

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

DIVIDENDS AND INTEREST (Continued)

- In post-eligibility budgeting to determine Medicaid Income, recurring income that varies in amount or frequency, such as dividends and interest, is averaged if the client is income-eligible in the month the payment is received without averaging. Refer to the Institutionalization chapter for more information.

200.07.19 ROYALTIES

Royalties include compensation paid to the owner for the use of property, usually copyrighted material, e.g., books, music or art, or natural resources, e.g., minerals, oil, gravel or timber. Royalty compensation may be expressed as a percentage of receipts from using the property or as an amount per unit produced. To be considered royalties, payments for the use of natural resources also must be received:

- Under a formal or informal agreement whereby the owner authorizes another individual to manage and extract a product (like timber or oil) and
- In an amount that is dependent on the amount of the product actually extracted.

Royalties are counted as unearned income unless they are:

- Received as part of a trade or business; or
- Received by an individual in connection with any publication of his work. Royalties earned by an individual in connection with any publication of his work are earned income (for example, publication of a manuscript, magazine article or artwork).

Some documents concerning royalty payments will provide both a gross and a net payment amount. When the difference between the gross and net figures is due to income taxes withheld or windfall profit tax deductions, use the gross figure in determining income. However, when the difference between the gross and net figures represents a production or severance tax (for example, most oil royalties will be reduced by this tax), use the net figure when determining income. The production or severance tax is a cost of producing the income and therefore, deducted from the gross income. Under liberalized income policy, interest, dividend and royalty income that does not exceed \$5 per month per individual is excluded. The exclusion applies to either income type or a combination of the three types up to the \$5 maximum.

In post-eligibility budgeting to determine Medicaid Income, recurring income that varies in amount or frequency, such as royalties, is averaged if the client is income-eligible in the month the payment is received without averaging. Refer to the Institutionalization chapter for more information.