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## 2610.0000 Food Stamps

When the eligibility specialist has determined available income as per Chapters 1800 and 2400, the policy in this chapter must be used to perform the budgets and tests to determine eligibility for benefits and the benefit amount.

### 2610.0100 BUDGETS AND TEST CALCULATIONS (FS)

Each program has budgets and tests that must be executed in order to determine eligibility. These are discussed in the following sections. The income limits are found in Appendix A-1.

#### 2610.0103 Budgets and Tests (FS)

Assistance groups must meet the gross income standards to be eligible for food stamps with the following exceptions:

1. assistance groups that contain an elderly or disabled member and are not categorically eligible must meet the net income limits; and
2. standard filing units (SFUs) that are broad-based categorically eligible must meet the 200% gross income limits.

#### 2610.0104.01 Income Tests (FS)

Income tests for determining food stamp eligibility are presented in passages 2610.0104.02 through 2610.0104.04.

#### 2610.0104.02 165% Need Standard Eligibility Test (FS)

A group of individuals who live together and purchase and prepare meals together normally constitute a single assistance group. However, if an otherwise eligible assistance group member who is 60 or older is unable to purchase and prepare meals because they suffer from a disability considered permanent under the Social Security Act, or suffers a non-disease related permanent disability, they may be a separate assistance group. A spouse or children under 18 who live with this individual may not be separate from the disabled individual.

The individual (and spouse or children if required) may be a separate assistance group from the others, provided the income of the others with whom the individual resides does not exceed 165% of the gross eligibility standard. When applying the 165% limit test, the income of the elderly or disabled person and their spouse is excluded from this determination.

The assistance group is responsible for providing information regarding the individual's inability to purchase and prepare meals since this is the key determining factor. Refer to Appendix A-1 for the 165% Need Standard Table.

#### 2610.0104.03 Gross Income Test (FS)

When gross income is determined, that income is compared to the allowable gross income limit for the assistance group's size. If the gross income is equal to or exceeds the gross income limit, the assistance group is ineligible. Refer to passage 2610.0103 for assistance groups not tested against the gross income limit. The gross income limits can be found in the on-line reference table or in Appendix A-1.

**2610.0104.04 Net Income Test (FS)**

The assistance group must pass the gross income test before being subjected to the net income test. (See Chapter 2400 for determination of budgeting method.) When net income is determined, it is compared to the allowable net income limits. If net income equals or exceeds the net income limit, the assistance group is ineligible. The net income limits can be found in the on-line reference table or in Appendix A-1. Refer to passage 2610.0103 for assistance groups not tested against the net income limits.

**2610.0105 Determining Net Income (FS)**

To determine net income:

**Step 1** - Add the countable gross monthly earned income of all assistance group members. This is the assistance group's total gross earned income. (Remember to deduct "cost of doing business" from self-employment earnings before adding to other earned income.)

**Step 2** - Multiply the total gross earned income by 20%. The resulting amount (earned income disregard) is subtracted from the total gross earned income.

**Step 3** - Add the countable unearned income of all assistance group members. Add this amount to the countable monthly earned income to determine the monthly gross income of the assistance group.

**Step 4** - Subtract the standard disregard (Refer to Appendix A-1).

**Step 5** - If the assistance group is entitled to an excess medical deduction (see Chapter 2400), total all medical expenses. If the total allowable monthly medical expenses exceed \$35, then that portion which exceeds \$35 is subtracted.

**Step 6** - If the assistance group is entitled to a dependent care deduction for work related dependent care expenses, the actual monthly amount of the expense is subtracted if verified according to requirements.

**Step 7** - Add the assistance group's shelter expenses. Subtract 50% of the assistance group's income obtained following Step 6 from total shelter expenses. The remaining amount, if any, is the excess shelter cost.

**Step 8** - Subtract the excess shelter cost from the income following Step 6. The remainder is the net monthly income of the assistance group.

**Note:** If there is not an excess shelter cost following Step 7, the income amount derived following Step 6 is the net monthly income of the assistance group.)

For assistance groups subject to a capped shelter disregard (assistance groups which do not contain an elderly or disabled member), if there is an excess shelter cost, the excess is subtracted from the net income up to the maximum shelter disregard of \$417. The balance is the assistance group's adjusted net monthly income.

For assistance groups not subject to a capped shelter expense (assistance groups in which a member is elderly or disabled), if there is an excess shelter cost, the total excess is subtracted from the net income. The balance is the assistance group's adjusted net monthly income.

**Note:** Add the gross monthly income in Step 1 and the total unearned income in Step 2 together to obtain the total gross income when completing the gross income test. Do not deduct the 20% earned income deduction prior to making this comparison. Refer to passage 2610.0104.03 for additional information on the gross income test.

**2610.0106.01 Determining the Monthly Benefit (FS)**

The following steps are necessary to determine the assistance group's monthly benefit:

1. the net monthly income is multiplied by 30%;
2. the resulting product is rounded up to the next whole dollar; and
3. the result is then subtracted from the Maximum Benefit (contained in the on-line reference table or Appendix A-1) for the appropriate assistance group size to obtain the benefit (however, if the monthly computation results in \$1, \$3 or \$5, round up to \$2, \$4 or \$6, respectively).

**2610.0106.02 Minimum Benefit (FS)**

**Initial month:** Issue no benefits less than \$10.

**Recurring months:**

1. Issue a minimum of eight percent of the maximum benefit for a one-person assistance group to one or two person assistance groups who are eligible.
2. Issue a benefit less than the minimum benefit to eligible assistance groups of three or more. \$1, \$3, or \$5 benefits will round to \$2, \$4, or \$6.

**2610.0200 DEEMING (FS)**

This section discusses deeming of income. Deeming refers to the consideration of income of, for example, the stepparent(s), grandparent(s), teen parent, noncitizen's sponsor(s) as available to the assistance group. Note that much of the policy regarding deeming requires knowledge of budgeting.

**2610.0201 Sponsored Noncitizens (FS)**

A portion of the income and assets of the noncitizen's sponsor is deemed to the noncitizen for purposes of determining eligibility.

**2610.0202.01 Noncitizens Sponsored On or After 12/19/97 (FS)**

Noncitizens whose sponsor signed an Affidavit of Support, USCIS Form I-864, on or after December 19, 1997, will have all of the income and assets of the sponsor and the sponsor's legal spouse considered in the eligibility determination for food stamps. The income and assets of the sponsor and the sponsor's spouse will continue to be counted until the noncitizen:

1. becomes a naturalized citizen,
2. leaves the country,
3. dies, or
4. can be credited with 40 qualifying work quarters (refer to Chapter 1400).

**Note:** The income and assets of the sponsor's spouse will not be counted when the spouse does not reside in the home of the sponsor. Exceptions to this policy are found in passage 2610.0202.02.

**2610.0202.02 Exemptions From Sponsor Deeming (FS)**

Noncitizens whose sponsor signed an Affidavit of Support, USCIS Form I-864, on or after December 19, 1997, are exempt from having the income or assets of the sponsor or the sponsor's spouse included in their eligibility determination in the following situations:

1. a noncitizen participating in the food stamp assistance group of the sponsor (in the food stamp budget only);
2. a noncitizen sponsored by an organization or group rather than an individual;
3. a noncitizen sponsored prior to December 19, 1997;
4. a noncitizen not required to have a sponsor under the Immigration and Nationality Act (INA), such as a refugee, a parolee, one granted asylum, a Cuban/Haitian entrant as defined by Section 501(e) of the Refugee Education Assistance Act of 1980, or resident noncitizen who previously held a refugee status;
5. a noncitizen who meets battered noncitizen criteria (refer to Chapter 1400) may be exempt for a period of up to 12 months total from the date of the battered noncitizen determination which is renewable for 12 months at the time;
6. a noncitizen who meets indigent criteria (refer to passage 2610.0202.03) may be exempt for a period of up to 12 months total from the date of the indigent determination which is renewable for 12 months at the time; and
7. a noncitizen who is a child under the age of 18.

**2610.0202.03 Indigent Criteria for Sponsored Noncitizens (FS)**

Noncitizens sponsored on or after December 19, 1997, and who are determined to be indigent, are not subject to the inclusion of the income and assets of the sponsor or the sponsor's spouse in the eligibility determination for a total period of 12 months beginning with the date of the indigent determination. The determination is renewable annually 12 months at the time. A sponsored noncitizen may be considered indigent if the amount of income actually received from the sponsor or the sponsor's spouse, the noncitizen's income, and all other assistance from other sources, when added together, are less than the food stamp gross income limit or 130% of the federal poverty level for the number of individuals in the assistance group.

**2610.0202.04 Deeming Amounts for Sponsored Noncitizens (FS)**

To determine the amount of income and assets to be deemed when determining eligibility for noncitizens sponsored on or after December 19, 1997, follow these steps:

**Step 1** - Total the monthly earned and unearned income of the sponsor and the sponsor's spouse (if they live together). Include all gross income except excluded income such as vendor and in-kind payments to the sponsor, the cost of producing self-employment income and other sources of excludable income.

