

CHANGE NOTICE FOR MANUAL NO. 08-02, Family & Children's Income

DATE: OCTOBER 26, 2001

Manual: Family and Children's Medicaid

Change No: 08-02

To: County Directors of Social Services

Effective: November 1, 2001

I. MAJOR CHANGES TO MA-3260, INCOME

A. BASE PERIOD

The definition of base periods for applications and redeterminations is expanded to allow more flexibility, as long as the verification is current and representative of the family's anticipated income. The primary base period is still the month prior to the month of application. However, verifications for other pay periods are acceptable as long as they are current (within 2 months) and representative of the family's anticipated income. Verifications provided for other programs, such as active Food Stamps or Medicaid cases, are acceptable if they meet the definition of current and representative. Since many families use mail-in applications and reenrollments, base period flexibility will expedite processing and avoid delays waiting for verifications.

B. CHANGES IN INCOME DURING APPLICATION OR REDETERMINATION

1. Date Of Change

The definition of the date of change is expanded. For earned income, the date of change is the date the changed employment begins (the date the budget member begins a job, begins working at a new rate of pay or begins working new required hours).

For unearned income, the date of change is the date the new benefit amount is received.

2. Income Changes During Application Or Redetermination

If income changes prior to the date of application (such as the budget member begins working), the new income is considered in determining eligibility for the entire certification period. This is consistent with policy for continuous eligibility for children.

If income changes after the date of application but before the application or review is completed, and income in the base period establishes eligibility, the assistance unit is eligible. The change does not affect ongoing eligibility for children under 19 because of continuous eligibility for children. However, the change must be considered for the remainder of the certification period for assistance unit members over age 18.

C. TERMINATED INCOME

Terminated income is no longer considered at application or redetermination if the source of the income stops prior to disposing the application or prior to completing the redetermination. Eligibility is determined based only on the anticipated income in the certification period.

The exception is for MPW cases and for retroactive certification periods, both of which require counting the actual income available in the base period.

A termination of income during the certification period for a Medically Needy case is treated as a change in situation as it may result in authorization as Categorically Needy or a reduction in the deductible.

D. SELF-EMPLOYMENT INCOME

1. Base Period

The base period for self-employment income is changed to 6 months for all self-employment income received other than annually.

The base period remains 12 months for:

- Annual income, or
- Income received less often than monthly, and which is intended to be the family's annual income.

2. Operational Expenses

Procedures for verifying operational expenses are expanded to allow additional sources, such as IRS tax records and computer-based software accounting programs maintained by the client (such as Quicken). Counties are encouraged to use business records maintained by the client. Requesting individual receipts for expenses should be used only if there are no other verifications available.

E. ADDITIONS TO COUNTABLE AND NON-COUNTABLE INCOME

Many new sources and types of income are added, including:

- Individual Development Accounts (IDA's)
- Holiday bonuses

- Gambling proceeds for Cherokee Indians (DMA Administrative Letter 03-01)
- Department Of Defense payments to individuals held captive by North Vietnam
- Several types of Farm Service Agency payments, such as Crop Loss Disaster Assistance and Production Flexibility Payments
- Americorps
- Tobacco settlement payments
- Payments from *Pigford/Brewington vs. Glickman* settlements

The section on VA benefits is revised to be consistent with Work First policy. All types of VA income are countable, except for VA benefits provided to pay for school. This includes all increased benefits such as improved pensions, Aid & Attendance and homebound assistance.

F. JOB BONUS

The Job Bonus section is revised and is now consistent with Work First policy. The parent/specified relative must be in the budget unit, rather than assistance unit, to be eligible for the Job Bonus.

There is an expanded definition of "new employment" for the purposes of applying the Job Bonus. A budget unit member has new employment if he begins working for a new employer for whom he has not worked before, or begins working for an employer for whom he has worked before but there has been a break in employment during which the job was not held for him. An individual who is out on leave (sick, maternity, family medical) and whose job is being held for him is not considered to have new employment when he returns to work. (This does not affect whether income is countable as new or terminated income, only whether the Job Bonus applies.)

G. OTHER CHANGES

1. Rounding procedures are added for all computations.
2. The policy for accepting client statement as verification of income at application is moved to the beginning of the section and applies to all income verifications unless otherwise specified. The references to "a/r's statement" for verification of each individual type of income are removed.

Client statement is not acceptable verification of income for NC Health Choice. Client statement is also not acceptable verification at redeterminations.

3. Financial responsibility is clarified when parents live apart but have joint custody and the child spends an equal amount of time with both parents. Both parents are financially responsible for the child. However, neither parent may be included in the assistance unit if there is no primary caretaker.

4. Child support verification procedures are revised. The client's statement is acceptable verification only if you are unable to obtain verification from other sources. Also, only the portion of a lump sum payment of back support that brings the amount paid during the base period up to the support obligation is counted. Count any portion of a lump sum payment for back support when that portion covers a month or months in the base period.
5. Treatment of income for school employees is added.
6. The exceptions to the requirement to apply for UIB if monetarily eligible are revised to be consistent with Work First. Also, a pregnant woman who is out on maternity leave and intends to return to her job is not required to apply for UIB even if she is monetarily eligible.
7. Several references are updated:
 - References to aid program/categories now include North Carolina Health Choice for Children (NCHC).
 - Requirements for reporting changes now include references to NC Health Choice and continuous eligibility.
 - Base periods for redeterminations now include 12 month certification periods.
 - Verification sources for Social Security benefits now include SOLQ.

II. IMPLEMENTATION DATE - NOVEMBER 1, 2001

Applications: Apply these procedures to all applications taken on or after November 1, 2001, including applications for retroactive coverage.

Redeterminations: Apply these procedures for redeterminations that started on or prior to November 1, 2001. "Started" means the reenrollment form is mailed to the family prior to November 1 or the initial interview is held prior to November 1.

III. MAINTENANCE OF MANUAL

Remove MA-3260 and Table of Contents.
Insert MA-3260 and Table of Contents, effective 11/1/01.

If you have any questions regarding this information, please contact your Medicaid Program Representative.

Nina M. Yeager
Director

[This policy material was researched and written by Jackie Franklin, Policy Consultant, Medicaid Eligibility Unit.]

Attachments: [MA-3260](#)
[MA-3260, Table of Contents](#)