

DMA ADMINISTRATIVE LETTER NO: 05-06, INCOME CALCULATION AND EXCLUSION CHANGES

DATE: May 9, 2006

SUBJECT: Income Calculation and Exclusion Changes due to the Social Security Protection Act

DISTRIBUTION: County Directors of Social Services
Adult Medicaid Eligibility Supervisors
Adult Medicaid Eligibility Staff

I. BACKGROUND

The Social Security Protection Act of 2004 contained several provisions that impact Adult Medicaid eligibility determinations. This act:

- A. Changed the calculation of infrequent and irregular income.
- B. Excluded interest and dividend income earned on countable resources.
- C. Increased from six to nine months the time period for excluding from resources amounts attributable to payments of past-due Social Security and SSI benefits, earned income tax credits payments, and child tax credit payments.
- D. Permits the student income exclusion to apply to any individual under age 22 who is a student.

II. ABD POLICY PRINCIPLES

A. Infrequent and Irregular Income

Exclude on a quarterly basis \$60 of unearned income and \$30 of earned income that is infrequent or irregular. This exclusion is per case and not per assistance unit member. Total all irregular or infrequent income received in the quarter and exclude the first \$60 or \$30. The quarter used is the application or review quarter. Infrequent or irregular income cannot be projected. If there is income in the calculation quarter over the allowable amounts, count and add to total countable income.

Infrequent income is income received no more than once in a calendar quarter from a single source. Irregular income is income received on an irregular basis with no reason to expect to receive it. A single source of income for unearned income is an individual, a household, an organization or an investment. For earned income, a single source is an employer, a trade, or a business.

B. Student Earned Income Exclusion

If a student regularly attending school is under age 22 and works, exclude a portion of the earnings from income. The maximum exclusion amount is adjusted annually based on increases in the cost of living index. The maximum exclusion may remain the same in some years but it will not decrease. The exclusion amount for 2006 is \$1,460 monthly up to a maximum exclusion of \$5,901 for the calendar year.

Income is excluded first for paying tuition or other education-related fees.

C. Dividend and Interest Exclusion

Exclude dividend and interest income from countable resources in determining an individual's income. If any of the dividend or resource is retained into the following month, it is a countable resource. Dividends and interest are returns on capital investments such as stocks, bonds, or savings accounts.

D. Resource Exclusion

Amounts attributable to payments of past-due Social Security and SSI benefits, earned income tax credit payments, and child tax credit payments is excluded from resources for 9 months.

III. EFFECTIVE DATE AND IMPLEMENTATION

This policy is effective June 1, 2006. Apply this change to redeterminations started and applications pending or taken on or after June 1, 2006.

If you have any questions regarding this policy change please contact your Medicaid Program Representative.

L. Allen Dobson, Jr., M.D., Assistant Secretary
for Health Policy and Medical Assistance

(This material was researched and written by Trenita Dawkins, Policy Consultant, Medicaid Eligibility Unit.)