**Step 2** - Enter the result as unearned income in the noncitizen's budget.

**Step 3** - Total the amount of assets for the sponsor and the sponsor's spouse (if they live together). Include the full amount in the asset determination.

Money given to a noncitizen by their sponsor or their sponsor's spouse will not be considered as income to the noncitizen unless the amount given exceeds the amount calculated above. The amount given in excess of the deemed amount would be considered income in addition to the amount deemed to the noncitizen.

**2610.0203.01 Noncitizens Sponsored Before 12/19/97 (FS)**

A part of the gross income and the resources of a sponsor and the sponsor's spouse (if they live together) will be deemed (via proration) to be the unearned income and assets of a sponsored noncitizen for three years following the noncitizen's date of entry for permanent residence to the United States. The spouse's income and assets will be counted even if the sponsor and spouse were married after the signing of the sponsorship agreement.

**2610.0203.02 Criteria/Noncitizen Sponsor Deeming Prior To 12/19/97 (FS)**

To determine if the sponsored noncitizen deeming procedures are applicable, apply the following criteria.

Sponsored noncitizens are those noncitizens lawfully admitted for permanent residence into the United States as an immigrant as defined in Sections 101(a)(15) and 101(a)(20) of the Immigration and Nationality Act (INA). While not all noncitizens in the above categories have a sponsor, it is only noncitizens in these USCIS categories who may be subject to the USCIS sponsor requirement. This determination is made by USCIS. A noncitizen presenting USCIS-Form I-551, "Alien Registration Receipt Card," or any card stamped with the codes 101(a)(15) or 101(a)(20), may be a sponsored noncitizen.

The sponsored noncitizen may self-declare that he or she is not receiving support from the sponsor. If the sponsored noncitizen self-declares non-support from the sponsor, only count the sponsored noncitizen household's income to determine indigence. However, if the sponsored noncitizen gets cash contributions from the sponsor, we must verify the actual amount of the cash support.

The sponsored noncitizen deeming procedures are applicable only for sponsored noncitizens on whose behalf the sponsor signed an affidavit of support or similar sponsorship agreement with USCIS on or after February 1, 1983, as a condition of the noncitizen's entry into the United States as a lawful permanent resident.

The sponsored noncitizen deeming procedures do not apply to:

1. a noncitizen who is participating in the food stamp assistance group of the sponsor;
2. a noncitizen who is sponsored by an organization or group (rather than an individual);
3. a noncitizen who is not required to have a sponsor under the INA, such as a refugee, a parolee, one granted asylum, and a Cuban or Haitian entrant, or resident noncitizens who previously held a refugee status;
4. a noncitizen whose sponsor is participating in the Food Stamp Program separate and apart from the noncitizen; and
5. a noncitizen who meets battered noncitizen criteria (refer to Chapter 1400) may be exempt for a period up to 12 months total from the date of the battered determination.

**2610.0203.03 Deeming Amount for Noncitizens Sponsored Before 12/19/97 (FS)**

Determine the amount to be deemed as follows:

**Step 1** - Total the monthly earned and unearned income of the sponsor and the sponsor's spouse (if living together). Include all gross income except income exclusions such as, but not limited to, vendor and in-kind payments to the sponsor, the cost of producing self-employment income, and other sources of excludable income.

**Step 2** - Subtract 20% of the sponsor and sponsor's spouse's earned income amount. The result is the net earned income.

**Step 3** - Add the net earned income to any unearned income to obtain the total amount of the sponsor's income.

**Step 4** - Subtract the monthly gross maximum for the appropriate assistance group size (refer to Appendix A-1). The remainder is the amount of unearned income deemed to the sponsored noncitizen.

Money given to the noncitizen by the sponsor or the sponsor's spouse will not be counted as income to the noncitizen unless the amount given exceeds the amount calculated above. The amount given in excess of the deemed amount would be counted income in addition to the amount deemed to the sponsored noncitizen.

**2610.0203.04 Prorata Share/Sponsor Deeming Prior To 12/19/97 (FS)**

Determine the sponsored noncitizen's prorata share of income and assets deemed from the sponsor when that person is sponsoring more than one noncitizen. If the sponsored noncitizen can demonstrate to the eligibility specialist's satisfaction that the sponsor is sponsoring other noncitizens, divide the amount of the deemed income and assets by the number of noncitizens that apply for or are participating in the Food Stamp Program that have the same sponsor.

**2610.0203.05 Loss/Change of Sponsor - Sponsored Before 12/19/97 (FS)**

If a sponsored noncitizen loses a current sponsor, the deemed income and assets of the previous sponsor shall continue to be attributed to the noncitizen until the noncitizen obtains another sponsor or the three year period expires, whichever occurs first. If the noncitizen switches sponsors during the certification period, then deemed income and assets would be recalculated based on the new sponsor. If the noncitizen's sponsor dies, the deemed income and assets of the sponsor will be removed from the eligibility determination.

**2610.0203.08 Documentation/Verification of Sponsor Income (FS)**

The individual sponsor's and the sponsor's spouse's statement concerning their income is accepted unless questionable. When questioned, the noncitizen will be required to provide documentation. Eligibility for the noncitizen and other sponsored members of the assistance group cannot be established when required documentation is not provided. Verification is not required of a noncitizen who self-declares non-support from the sponsor.

**2610.0300 PRORATION (FS)**

Prorate the initial month's benefits from the date of eligibility. Treat a date of application of the 31<sup>st</sup> day of the month as the 30<sup>th</sup> day.

**Exceptions:**

1. No benefits issued for initial month of less than \$10.
2. Migrant and seasonal farm workers. Provide an auxiliary for benefits between the date of application and the first of the initial month if eligible only when there has been a break of more than one month in certification.

**2610.0301 Application Processed Outside Time Standard (FS)**

If the application is processed beyond the 30<sup>th</sup> day, the receipt of benefits for the month of application will be based on whether the reason for the delay in processing was the fault of the DCF or the assistance group. If the delay is the fault of DCF, the assistance group is entitled to benefits for the month of application based on the date of application. If the assistance group was at fault for the delay beyond the 30<sup>th</sup> day but is found eligible during the pending period, the assistance group will be given benefits prorated from the date the household provides the verifications.

**2610.0302 Assistance Group Divided Up (FS)**

When an assistance group is divided, proration will apply to any portion(s) of the original assistance group which is processed as a new case(s). Proration will not be applied to that portion of the original assistance group considered to be an ongoing case.

**2610.0303 Assistance Group Moves (FS)**

An existing assistance group (AG) moving from another project area or state should not be subject to proration if it can document that it was entitled in the prior month, and its certification period in the old project area would have continued at least until the day prior to the date of application in the new project area, and there were no changes in AG composition.

This documentation may consist of a letter or statement from the former project area attesting to the prior certification period and AG composition. If the membership changed or if documentation of prior entitlement or composition cannot be provided, the AG would be considered as a new applicant and its benefits subject to proration.

**2610.0400 SPECIAL INCOME CIRCUMSTANCES (FS)**

The following sections discuss circumstances that require special budgeting methods.

**2610.0402.01 Assistance Groups with Self-Employment Income (FS)**

Generally, self-employment income is budgeted in accordance with the pattern of receipt and the period over which the income represents the assistance group's support.

Self-employment income representing an assistance group's annual support must be averaged over a 12 month period, even if the amount is received in a short period of time.

**Example:** Self-employment income received by farmers must be averaged over a 12 month period if the income represents the farmer's annual support. This self-employment income must be annualized even if the assistance group receives income from other sources in addition to self-employment.

**2610.0402.02 Self-Employment Income Received Monthly (FS)**

An assistance group's (AG's) annual self-employment support must normally be averaged over a 12-month period. If the averaged income does not accurately reflect the AG's actual monthly circumstances because they had experienced a substantial increase or decrease in business, the eligibility specialist will calculate the self-employment income based on anticipated earnings.

**2610.0402.03 Income Received Over Short Period of Time (FS)**

Self-employment income which is intended to meet the assistance group's needs for only part of the year will be averaged over the period of time the income is intended to cover.

**Example:** Self-employed vendors who work only in the summer and supplement their income from other sources during the balance of the year will have their self-employment income averaged over the summer months rather than a 12 month period.

**2610.0402.04 Enterprise in Existence for Less Than a Year (FS)**

If an assistance group's self-employment enterprise has been in existence for less than a year, the income from that enterprise will be averaged over the period of time the business has been in operation.

**2610.0402.05 Determining Net Self-Employment Income (FS)**

To determine net income from self-employment:

**Step 1** - Add all gross self-employment income, including capital gains.

**Step 2** - Subtract from the gross self-employment income the cost of producing the self-employment income (allowable business expenses). Refer to Chapter 1800.

**Step 3** - Divide the above amount by the number of months over which the income will be averaged.

Capital gain means the proceeds from the sale of capital goods (for example, land or equipment). The full amount of the proceeds must be counted as income to the assistance group even if only 50 percent of the proceeds from the sale are taxed for federal income tax purposes.

**2610.0402.07 Anticipated Income for Self-Employed Assistance Groups (FS)**

For those assistance groups whose self-employment income are not averaged but is instead calculated on an anticipated basis, the following will apply:

**Step 1** - Add any capital gains the assistance group anticipates it will receive in the next 12 months, starting with the date the application is filed.

