200.04 EXCLUSIONS FOR EARNED AND UNEARNED INCOME

An exclusion is an amount of income which does not count in determining Medicaid eligibility. Exclusions never reduce income below zero. There are three statutory exclusions that apply to both earned and unearned income.

NOTE: Income exclusions are not applicable in long term care budgeting. For individuals applying for long term care, the total income received in a month is counted as income in each month for which eligibility is being determined. For a full discussion, refer to the Institutionalization chapter.

200.04.01 $50/$20 PER MONTH GENERAL EXCLUSION

A general income exclusion of either $50 or $20 per month is applied based on whether the program operates under liberalized or strict SSI income policy.

200.04.01A LIBERALIZED POLICY

The general exclusion is $50 for the programs subject to liberalized income policy:

- Qualified Medicare Beneficiaries (QMB)
- Specified Low-Income Medicare Beneficiaries (SLMB)
- Qualifying Individuals (QI)
- Working Disabled (WD)
- Healthier Mississippi Waiver

200.04.01B SSI POLICY

For coverage groups subject to strict SSI income policy, the general exclusion is $20. This includes:

- SSI Retro
- Disabled Child Living at Home
- Qualified Working Disabled (QWDI)
- Disabled Adult Child (DAC)*
- Cost of Living (COL)*
- OBRA Widow/Widowers*
- HR-1*

50/$20 PER MONTH **GENERAL EXCLUSION** **(Continued)**

NOTE: *The COEs designated above are allowed other income disregards specific to the coverage group. Eligibility and the amount of these disregards are determined by state office staff upon referral by the regional office. There are currently no recipients on file in the HR-1 COE and additions to this limited mandatory category are unlikely.

200.04.01C **APPLICATION OF THE GENERAL EXCLUSION**

Apply the general exclusion to unearned income first. Any remainder is then applied to any earned income. If there is no unearned income, apply the full general exclusion to earnings before excluding $65 plus one-half of the remaining earned income.

200.04.01D **GENERAL PRINCIPLES**

The following principles must be considered in regard to the $50/$20 per month general exclusion:

- The general exclusion applies to the individual applicant's or recipient's own income, which includes income which has been deemed to them.
- Only one general exclusion can be applied to the combined income of any couple. A spouse deemor is not allowed a separate deduction from his/her income.
- In parent to child deeming situations, the $20 SSI disregard is applied to income of a single parent or combined parental income when a two-parent household is involved.
- No other unused unearned income exclusion, except the general exclusion, may be applied to earned income.
- The general exclusion is not applied to Income Based on Need (IBON).

200.04.02 INFREQUENT AND IRREGULAR INCOME EXCLUSION

For this exclusion to apply, the earned or unearned income must be received infrequently or irregularly. This provision does not apply to unearned income that is subject to other exclusions, i.e., infrequent or irregular child support, subject to the one-third child support exclusion.

- **Infrequent Income** – Effective September 8, 2006, income is considered to be received infrequently if an individual receives it only once during a calendar quarter from a single source **and** the individual did not receive that type of income in the month immediately preceding that month or in the month immediately subsequent to that month, regardless of whether these payments occur in different calendar quarters.
- **Irregular Income** – Income is considered to be received irregularly if an individual cannot reasonably expect to receive it.

Exclude the following amount which is received either infrequently or irregularly:

- The **first** $30 per calendar quarter of earned income; and
- The **first** $60 per calendar quarter of unearned income.

The exclusion can apply to both earned and unearned income in the same month, provided the total does not exceed the limits stated above. Thus, it is possible to exclude as much as $90 in a quarter under this provision when applicable.

NOTES:

- A single source of earned income is defined as an employer, trade or a business.
- A single source of unearned income is defined as an individual, a household, an organization or an investment.
- The exclusion is applicable to income received infrequently or irregularly by an eligible, individual, eligible or ineligible spouse, ineligible parent(s) and ineligible children.
- The dollar amount of the exclusion does not increase, even if both an eligible individual and spouse (eligible or ineligible) have infrequent or irregular income.
- Effective September 8, 2006, if an individual begins receiving a recurring payment (like a Social Security check) in the third month of a quarter, the payment does not meet the definition of infrequent because it will be received in the following month, even though the following month is in another quarter. The same would be true if the recurring payment ended in the first month of a quarter, but had been received in the prior month in another quarter.

INFREQUENT AND IRREGULAR INCOME EXCLUSION (Continued)

If someone receives UNEARNED income …	And…	Then its receipt is…
No more than once in a calendar quarter from a single source	Received the same type of income in the month preceding or following that month even if it is in another calendar quarter	**Not** Infrequent
No more than once in a calendar quarter from a single source	Did not receive the same type of income in the month preceding or following that month, but in a separate calendar quarter	Infrequent
No more than once in a calendar quarter from each of several sources	It is the same type of income in each instance	Infrequent
More than once in a calendar quarter from the same source	It is a different type of income in each instance	Infrequent
More than once in a calendar quarter from the same source	It is the same type of income in each instance	**Not** Infrequent
Any number of times in a calendar quarter	The individual could not reasonably have expected or budgeted for it	Irregular
Any number of times in a calendar quarter	The individual could reasonably have expected or budgeted for it (even if the individual did not know the exact amount)	**Not** Irregular

If someone receives EARNED income…	Then its receipt is…
No more than once in a calendar quarter from a single source or from each of several sources, and did not receive the same type of income in the month immediately preceding or following in a different calendar quarter	Infrequent
No more than once in a calendar quarter from a single source or from each of several sources and received the same type of income in the month immediately preceding or following even if in a different quarter	**Not** Infrequent
More than once in a calendar quarter from a single source or from several sources	**Not** Infrequent
Any number of times in a calendar quarter and the individual could not have reasonably expected or budgeted for it	Irregular
Any number of times in a calendar quarter and the individual could reasonably have expected or budgeted for it (even if the exact amount was unknown)	**Not** Irregular

INFREQUENT AND IRREGULAR INCOME EXCLUSION (Continued)

Example: Mr. Jones receives $500 rent in October each year for land he rents to a local farmer. The money meets the definition of infrequent in that it is received only once during a calendar quarter from a single source and Mr. Jones did not receive rental income in the month immediately preceding or immediately subsequent to October; therefore, the first $60 is excluded, and $440 is counted as unearned income in the month received.

Medicaid Income Computation

In post-eligibility budgeting to determine Medicaid Income, recurring infrequent income, such as the annual land rental payment in the example above, is averaged over the period the income is intended to cover if the client is income-eligible in the month the payment is received without averaging. Refer to the Institutionalization chapter for more information.

200.04.03 PLAN FOR ACHIEVING SELF-SUPPORT (PASS) INCOME EXCLUSION

The Social Security Act permits the exclusion of income and resources of a person who is blind or disabled if the person needs such income to fulfill a Plan for Achieving Self-Support under an approved plan. This exclusion applies to a blind or disabled individual under age 65, or age 65 or older if the individual was receiving SSI, disability or blind payments, for the month before he became age 65.

The income of a blind or disabled recipient, whether earned or unearned, may be excluded under an approved PASS when the income is set aside for a planned expenditure determined necessary to achieve the individual's occupational objective.
To be eligible for this income exclusion for Medicaid, the individual plan must be submitted to state office for approval. The plan submitted must:

- Include the objective and time period for achieving it;
- Include the amount of money involved; and
- Be currently in use by the individual.

NOTE: With the implementation of the Working Disabled Program with higher income and resource limits, PASS income and resource exclusions are rare.