overpayment of the other benefit occurred; and
- The overpaid amount was included in figuring the SSI payment (and resulting Medicaid eligibility) at the time.

This policy applies to the following types of benefits:

- Annuities and pensions
- Retirement or disability benefits (including veteran's pensions and compensation)
- Workers' Compensation
- Social Security benefits
- Railroad Retirement benefits
- Unemployment benefits
- Black Lung benefits

Overpayment means “overpayment as defined by the entity paying the benefit” and may include overpayments made to someone other than the person whose benefits are withheld.

**Example:** Joe Jones started receiving RSDI benefits and SSI in January 2010. His SSI terminated in December 2010. In January 2011, he received a notice explaining that he was overpaid \$150 in RSDI benefits from April 2010 through August 2010 and \$30 will be withheld from his RSDI benefit from March 2011 through July 2011 to recover the overpayment. Since the overpaid amount was used to determine his SSI payment from April 2010 through August 2010, the \$30 a month overpayment recovery is not included in the determination of his countable unearned income for March through July 2011.

Do not apply this exception if the individual was determined ineligible for SSI based on countable income that included the overpayment and no SSI payment was received for the months the overpayment occurred.

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### 200.06.05 **GARNISHMENT OR OTHER WITHHOLDING**

Unearned income includes amounts withheld because of a garnishment or to make certain other payments (such as Medicare premiums).

Unearned income includes amounts withheld whether the withholding is:

- Purely voluntary;
- To repay a debt; or
- To meet a legal obligation.

**NOTE:** This policy does not apply to amounts withheld to pay the expenses of obtaining the income since such amounts are not income.

<b>The following are types of items for which amounts may be withheld, but the withheld amounts <u>are</u> considered income received:</b>	
Federal, State or Local Income Taxes	Life or Health Insurance Premiums
Supplementary Medical Insurance (SMI) – Medicare Part B	Union Dues
Loan Payments	Garnishments
Child Support	Bank Service Charges

### **Return of Money Previously Deducted**

If any of the types of deductions listed above are later returned to the individual by the original source, agency or organization which received the deduction (e.g., refund of Medicare premiums), the refunded amounts cannot again be income.

However, refunded amounts can be available resources when received and would be counted if retained into the following month.

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### **200.06.06 PAYMENTS IN FOREIGN CURRENCY**

Occasionally, an individual receives income tendered in a monetary unit other than US dollars. This usually will be in the form of a check or a direct deposit to a bank. The US 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 US 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.

### **200.06.07 DEEMED INCOME**

Deemed income is unearned income attributed to an applicant or recipient for Medicaid eligibility from an ineligible spouse or parent. Deeming only applies in household situations. There is no deeming of income in any month of institutionalization and deemed income is not used in determining Medicaid Income. A discussion of the deeming process is found later in this chapter.

### **200.06.08 INCOME BASED ON NEED (IBON)**

Income based on need is assistance which is:

- Provided under a program which uses income as a factor eligibility; and
- Funded wholly or partially by the federal government or a nongovernmental agency (e.g., Catholic Charities or Salvation Army) for the purpose of meeting basic needs.

IBON is unearned income that is not subject to the \$50/\$20 general exclusion. If received by a client, IBON is counted in its entirety. However, if IBON is received by an ineligible spouse, parent or child, it is not deemed to a client. Refer to the discussion of deemed income later in this chapter.

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### 200.06.09 ASSISTANCE BASED ON NEED (ABON)

Assistance based on need is assistance which is:

- Provided under a program which uses income as a factor of eligibility; and
- Funded **wholly** by a state, a political subdivision of a state or a combination of such jurisdictions.

Assistance based on need is excluded from income. If a program uses income to determine payment amount, but not eligibility, it is not ABON, e.g., some crime victim compensation programs.