**Step 2** - Divide that amount by 12 to establish anticipated monthly capital gains.

**Step 3** - Add the anticipated monthly capital gains to the anticipated monthly self-employment income.

**Step 4** - Subtract the monthly allowable costs based on anticipated calculation of self-employment expenses.

If the cost of producing self-employment income exceeds the income derived from self-employment as a farmer (defined as a self-employed farmer who receives or anticipates receiving annual gross proceeds of \$1000 or more from the farming enterprise), such losses must be prorated on an anticipated basis and then offset against the countable income to the household as follows:

1. Offset farm self-employment losses first against other self-employment income, and
2. Offset any remaining farm self-employment losses against the total amount of earned and unearned income after the earned income deduction has been applied.

**Note:** These offsets must be done manually.

**2610.0403.01 Nonrecurring Lump Sum Payment (FS)**

Money received in the form of a nonrecurring lump sum includes:

1. income tax refunds;
2. credits;
3. retroactive SSA, SSI, or public assistance benefits;
4. insurance settlements; and
5. utility or rental property deposits.

These payments are included assets in the month received unless specifically excluded.

**Note:** Federal income tax refunds and credits are excluded as assets in the month received and for 12 months from the date of receipt.

**2610.0403.02 Recurring Lump Sum Payments (FS)**

Recurring SSI lump sum payments are considered unearned income. Generally recurring SSI lump sum payments are for Drug and Alcohol Addictions and are not paid in one nonrecurring lump sum but over a period of time until lump sum is paid off. This payment is in addition to the current SSI payment paid monthly.

**2610.0404.01 Resident Farm Laborers (FS)**

Resident farm laborers are individuals who have a fixed place of residence as opposed to migrant farm laborers who move from place to place following the work stream. Resident farm laborers might or might not live on property owned by their employers.

**2610.0404.02 Anticipating Income of Farm Laborers (FS)**

Some farm laborers are regularly employed for the entire year and receive a regular monthly salary, in which case there is little difficulty in anticipating income. Other farm laborers are paid for work done only during the work season, and in some instances receive advance or deferred payments (sometimes known as furnish) during the non-work season. When advance or deferred payments are not received, the assistance group may have income from another source, and the eligibility specialist should explore this possibility.

**2610.0405.01 Migrant Farm Laborers (FS)**

Migrant farm laborers are workers who move from place to place in order to follow the work flow. Individuals who live in one place but work for different employers are not considered migrant workers.

**2610.0405.02 Exempt Income of Migrant Children (FS)**

The income of migrant children under 18 years of age who are students must be differentiated from the rest of the assistance group's income when the assistance group receives one payment in compensation for work performed by all or a group of assistance group members, since the earned income of a student under 18 is exempt. Unless income can be identified as earned specifically by the student, the eligibility specialist must prorate the income equally among the number of assistance group members working and exclude that portion allotted to the student under 18. This provision applies to students who are currently attending school and those who plan to return to school after academic breaks. Individuals are considered children for purposes of this provision if they are under the parental control of another assistance group member.

**2610.0407 Contract Employment of Less Than One Year (FS)**

Income received under an employment contract of less than one year will be prorated over the months it is intended to cover. The income is prorated to show the actual contracted time of employment for the individual.

**2610.0408.01 Income from School Employee Contract (FS)**

If the school employee receives income other than on an hourly or piece rate basis, they are considered under contract whether it is written or implied.

Annual income received by assistance group members from the contractual school employment must be averaged over 12 months.

**2610.0409 Expenses of Non-assistance Group Members (FS)**

If the assistance group shares deductible expenses with the non-assistance group member, only the amount actually paid or contributed by the assistance group will be used in calculating an expense. If the payments or contributions of the non-assistance group member cannot be separated from those of the assistance group member(s), the payments will be prorated evenly

among individuals actually paying or contributing to the expense and only the assistance group's prorata share used in calculating its expenses.

**Example:** A three member assistance group consists of a roomer, a mother, and her child; \$60 of the dependent care expense is paid by the mother, \$20 by the roomer. Allow only a \$60 disregard. However, if both contribute and each one's share cannot be determined, divide by two and allow a \$40 disregard.

Utility standard provisions may be utilized even if an assistance group is responsible for only a portion of at least one of the utility expenses which permit use of the standard. In this case the utility standard would be divided by the number of assistance groups who contribute to the utility expense.

#### **2610.0410 Ineligible/Disqualified Members (FS)**

**Disqualified individuals** may not participate in the Food Stamp Program. A disqualified individual is identified as one who is:

1. found to have committed an intentional program violation by an administrative disqualification hearing, found guilty by a court, or the individual has signed either a waiver of the right to an administrative disqualification hearing, or a consent agreement in cases referred for prosecution;
2. a fleeing felon or is in violation of probation or parole;
3. sanctioned for failing to meet work or workfare requirements;
4. convicted of felony drug trafficking including agreeing, conspiring, combining, or confederating with another person to commit the act committed after 8/22/1996; or
5. guilty of receiving multiple state benefits.

The disqualified individual may not be included in the household size when benefit amounts are determined. Treat the income, assets and expenses of the disqualified individual as follows:

1. The income will continue to count in its entirety but the 20% earned income deduction is allowed;
2. The assets will count in their entirety; and
3. The medical expenses, if appropriate, the dependent care deduction, child support deduction and the excess shelter deduction continue to be allowed in full in the household's budget even if paid by or billed to the disqualified member.

**Technically ineligible individuals** may not participate in the Food Stamp Program. A technically ineligible individual is one who:

1. fails to meet the SSN requirements;
2. fails due to being an ineligible noncitizen;
3. fails due to serving a child support sanction; or
4. fails due to not meeting ABAWD requirements.

The technically ineligible individual may not be included in the household when food stamp benefits are determined. Treat the income, assets and expenses of technically ineligible individuals as follows:

1. Prorate the income of the ineligible individual and count all but the ineligible member's share toward the eligibility of the remaining household members for individuals who fail to meet SSN requirements, are ineligible noncitizens, are serving child support sanctions, or have received all time limited months as an ABAWD. Exclude the income of the ineligible student;
2. Count the assets in their entirety for all technically ineligible individuals except the ineligible student. Exclude the assets of the ineligible student;

3. The 20% earned income deduction is allowed;
4. Expenses billed to the technically ineligible member but paid entirely with the eligible member's income because the ineligible member has no income, count in full in the budget. If the expense is billed to the technically ineligible member, but paid for with the eligible member's income and the ineligible member's income, prorate the expense in the budget. If the expense is billed to and paid entirely by the technically ineligible member, prorate the expense in the budget; and
5. When the SFU contains a technically ineligible member, do not prorate the appropriate utility standard in the budget. Allow the full SUA, BUA, or Phone Standard if the dwelling is eligible for a standard.

#### **2610.0414 Budgeting Support Payments (FS)**

If child support is paid through the court and a fee deducted due to a court order, only the amount actually received by the individual is included as unearned income. If the individual requests that child support be paid through the court, the gross amount before court deductions is included as unearned income.

Child support diverted to state collections is not counted as income.

#### **2610.0416.03 Work Supplementation and Food Stamps (FS)**

The food stamp budget should include the frozen grant amount as unearned income. The difference between the monthly gross earned income from the work supplementation job minus the frozen grant amount will be included as earned income. Compute the monthly amount of income to be paid by the employer using the form CF-ES 2615 provided by RWB career manager. Compute the monthly amount of income based on the hourly wages times the number of hours worked using regular income conversion procedures.

**Example:** 40 hours x \$5.00 per hour = \$200 x 4.3 = \$860 gross monthly income. Subtract the "frozen" work supplementation amount from the total. \$860 gross monthly income - \$303 "frozen" grant = \$557 earned income for food stamps.

#### **2610.0416.04 Changes during the Work Supplementation Period (FS)**

Participants in work supplementation are still responsible to report changes in their circumstances to the Department. When changes are reported, the eligibility specialist must update the case, as appropriate. Changes entered on FLORIDA may change the cash assistance amount. However, since changes are not to affect the redirected cash amount because it is "frozen," the eligibility specialist must FIAT the FLORIDA cash amount to the original "frozen" redirected cash amount. The food stamp and Medicaid portions of the case may be affected by the changes. The original frozen cash amount will continue to be counted in the food stamp budget as well as other reported changes.

**Example 1:** Mr. Jones is participating in the Work Supplementation Program. He reports one of his children has come to live with him. The eligibility specialist must take action to add that child to the food stamp and Medicaid benefit calculation. The "frozen" work supplementation amount must be "FIATed" in order for it to remain the same.

**Example 2:** Child Support Enforcement notifies the eligibility specialist that the individual has failed to cooperate. The eligibility specialist must apply the sanction to the appropriate program, but the "frozen" work supplementation must not change.

If the recipient becomes ineligible for cash assistance during the work supplementation period, the recipient continues on work supplementation. The only exception is the expiration of their

cash assistance time limit. There is no overpayment when a recipient becomes ineligible for Temporary Cash Assistance according to policy, and benefits continue to be redirected for the Work Supplementation Program for the remaining months of the contract.

