

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

CHAPTER 200 – Income: Aged, Blind and Disabled (ABD) Categories

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200.07 SOURCES AND TREATMENT OF UNEARNED INCOME

The following sections list different sources of unearned income and how they are treated in the eligibility process.

200.07.01 ANNUITIES, PENSIONS, RETIREMENT AND DISABILITY PAYMENTS

An annuity is a sum paid yearly or at other specific times in return for the payment of a fixed sum. Annuities may be purchased by an individual or by an employer.

Pensions and retirement benefits are payments to a worker following retirement from employment. These payments may be paid directly by a former employer, by a trust fund, an insurance company or other entity.

Disability benefits are payments made because of injury or disability.

Annuities, pensions, retirement benefits and disability benefits are counted as unearned income. One exception is certain accident disability benefits paid within the first 6 months after the month an employee last worked are treated as earned income. Refer to the Earned Income section for the discussion of these benefits.

Verify the source, type, amount and frequency of these payments by award letters, other documents in the individual's possession or contact with the organization making the payment.

200.07.02 TITLE II/RETIREMENT, SURVIVORS AND DISABILITY INSURANCE (RSDI)

Retirement, Survivors and Disability Insurance monthly benefits are counted as unearned income. Special age 72 benefits, also known as Prouty benefits, are also counted as unearned income.

The amount of Title II is determined based on the following factors:

- The amount of premiums deducted from RSDI for the optional Supplemental Medical Insurance (SMI) premium under Medicare or Medicare Part D is unearned income. Refunded SMI/Medicare Part D premiums are not income.

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- The Title II benefit payable to the beneficiary is rounded at different points in the computation process by SSA. When verifying Title II benefits through BENDEX, charge as income the amount of Title II shown as the “Net Monthly Benefit Amount”. This is the amount of the benefit after rounding, but before the Medicare premium is deducted.
- When using SVES to verify Title II benefits, the Gross Benefit Amount payable prior to the state buy-in of the Part B premium is less than the benefit payable after state buy-in occurs. To account for this difference for applicants, the “Gross” amount shown on the SVES must be **rounded up** to the nearest dollar to determine the amount of Title II to count as income prior to state buy-in.

Example: If the “Gross Benefit Amount” shows \$677.10 at the time of application, round up to \$678.

Exceptions to rounding:

- Rounding does not apply to Prouty benefits. The gross benefit shown is the amount counted as income for all J1 or K1 beneficiaries.
- If a monthly benefit payment has been reduced because of a Workers’ Compensation offset, the net amount of the benefit received (plus any SMI, Medicare Part D premium withheld) is unearned income. A Title II benefit is reduced dollar for dollar in the amount of any monthly Workers’ Compensation paid.
- Overpayments recovered from SSA benefits are included unless the overpayment occurred when the person was receiving SSI and the overpaid amount was included at that time. In this instance, the amount deducted for an overpayment is not included in calculating countable Title II income.
- Refund of recovered monies based on a waiver approval is not income if the money was previously withheld to recover a Title II overpayment, both SSI and Title II benefits were received at the time of the overpayment and the overpaid amount was included in figuring the SSI payment at that time.
- If a monthly Title II benefit payment has been reduced because of a garnishment, the gross amount of the benefit received (plus any SMI premium withheld) is counted as unearned income.

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200.07.02A WHEN TO COUNT RETROACTIVE RSDI BENEFITS

Retroactive RSDI benefits, whether paid in one lump sum or by installment, are treated as unearned income in the month payment is received, with the following exceptions:

- Retroactive RSDI benefits must be paid in installments when paid to representative payees of persons who are eligible because of Drug Addiction or Alcoholism (DAA). The total of retroactive RSDI benefits paid in installments is treated as if paid in a lump sum in the usual manner. The total of such benefits paid in installments is considered unearned income in the month in which the first installment is made.
- Retroactive RSDI benefits paid for a month for which a person also received an SSI payment (i.e., an offset month) have been reduced by an amount equal to the amount of SSI that would not have been paid had the RSDI benefits been paid when due. The balance of these retroactive RSDI benefits are considered income not when received, but rather in the month regularly due. 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.

NOTE: Retroactive RSDI benefits paid for periods outside of an offset period are not subject to reduction and are considered income when received.

- In certain situations, SSA will agree at the recipient's request to pay by installment retroactive RSDI benefits that would otherwise be paid in one lump sum. In such cases, the total of retroactive RSDI benefits (except for amounts considered paid in a windfall offset as discussed above) is counted as unearned income in the month the benefits were set aside for the person's use.

Resource Exclusion for Retroactive Payments

Retroactive **SSI** benefits are SSI benefits issued in any month after the calendar month for which they are paid. SSI 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; however, RSDI benefits for January that are issued in March are retroactive.

NOTE: The unspent portion of retroactive SSI and RSDI benefits is excluded from resources for 9 calendar months following the month the individual receives the benefits.