**Example 3:** Ms. Smith is participating in work supplementation when she notifies her eligibility specialist that the last child has left the home. Her eligibility specialist must take appropriate action for food stamps and Medicaid; however, the work supplementation will continue for the remaining months of the work supplementation contract.

**Example 4:** Ms. Jones is scheduled for a complete redetermination for cash assistance and food stamps. She does not show up for her interview and does not contact her eligibility specialist. Her eligibility specialist must terminate the food stamps and Medicaid, but the work supplementation frozen grant will continue to be provided to the employer for the remaining months of the work supplementation contract.

## 2620.0000 Temporary Cash Assistance

Once the eligibility specialist has determined available income as per Chapters 1800 and 2400, the policy in this chapter must be used to perform the budgets and tests to determine eligibility for benefits and the benefit amount.

### 2620.0100 BUDGETS AND TEST CALCULATIONS (TCA)

Each program has budgets and tests that must be executed in order to determine eligibility. These are discussed in the following sections. The income limits for each program are found in Appendix A-5.

#### 2620.0102 Changes Affecting Eligibility (TCA)

If after completing a budget, the eligibility specialist finds a surplus (the countable income exceeds the applicable standard for the specific type of assistance), eligibility for assistance under that coverage group is lost. However, the eligibility specialist must assess the assistance member or group's eligibility under other DCF programs.

#### 2620.0107 Budgets and Tests (TCA)

To be financially eligible, the total gross income of the assistance group cannot exceed the appropriate Eligibility Standard and the total net income cannot exceed the appropriate income limit. The Eligibility and Payment Standard and the poverty level income limits are found in Appendix A-5.

#### 2620.0109.01 Eligibility Standard Test (TCA)

The Eligibility Standard Test applies only to cases that use the payment standard as the financial eligibility criteria.

In order to be eligible, the assistance group's gross income cannot exceed the appropriate Eligibility Standard at the initial determination. The Eligibility Standard is based on the size of the assistance group. Total gross income for this test is computed as follows:

**Step 1** - Earned and unearned income from all sources is totaled. This includes, but is not limited to; countable net deemed income of sponsors of certain noncitizens, stepparents and grandparents.

**Step 2** - The income of a full-time student is excluded in this test.

**Step 3** - The standard earned income disregard, 200 and 1/2 which includes the standard earned income disregard of \$90, is not deducted in this test.

#### 2620.0109.02 Formula for 185% of Standard (TCA)

In computing the assistance group's eligibility, the general formula is:

**Step 1** - (Net Unearned + Adjusted Gross Earned) = (Total Gross Income).

**Step 2** - (Eligibility Standards) - (Total Gross Income) = (Deficit or Exact Equal: Meets the Requirements) or (Surplus: Ineligible).

#### 2620.0109.03 Standard Test after Application (TCA)

The Eligibility Standard Test computation must be done at each eligibility review, when income is initially received, when income is received from a new source, each time income increases, when a standard for fewer persons is used, or when Tier II or Tier III is used in place of Tier I (refer to Appendix A-5 for Tier I, II and III).

**2620.0110 Test Budgets and Deeming Formulas (TCA)**

Certain test budgets and deeming formulas are necessary in determining eligibility and benefit amount. The following circumstances must be considered before computing the Eligibility Standard Test:

1. Deeming of income of the parent(s) of a teen parent when the teen parent resides with her parent(s) and is requesting assistance as the parent of a needy child or as a pregnant woman.
2. Deeming of income from the stepparent whose needs are not included in the assistance group to their legal spouse who is the parent of a child(ren) included in the assistance group or who is the parent of a teen parent who receives assistance for her child(ren). Stepparent deeming is also done when the parent is not in the home, but the stepparent is.
3. Deeming of a spouse's income to another spouse. This applies only to MFAM except for the under \$10 payment cases and cases in which the individual opts not to receive direct assistance.
4. Deeming of a noncitizen's sponsor income to the noncitizen.
5. Test budget for state collections of child support.

**2620.0111.01 Income Test and Benefit Determination (TCA)**

The following steps are necessary for any budget computed for eligibility or benefit amount:

**Step 1** - Total the gross earned income.

**Step 2** - Subtract the standard disregard of \$90.

**Step 3** - Subtract the remainder of \$200 and 1/2 earned income disregard, if eligible.

**Step 4** - Add unearned income to the remaining income.

**Step 5** - If a surplus results, the AG is ineligible for TCA or RAP.

**Step 6** - If a deficit of at least \$10 results, the remainder is the amount of the benefit to be issued.

**Note:** Cash benefits are not issued for amounts less than \$10.

**2620.0200 DEEMING (TCA)**

This section discusses deeming of income. Deeming refers to the consideration of income of, for example, the stepparent(s), grandparent(s), teen parent, noncitizen's sponsor(s) as available to the assistance group. Note that much of the policy regarding deeming requires knowledge of budgeting.

**2620.0201 Sponsored Noncitizens (TCA)**

All of the income and assets of the noncitizen's sponsor is deemed to the noncitizen for purposes of determining eligibility.

**2620.0202.01 Noncitizens Sponsored On or After 12/19/97 (TCA)**

Noncitizens whose sponsor signed an Affidavit of Support, USCIS Form I-864, on or after December 19, 1997, will have all of the income and assets of the sponsor and the sponsor's legal spouse considered in the eligibility determination for food stamps, Temporary Cash Assistance and Medicaid. The income and assets of the sponsor and the sponsor's spouse will continue to be counted until the noncitizen:

1. becomes a naturalized citizen,
2. leaves the country,

3. dies, or
4. can be credited with 40 qualifying work quarters (refer to Chapter 1400).

**Note:** The income and assets of the sponsor's spouse will not be counted when the spouse does not reside in the home of the sponsor. Exceptions to this policy are found in passage 2620.0202.02.

#### **2620.0202.02 Exemptions From Sponsor Deeming (TCA)**

Noncitizens whose sponsor signed an Affidavit of Support, USCIS Form I-864, on or after December 19, 1997, are exempt from having the income or assets of the sponsor or the sponsor's spouse included in their eligibility determination in the following situations:

1. a noncitizen participating in the food stamp assistance group of the sponsor (in the food stamp budget only);
2. a noncitizen sponsored by an organization or group rather than an individual;
3. a noncitizen sponsored prior to December 19, 1997;
4. a noncitizen not required to have a sponsor under the Immigration and Nationality Act (INA), such as a refugee, a parolee, one granted asylum, a Cuban/Haitian entrant as defined by Section 501(e) of the Refugee Education Assistance Act of 1980, or resident noncitizen who previously held a refugee status;
5. a noncitizen who meets battered noncitizen criteria (refer to Chapter 1400) may be exempt for periods of up to 12 months total from the date of the battered noncitizen determination which is renewable annually for 12 months at a time; and
6. a noncitizen who meets indigent criteria (refer to passage 2620.0202.03) may be exempt for periods of up to 12 months total from the date of the indigent determination which is renewable annually for 12 months at a time.

#### **2620.0202.03 Indigent Criteria for Sponsored Noncitizens (TCA)**

Noncitizens sponsored on or after December 19, 1997, and who are determined to be indigent, are not subject to the inclusion of the income and assets of the sponsor or the sponsor's spouse in the eligibility determination for a total period of 12 months beginning with the date of the indigent determination. The determination is renewable annually for 12 months at the time. A sponsored noncitizen may be considered indigent if the amount of income actually received from the sponsor or the sponsor's spouse, the noncitizen's income, and all other assistance from other sources, when added together, are less than the food stamp gross income limit or 130% of the federal poverty level for the number of individuals in the assistance group.

#### **2620.0202.04 Deeming Amounts for Noncitizens Sponsored On or After 12/19/97 (TCA)**

To determine the amount of income and assets to be deemed when determining eligibility for noncitizens sponsored on or after December 19, 1997, follow these steps:

**Step 1** - Total the monthly earned and unearned income of the sponsor and the sponsor's spouse (if they live together). Include all gross income except excluded income such as vendor and in-kind payments to the sponsor, the cost of producing self-employment income and other sources of excludable income.

**Step 2** - Enter the result as unearned income in the noncitizen's budget.

**Step 3** - Total the amount of assets for the sponsor and the sponsor's spouse (if they live together). Include the full amount in the asset determination.

Money given to a noncitizen by their sponsor or their sponsor's spouse will not be considered as income to the noncitizen unless the amount given exceeds the amount calculated above. The amount given in excess of the deemed amount would be considered income in addition to the amount deemed to the noncitizen.

**2620.0203.06 Deeming Exclusions - Noncitizens Sponsored Before 12/19/97 (TCA)**

The provisions regarding income deemed to noncitizens from their sponsor or their sponsor's spouse do not apply to noncitizens who meet any of the following conditions:

1. the noncitizen was an AFDC recipient on, or prior to, September 30, 1981;
2. the noncitizen previously applied for AFDC direct assistance on, or prior to, September 30, 1981;
3. the noncitizen was sponsored by their spouse;
4. the noncitizen is a minor child who was sponsored by a parent;
5. the noncitizen was admitted as a conditional entrant refugee to the U.S. under the provisions of Section 203(a)(7) (in effect prior to April 1, 1980) of the Immigration and Nationality Act (INA);
6. the noncitizen was admitted as a refugee to the United States as a result of the application of the provisions of Section 207(c) (in effect after March 31, 1980) of the INA;
7. the noncitizen was paroled into the United States as a refugee under Section 212(d)(5) of the INA;
8. the noncitizen was granted political asylum by the Attorney General under Section 208 of the INA;
9. the noncitizen is a Cuban or Haitian who has been granted the special immigration status of "Cuban/Haitian Entrant (Status Pending)"; or
10. the noncitizen is someone who meets battered noncitizen criteria (refer to Chapter 1400) and may be exempt for up to 12 months from the date of the battered noncitizen determination.

**2620.0203.07 Determining Amount of Deemed Income (TCA)**

The following steps will determine the amount of income to be deemed from the sponsor to the sponsored noncitizen:

**Step 1** - Determine the total gross earned income of the sponsor and the sponsor's spouse. Subtract operating costs for self-employment from the total gross income. Subtract an additional 20% of the remainder up to a maximum of \$175.

**Step 2** - Add the net remaining earned income to the gross unearned income to determine the total adjusted gross income.

**Step 3** - From the total adjusted gross income, subtract the CNS for the number of persons in the sponsor's home including the sponsor, spouse, children, and all other individuals claimed or who could be claimed as dependents on the sponsor or sponsor's spouse's income tax return. Do not include any persons who are in a TCA assistance group or who receive SSI.

**Step 4** - From the step above, subtract the amount given by the sponsor or sponsor's spouse to or on behalf of persons not living in the home who are claimed or can be claimed as dependents for income tax purposes.

**Step 5** - From the balance in Step 4, subtract court ordered child support or alimony payments made by the sponsor and sponsor's spouse to or on behalf of persons not living in the sponsor's home.

**Step 6** - This amount is counted as unearned income of the noncitizen.

If two or more noncitizens sponsored by the same sponsor are receiving a benefit but are in different assistance groups, the balance is equally divided among the noncitizens. If the balance together with the assistance group's other income is sufficient to cause ineligibility, the benefit can be recalculated without the needs of the sponsored noncitizens and without including the sponsor's income.

**2620.0203.08 Documentation/Verification of Sponsor Income (TCA)**

The individual sponsor's and the sponsor's spouse's statement concerning their income is accepted unless questionable. When questioned, the noncitizen will be required to provide documentation. Eligibility for the noncitizen and other sponsored members of the assistance group cannot be established when required documentation is not provided. Verification is not required of a noncitizen who self-declares non-support from the sponsor.

**2620.0203.09 Noncitizens Sponsored by Agencies or Organizations (TCA)**

Legally admitted noncitizens are not eligible to receive Temporary Cash Assistance (TCA) for three years from the date of entry into the U.S. when an agency or organization executes an Affidavit of Support as a sponsor for the noncitizen's entry into the U.S. The sponsoring agency or organization is expected to fulfill its financial obligations and responsibilities unless the agency or organization is no longer in existence at the time that the noncitizen applies for TCA or the sponsor does not have the financial ability to meet the noncitizen's needs.

**2620.0203.10 Sponsoring Agency Lacks Financial Ability (TCA)**

If a noncitizen applying for Temporary Cash Assistance (TCA) states that the sponsoring organization or agency is no longer in existence, verification of the dissolution must be obtained. A contact can be made with the former agency's or organization's director if the address is known. In cases where the former sponsor's address is unknown or the nonexistence of the agency or organization cannot be verified, the individual's statement that the sponsoring agency or organization is no longer in existence can be accepted. The eligibility specialist must record all efforts made to contact the sponsor.

If the noncitizen states that the sponsor does not have the financial ability to meet the noncitizen's needs, the noncitizen must present verification from the sponsoring agency or organization. The sponsor(s) must sign a statement that the agency or organization is unable to meet the noncitizen's needs. The statement must include the specific reason(s) that support cannot be provided. It is the responsibility of the eligibility specialist and the supervisor to make the decision as to whether or not the sponsor is able to provide support for the noncitizen(s). In some cases, additional information such as tax records and receipts for expenses may need to be requested. If the sponsor's ability to support is questioned, clearance should be obtained from the Region or Circuit Program Office. In cases where the sponsoring agency or organization indicates that they can provide only partial support for the noncitizen(s), the noncitizen must provide verification of the amount and type of support (cash, in-kind) being provided. Any assistance included must be considered as unearned income in the budget.

**2620.0204 Parent to Child Deeming (TCA)**

A parent is a natural, adoptive or stepparent living in the same home as the eligible child. A child is an individual who is not married and who is under 18 for Temporary Cash Assistance or CIC, or under age 19 and a full-time high school student or the equivalent for Temporary Cash Assistance, or under 21 for Family-Related Medicaid (MFAM) (except for under \$10 cases and opt not to receive when the child is under 18). Refer to Chapters 1400 and 2200.

**2620.0205 Stepparent Deeming (TCA)**

The net income of a stepparent whose needs are not included in the assistance group and who is living in the home (or although absent is still considered part of the family group) is considered available as unearned income to the TCA child unless that stepparent is an SSI, OSS, or ICP recipient. Income of these individuals is not considered available except for voluntary contributions. Income exclusions in Chapter 2400 apply.

**Note:** If the parent is not in the home or is receiving SSI, the non-recipient stepparent's income must still be deemed to the stepchildren in order to determine their eligibility. This policy applies when the stepparent is not included in the filing unit as an eligible adult (EA) or financial adult (FA). In the situation where the parent is not in the home and the stepparent has elected to have his needs included as the specified relative caretaker, then the stepparent's income would be treated in accordance with regular budgeting policies; it would not be deemed.

Refer to passages 2620.0209.01 through 2620.0210.04 for the deeming calculation.

#### **2620.0206.01 Deeming of Income to Teen Parent (TCA)**

Income deeming may be required when a teen parent applies for assistance as the parent of his own needy child or a pregnant woman, if the teen parent resides in the same home with the nonparticipating parent(s). Income is deemed only from the grandparent(s). Do not consider the income of the teen parent, his siblings, or his children.

A deeming budget is required when:

1. The teen parent resides with one or both of his nonparticipating parent(s). A deeming budget is not necessary if both of the teen parent's parents receive SSI, or are temporarily absent and covered by ICP. If the teen parent resides with both parents, only one of whom is an SSI recipient, the other parent's income is deemed unless the non-SSI parent is considered to be an essential person for SSI purposes. A contact must be made with SSA.
2. The teen parent resides with one of his parents and the parent's legal spouse (stepparent), neither of whom receives TCA.
3. Two or more teen parents reside in the same home with their nonparticipating parent(s), parent and stepparent.
4. A teen parent applies for assistance for her own needs during her pregnancy and lives with her nonparticipating parent(s) or parent and stepparent.

#### **2620.0206.02 Definitions - Teen Parent Policy (TCA)**

The following define terms used in a discussion of teen parents:

1. A teen parent is a child who is unmarried and under age 18, or under age 19 and a full-time student in high school or at the equivalent level of vocational or technical training (under age 21 for Medicaid) with a child of his own. Grades seven through twelve are considered high school. A child is unmarried when the child has never been married or was married and the marriage was annulled.
2. A grandparent is the parent(s) of the teen parent.

#### **2620.0206.03 Income Considered for the Teen Parent (TCA)**

A determination of the amount of income to be considered must be made when:

1. the teen parent applies for assistance for self and child;
2. an eligibility review is completed;
3. the teen parent moves from the home of one parent to the other parent's home; or
4. the grandparent(s) reports a change in circumstances (change in income, assistance group composition, number of dependents, shelter obligation).

**2620.0206.04 Termination of Deeming to Teen Parent (TCA)**

Deeming of income to a teen parent is terminated when:

1. the teen parent reaches her 18th birthday for Temporary Cash Assistance or CIC or 21st birthday for Medicaid (this income continues to be deemed through the month the teen parent turns 18, unless her birthday falls on the first day of the month);
2. the teen parent reaches her 19th birthday if a full-time high school student for Temporary Cash Assistance or 21st birthday for Medicaid (this income continues to be deemed through the month the teen parent turns 19, unless her birthday falls on the first day of the month);
3. the teen parent gets married;
4. the teen parent moves out of the home of her parent(s) into other adult supervised living arrangements if under 19 and a full-time high school student; or
5. the teen parent becomes eligible for Temporary Cash Assistance as a child in her parent(s)' or relative caregiver(s)' benefit.

**2620.0206.05 More Than One Teen Parent (TCA)**

To determine grandparent income to be considered when more than one teen parent resides in the parent(s) home, use the deeming procedures in passage 2620.0209.01 with the following exceptions.

The appropriate CNS to be subtracted is the CNS for the grandparent(s) and any other individuals in the home who are not part of either assistance group, but who are or could be dependents of the grandparent(s), except for the other teen parents and the children of the teen parents.

The net income obtained is to be divided by the number of teen parents residing in the home.

**2620.0206.06 Teen Parent Resides with Stepparent (TCA)**

When a teen parent resides with her nonparticipating parent and the parent's legal husband or wife (stepparent), two deeming budgets are required.

**First Deeming Budget (Stepparent to Teen Parent's Parent)** - A test budget must be completed to determine the amount of stepparent income, if any, to be considered available to the teen's parent. The appropriate CNS to be allowed is the CNS for the stepparent, his children, and anyone else that the stepparent does or could claim as tax dependents that live in the home, excluding the parent and members of the AG or SFU. Mutual children of the parent and stepparent should be included in the CNS if the stepparent's income is higher than the parent's income. If the parent's income is higher, mutual children should be included in the CNS below. Do not include a disregard for the teen parent and the teen parent's child(ren). Use the shelter obligation of the whole assistance group as verified.

**Second Deeming Budget (Parent to Teen Parent)** - Compute a second test budget to determine the amount of grandparent income to be considered available to the teen parent and child. Determine the net income of the grandparent as per passage 2620.0209.01. Consider the net amount of stepparent income obtained above as unearned income to the grandparent. The appropriate CNS to be allowed is the CNS for the grandparent and any children not considered in the CNS for the first test budget. Do not include the minor child or the teen parent's child(ren). Use the verified shelter obligation of the whole assistance group.

The net amount of income obtained, if any, is considered as unearned income to the assistance group consisting of the teen parent and the teen parent's child(ren).

**Note:** If the parent is not in the home or is receiving SSI, the stepparent's income must still be deemed to the teen parent in order to determine eligibility. Follow procedures for stepparent deeming found in passage 2620.0205 in this situation.

#### **2620.0208 Proration of Income from an Ineligible Noncitizen (TCA)**

When determining eligibility for Temporary Cash Assistance for standard filing units containing ineligible noncitizens, the eligibility specialist will prorate income as follows:

**Step 1** - Determine the total amount of the noncitizen's income and divide the amount by the total number of members (included and excluded) in the Temporary Cash Assistance standard filing unit.

**Step 2** - Multiply the resulting amount by the number of eligible members in the assistance group.

**Step 3** - Include the resulting amount in the Temporary Cash Assistance budget.

**Note:** If the ineligible noncitizen's income is subject to deeming for Temporary Cash Assistance (e.g., stepparent, teen parent, etc.), the income will be deemed and no proration will occur.

#### **2620.0209.01 Computing the Deeming Budget (TCA)**

The deemed individual's income is considered prospectively. Net income of the deemed individual(s) is computed as follows:

**Step 1** - Determine the deemed individual's total gross monthly income from all sources, including any lump sum income.

**Step 2** - If the deemed individual(s) has earned income, deduct the \$90 as a standard disregard. Total the remaining earned income and gross unearned income.

**Step 3** - Subtract the CNS appropriate for the deemed individual(s) and any other individuals in the home who are not in the assistance group, but who are dependents of the deemed individual(s), from the gross unearned income and net earned income remaining from Step 2.

**Step 4** - Determine the number of nonassistance group members whom the deemed individual(s) claims or can claim as dependents for Internal Revenue purposes. Subtract the total documented monthly amount the deemed individual(s) actually pays to, or on behalf of, such nonassistance group dependents from the amount remaining after Step 3.

**Step 5** - Determine the documented amount of court ordered child support or alimony the deemed individual(s) pays to nonassistance group members other than those covered in Step 4. Include as child support or alimony, court ordered payments such as mortgage payments, medical or life insurance payments, school tuition fees and the like, that the individual may pay to a vendor or other party. Deduct the total documented amount from the balance following Step 2 or 3, if no nonassistance group dependents were claimed.

The balance following these steps is considered unearned income in the budget. No further disregards can be allowed.

#### **2620.0209.02 Formula for Deemed Income (TCA)**

The formula for computing deemed income is:

**Step 1** - (Gross Income) - (\$90 Standard Earned Income Disregard) = (Initial Balance).

**Step 2** - (Initial Balance) - (CNS for Deemed Individual[s] and Dependents) = (Balance after Assistance Group Disregards).

**Step 3** - (Balance After Assistance Group Disregards) - (Amounts Paid to Nonassistance Group Dependents + Child Support + Alimony Paid to Nonassistance Group Members) = (Net Deemed Income).

#### **2620.0209.03 Verification of Deemed Income (TCA)**

The payee is required to provide income information about the deemed individual(s)' income at each application, eligibility review, partial eligibility review, or interim contact, or when the Department learns of or anticipates a change in income. Failure of the deemed individual(s) to provide income information will result in termination or denial of the TCA benefit as need and eligibility of the assistance group cannot be established.

The deemed individual(s) must provide documentation or verification of their gross income. Copies of the payroll or other checks, wage stubs, and statements or letters from employers or other income sources are acceptable means of documentation. The eligibility specialist must record information concerning documentation or verification of income.

#### **2620.0209.04 Documenting Deemed Disregards (TCA)**

Allowable disregards must be documented or verified. Failure of the deemed individual(s) to provide the required documentation or verification will result in disallowance of the disregard. The following disregards must be verified:

1. The deemed individual(s) must provide canceled checks, court payment records, or statements from the nonassistance group dependents to document the amounts actually paid monthly to such persons. Only the documented or verified amounts can be deducted.
2. The deemed individual(s) must provide a copy of the court order requiring payments of support or alimony, a copy of the court records, or correspondence from a lawyer or a CSE agency. The deemed individual must also provide canceled checks, court payment records, or other receipts to document or verify the actual amounts paid. If child support is received, it must be documented or verified.

#### **2620.0210.01 Double Stepparent Situations (TCA)**

If a married couple who have children from prior relationships request assistance, as each child has a stepparent in the home, special procedures must be followed. A double stepparent case must be determined as meeting the following criteria:

1. There are two legally married stepparents in the home.
2. Neither parent is incapacitated, or is an SSI, OSS, RAP, or ICP recipient.
3. Each parent has children of his own (for example, from a previous marriage) for whom the parents are requesting assistance.
4. The legally married stepparents may or may not have mutual children. The mutual children are not TCA eligible on the factor of deprivation. These same procedures are followed when the parents also have ineligible mutual children and related children, not their own, living in the home.
5. The children for whom assistance is requested have been determined eligible for TCA on factors other than need.
6. One or both of the parents have income.

If eligible under the double stepparent policy, each stepparent can receive a benefit for his children; that is, two assistance groups are to be set up.

**2620.0210.02 Double Stepparent Deeming Budget (TCA)**

If one or both parents have income, a budget must be completed to determine the amount of income, if any, to be deemed from the parent with more income to the parent with less income.

If neither of the stepparents and the stepparents' children have available income, the deeming budget is unnecessary. The final budgets would be based on the needs of each parent and the total number of each parent's eligible children.

**2620.0210.03 Double Stepparent Budget Computation (TCA)**

The budget computation is determined as follows:

**Step 1** - Determine eligibility based on the eligibility standard (refer to Appendix A-5) by testing each parent's and his children's gross income against the eligibility standard for the size group (parent and children) and considering the entire family's shelter obligation. If either group has surplus income in the Eligibility Standard Test budget, the parent and children are ineligible. Treat the remaining children as a single stepparent case.

**Step 2** - If there are deficits in both parents' budgets in Step 1, determine the amount of income, if any, to be deemed to the budget of the parent having the lesser income. Start with the parent having the higher income.

Determine the parent's total gross monthly income from all sources, including any lump sum income. Allow income disregards. If the parent has earned income, deduct \$90 as a standard earned income disregard. Total the remaining earned income and gross unearned income.

**Step 3** - Subtract the CNS appropriate for the parent and any other individuals in the home who are dependents of the parent from the gross unearned income and net earned income remaining from Step 1. Include the parents' mutual children in the CNS. Do not include the needs of the parent with lesser income nor the children for whom the parent is requesting or receiving assistance.

**Step 4** - Determine the number of nonassistance group members whom the parent claims or can claim as dependents for Internal Revenue purposes. Subtract the total documented monthly amount the parent actually pays to, or on behalf of, such nonassistance group dependents from the amount remaining after Step 2. Determine the documented amount of court ordered child support or alimony the parent pays to nonassistance group members. Include child support or alimony court ordered payments such as mortgage payments, medical or life insurance payments, school tuition fees, and the like. Deduct the amount from the balance following Steps 2 and 3 if nonassistance group dependents were claimed.

The balance following these steps is considered unearned income in the other parent's budget. No further disregards can be allowed.

**2620.0210.04 Double Stepparent Formula (TCA)**

The formula for determining double stepparent income is:

**Step 1** - (Gross Income) - (\$90 Standard Earned Income Disregard) = (Initial Balance).

**Step 2** - (Initial Balance) - (CNS for Parent and Dependent) = (Balance after Assistance Group Disregards).

**Step 3** - (Balance after Assistance Group Disregards) - (Amounts Paid to Nonassistance Group Members) = (Net Parent Income to be Deemed to Second Parent).

If the net income obtained in Step 3 is zero, then no income is deemed to the second parent. Compute the benefit for both assistance groups using regular budgeting procedures.

If Step 3 results in a surplus (that is, deemed amount), then the first parent is not eligible for a benefit for himself and his children. If there is an amount to be deemed, compute the benefit for the second parent and his children. The total gross income considered is the second parent's total monthly income from all sources, including lump sum income, and the net unearned deeming income from the first parent.

#### **2620.0300 PRORATION (TCA)**

The first month's assistance must be prorated from the date of eligibility.

#### **2620.0306 Prorating the First Month's Assistance (TCA)**

The first month's benefits must be prorated from the date of eligibility. Eligibility for direct assistance for the initial benefits begins with the date of disposition or 30 days after the date of application, whichever is sooner. If the prorated benefit amount is less than \$10, payment must be issued.

The first month's increase in benefits must be prorated when an individual is added to the benefit, and the request to add date is after the first day of the month. Eligibility for an increase in direct assistance begins with the established request to add date regardless of the date of disposition. The prorated increase must be completed in the benefit for the initial month the person is added for direct assistance.

Proration does not apply to extended Medicaid cases that subsequently become eligible for direct assistance.

#### **2620.0307 Prorating Methods (TCA)**

If the date of eligibility is after the first day of the month and benefits are authorized, the first month's benefit must be prorated. The following procedures are to be used to determine the prorated benefit amount:

**Step 1** - Compute the deficit (Payment Standard minus total net available income) for the month of eligibility using usual budgeting procedures.

**Step 2** - Select from the first column of the Prorating Chart, shown in passage 2620.0308, the day of the month corresponding to the date of eligibility (if the date of eligibility is on the thirty-first, use day 30).

**Step 3** - Select from the prorating factor column (second column) the figure which corresponds to the day of the month.

**Step 4** - Multiply the deficit (before rounding) for the month of eligibility by the prorating factor (the product equals the prorated amount).

**Step 5** - If the prorated amount results in dollars and cents, this amount must be rounded down to the next whole dollar amount.

**Step 6** - If the prorated benefit amount is less than \$10, the benefit must be issued for the first month.

#### **2620.0308 Prorating Chart (TCA)**

Refer to Appendix A-6.

**2620.0309 Example of Prorating (TCA)**

The applicant or recipient applied on the 20th of a month and is approved on the tenth of the following month:

**Step 1** - Budgeting procedures indicate the applicant or recipient's deficit is \$178.30, for an ongoing benefit amount of \$178.

**Step 2** - The Prorating Chart shows that the correct prorating factor for the tenth day is .70.

**Step 3** - The deficit is multiplied by the prorating factor:  $\$178.30 \times .70$ .

**Step 4** - The prorated amount is \$124.81.

**Step 5** - The amount of the prorated benefit for the first month's benefit is \$124 (\$124.81 rounded down to the nearest whole dollar).

**2620.0310 Individual Added to Assistance Group (TCA)**

When an individual is added to the assistance group and the add date is after the first of the month, the first month's increase must be prorated as follows:

**Step 1** - Determine the benefit amount after the individual's needs are added to the existing benefit.

**Step 2** - The difference between the computation (new benefit amount) and the existing benefit amount is the increase to be prorated.

**Step 3** - Select from the prorating factor column (second column) the figure which corresponds to the day of the month.

**Step 4** - Multiply the deficit for the month of application by the prorating factor. The product equals the prorated amount.

**Step 5** - If the prorated amount results in dollars and cents, then this amount must be rounded down to the next whole dollar amount.

**Step 6** - If the benefit amount after proration is less than \$10, benefits must be issued for the first month.

**2620.0400 SPECIAL INCOME CIRCUMSTANCES (TCA)**

The following sections discuss circumstances that require special budgeting methods.

**2620.0403.01 Nonrecurring Lump Sum Payment (TCA)**

Money received in the form of a nonrecurring lump sum includes:

1. income tax refunds;
2. credits;
3. retroactive SSA, SSI, or public assistance benefits;
4. insurance settlements; and
5. utility or rental property deposits.

These payments are included assets in the month received unless specifically excluded.

**Note:** Federal income tax refunds and credits are excluded as assets in the month received and for 12 months from the date of receipt.

**2620.0403.02 Recurring Lump Sum Payments (TCA)**

Recurring SSI lump sum payments are considered unearned income. Generally recurring SSI lump sum payments are for Drug and Alcohol Addictions and are not paid in one nonrecurring lump sum but over a period of time until lump sum is paid off. This payment is in addition to the current SSI payment paid monthly.

**2620.0412 Contract Employment of Less Than One Year (TCA)**

Income received under an employment contract of less than one year will be prorated over the month it is intended to cover. The income is prorated to show the actual contracted time of employment for the individual.

**2620.0412.01 Income from School Employee Contract (TCA)**

If the school employee receives income other than on an hourly or piece rate basis, they are considered under contract whether it is written or implied.

Annual income received by assistance group member from the contractual school employment must be averaged over 12 months.

**2620.0413.01 Computation of Self-Employment Income (TCA)**

Self-employment income, other than the provision of child care in the individual's home, can at the individual's option be derived by:

1. calculating an average of the most recent consecutive four weeks, or
2. prorating the assistance group's annual income over a 12-month period based on the most recent income tax return.

Monthly operating costs would be calculated in the same manner as the income and deducted from the income to arrive at the adjusted monthly income budgeted.

Operating costs are those costs incurred in the course of the business operation that are necessary to run the business. Operating costs which are recognized include transportation to see customers, materials and equipment. When a motorized vehicle is used, the cost of transportation to see customers is recognized at the allowable state rate for mileage. Depreciation costs are not recognized. Operating costs do not include Social Security and income tax deductions, child care costs, or transportation to and from work. Business equipment and supplies are considered assets.

**2620.0413.02 Computation of Farming Income (TCA)**

The amount of farm income budgeted is the total cash anticipated to be received minus operating costs.

**2620.0414.01 Budgeting Support Payments (TCA)**

The amount received or anticipated to be received, minus any additional collection fees charged by the court or another agency to collect the payments is considered unearned income.

**2620.0414.04 Lump Sum Child Support Payments (TCA)**

When an individual reports receipt of a lump sum child support payment which cannot be budgeted by the recurring month following receipt (the benefit month), the individual must be instructed to send the payment to the local CSE, even though state collections may not have been initiated. The eligibility specialist must notify CSE that the individual received the unbudgeted lump sum. A referral to BR should be made on any case in which the money could not be budgeted by the recurring month following receipt and the individual failed to turn the money over to CSE.

**2620.0414.05 Cases Converted to State Collections (TCA)**

When CSE converts the case to state collections, the eligibility specialist will be notified. Action must then be taken by the next computer deadline to remove the child support income from the budget, even if the case had been budgeted retrospectively. A supplement benefit may need to be issued for the first month of state collections. Inform the individual to return any support payment(s) received to CSE. While state collections continue, the child support obligation paid by an absent parent is not included as income in the budget. However, special test budget procedures must be used when state collections equal or exceed a given month's benefit.

**2620.0414.06 Budgeting State Child Support Collections (TCA)**

When notification is received from Child Support Enforcement (CSE) that the monthly court ordered child support obligation and collection equal or exceed the TCA benefit amount for that month, redetermine eligibility by completing a prospective eligibility test using the current month's obligated collection.

**2620.0414.08 Prospective Eligibility Test Cases (TCA)**

If the prospective eligibility test shows the AG to be prospectively ineligible, terminate the TCA benefit effective the month following the month in which the notification from CSE was received.

**2620.0416.01 Work Supplementation (TCA)**

Work supplementation redirects the recipient's Temporary Cash Assistance benefits to an employer for a specified period of time, not to exceed six months, as an incentive to hire the recipient into the employer's regular workforce.

The Regional Workforce Board (RWB) career manager and the recipient will discuss the requirements of work supplementation to determine if this is an appropriate work activity for the recipient.

Cash assistance recipients who are selected for work supplementation will have their cash assistance payment redirected to the employer, who, in turn, must pay a wage which is at least equal to the federal minimum wage. The employer will provide a regular pay check to the recipient. The RWB career manager will be responsible for coordinating work supplementation efforts with the eligibility specialist and the employer.

Upon notification from the RWB career manager that a recipient has entered into a work supplementation agreement, the eligibility specialist must take action to redirect the cash assistance benefit to the employer. The eligibility specialist must provide ten days notice of adverse action to the recipient. The work supplementation agreement will stipulate that if the employee is dismissed from employment during the twelve month period following the work supplementation period, due in part to the loss of the work supplementation, the employer will be required to repay some or all of the work supplementation received.

The eligibility specialist will notify the RWB career manager of the action taken. All individuals of the assistance group will continue to be Medicaid eligible during the work supplementation period as long as the individual remains an eligible member of the assistance group.

**2620.0416.02 Cash Assistance Payments for Work Supplementation (TCA)**

To institute the work supplementation process, the Regional Workforce Board (RWB)/designee career manager will notify the eligibility specialist via the form CF-ES 2615. The eligibility specialist must take immediate action to verify all income of the assistance group except for the work supplementation job placement. If the eligibility specialist is unable to verify the income and the recipient fails to cooperate by providing the needed information, the cash benefits will be terminated and the food stamp certification period will be adjusted. Medicaid benefits will be

reevaluated. The eligibility specialist will notify the RWB career manager immediately of the termination of cash benefits.

When verified, the eligibility specialist will recalculate the cash assistance benefit amount. Do not use the income from the work supplementation job placement. The recalculated benefit amount will remain frozen at that level for the duration of the work supplementation period. The eligibility specialist will assign the employer as protective payee for the frozen grant amount.

The eligibility specialist will notify the RWB career manager of the amount of the "frozen" grant using the form CF-ES 2615. Steps to redirect the recipient's cash assistance benefit must be completed no later than ten days from the date of request (prior to pull down). The eligibility specialist is required to provide ten days adverse action notice to the recipient for whom the cash assistance benefits are being redirected. The FLORIDA system will not support this action, therefore, the system notice of cash benefits must be suppressed, and a manual notice (CF-ES 2601) is sent to the recipient. The FLORIDA system will correctly generate the food stamp notice. The amount of time (up to six months) the grant is redirected will count as months of Temporary Cash Assistance time limited benefits.

#### **2620.0416.03 Work Supplementation and Food Stamps (TCA)**

The food stamp budget should include the frozen grant amount as unearned income. The difference between the monthly gross earned income from the work supplementation job minus the frozen grant amount will be included as earned income. Compute the monthly amount of income to be paid by the employer using the form CF-ES 2615 provided by RWB career manager. Compute the monthly amount of income based on the hourly wages times the number of hours worked using regular income conversion procedures.

**Example:** 40 hours x \$5.00 per hour = \$200 x 4.3 = \$860 gross monthly income. Subtract the "frozen" work supplementation amount from the total. \$860 gross monthly income - \$303 "frozen" grant = \$557 earned income for food stamps.

#### **2620.0416.04 Changes during the Work Supplementation Period (TCA)**

Participants in work supplementation are still responsible to report changes in their circumstances to the Department. When changes are reported, the eligibility specialist must update the case, as appropriate. Changes entered on FLORIDA may change the cash assistance amount. However, since changes are not to affect the redirected cash amount because it is "frozen," the eligibility specialist must FIAT the FLORIDA cash amount to the original "frozen" redirected cash amount. The food stamp and Medicaid portions of the case may be affected by the changes. The original frozen cash amount will continue to be counted in the food stamp budget as well as other reported changes.

**Example 1:** Mr. Jones is participating in the Work Supplementation Program. He reports one of his children has come to live with him. The eligibility specialist must take action to add that child to the food stamp and Medicaid benefit calculation. The "frozen" work supplementation amount must be "FIATed" in order for it to remain the same.

**Example 2:** Child Support Enforcement notifies the eligibility specialist that the individual has failed to cooperate. The eligibility specialist must apply the sanction to the appropriate program, but the "frozen" work supplementation must not change.

If the recipient becomes ineligible for cash assistance during the work supplementation period, the recipient continues on work supplementation. The only exception is the expiration of their cash assistance time limit. There is no overpayment when a recipient becomes ineligible for Temporary Cash Assistance according to policy, and benefits continue to be redirected for the Work Supplementation Program for the remaining months of the contract.

**Example 3:** Ms. Smith is participating in work supplementation when she notifies her eligibility specialist that the last child has left the home. Her eligibility specialist must take appropriate action for food stamps and Medicaid; however, the work supplementation will continue for the remaining months of the work supplementation contract.

**Example 4:** Ms. Jones is scheduled for a complete redetermination for cash assistance and food stamps. She does not show up for her interview and does not contact her eligibility specialist. Her eligibility specialist must terminate the food stamps and Medicaid, but the work supplementation frozen grant will continue to be provided to the employer for the remaining months of the work supplementation contract.

#### **2620.0416.05 Incorrect Work Supplementation Benefit Amount (TCA)**

After work supplementation begins, if an error in the original redirected benefits calculation is discovered, the eligibility specialist must recalculate the redirected amount. A new calculation will be completed, using the correct income and circumstances for the month work supplementation began. The resulting total then becomes the correct work supplementation amount. The eligibility specialist must adjust the FLORIDA system to reflect the corrected "frozen" grant. Additionally, the eligibility specialist must recalculate the adjusted gross income for the food stamp budget.

This new amount must be reported to the RWB career manager handling the case by submission of a form CF-ES 2615. If the original amount redirected to the employer changes, the employer will be notified by the RWB career manager. The recipient is not considered to have been overpaid or underpaid during this work supplementation period as no direct cash assistance has been received. Therefore, there would be no benefit recovery referral.

After work supplementation begins, if the eligibility specialist determines the recipient was not eligible for cash assistance at the time work supplementation began, the work supplementation must be terminated. The RWB career manager must be notified immediately of the recipient's ineligibility for work supplementation and the RWB career manager will notify the employer of the change.

#### **2620.0416.06 Terminating Work Supplementation (TCA)**

Work supplementation will terminate at the end of the up to six month period or sooner if notified by the RWB career manager to terminate prior to the end of the six month period.

The eligibility specialist must schedule a partial review for the fifth month of the work supplementation period (or the month prior to the end of the work supplementation period if less than six months) on the expected change screen (AWEC). This will ensure that the eligibility specialist will have time to terminate the work supplementation by the end of the expiration of the work supplementation period. If the work supplementation is to be terminated before the six month period ends, the RWB career manager will notify the eligibility specialist by sending a form CF-ES 2615. The eligibility specialist will then terminate the work supplementation.

If a complete eligibility review has not been held within the last six months, the eligibility specialist must schedule a complete eligibility review for all active assistance groups. In situations where a complete eligibility review was held within the last six months, a partial eligibility review must be completed.

At the end of the work supplementation period, the eligibility specialist must remove the employer as the protective payee on the AGAR screen and change the earned income amount on AFEI to the total amount of gross income. The eligibility specialist will end the frozen grant amount on AFMI.

**2620.0416.07 Work Supplementation Recipient Still Employed (TCA)**

If the recipient remains employed, all earned income will count in determining eligibility for all programs. The employed recipient is eligible for the \$200 and 1/2 earned income disregard.

Recipients who are no longer eligible for cash assistance due to earned income are potentially eligible for transitional Medicaid and Transitional Child Care.

## 2630.0000 Family-Related Medicaid

The policy in this chapter must be used to perform the budgets and tests to determine eligibility for benefits and the benefit amount.

### 2630.0100 BUDGETS AND TEST CALCULATIONS (MFAM)

Each program has budgets and tests that must be completed. These are discussed in the following sections.

#### 2630.0107 Budgets and Tests (MFAM)

To be financially eligible, the total gross income of the assistance group cannot exceed the appropriate coverage group's income limit.

#### 2630.0108 Budget Computation (MFAM)

Financial eligibility for Family-Related Medicaid is determined using the household's Modified Adjusted Gross income (MAGI). The MAGI is the household's adjusted gross income as calculated by the Internal Revenue Service plus any foreign earned income and interest income exempt from tax.

In computing the assistance group's eligibility, the general formula is:

**Step 1** - (Gross Unearned + Gross Earned) = (Total Gross Income).

**Step 2** - Deduct any allowable income tax deductions (lines 23-35 from 1040). Deduct any allowable deductions for financial aid or self-employment to obtain the Modified Adjusted Gross Income.

**Step 3** - Deduct the appropriate standard disregard. This will give the countable net income.

**Step 4** - Compare the total countable net income to the coverage group's income standard.

If less than or equal to the income standard\* for the program category, **STOP**, the individual is eligible. If greater than the income standard for the program category, continue to **Step 5**.

**Step 5** - Apply a MAGI deduction (5% of the FPL based on SFU size).

If the 5% disregard would make the individual eligible, include the disregard. Otherwise the individual is ineligible for Medicaid.

Individuals determined ineligible for Medicaid will be enrolled in Medically Needy and referred, as appropriate, to Florida KidCare and/or the Federally Facilitated Marketplace (FFM).

\*Note: Children aged 6-18 do not receive the standard disregard. They do receive the 5% MAGI disregard, if it's needed to determine the assistance group eligible.

#### 2630.0110 Test Budgets and Deeming Formulas (MFAM)

Certain test budgets and deeming formulas are necessary in determining eligibility and benefit amount. The following circumstances must be considered

1. Deeming of a noncitizen's sponsor income to the noncitizen

2. Test budget for Transitional and Extended Medicaid. An assistance group may be eligible for either four (Extended Medicaid) or twelve months (Transitional Medicaid), depending on the circumstances of ineligibility.

**2630.0111 Transitional Medicaid Test Budget (MFAM)**

The increase in earned income or hours worked must have (by itself or in combination with other changes) caused a loss of Medicaid eligibility. One or more test budgets may be necessary to determine eligibility for Transitional Medicaid when:

1. two or more budget changes occur in the same month; and
2. at least one of the changes is receipt of or increase in earned income by the parent or caretaker relative who is a counted or eligible member of the standard filing unit.

Follow these steps to determine if an increase in earned income (or other factor) caused the loss of Medicaid:

**Step 1** - Determine if the increase in income or hours of employment would have resulted in loss of Medicaid if all other factors in the case remained the same (i.e., there was no other change in unearned income, no change in family composition, etc.).

**If yes**, the assistance group is eligible to receive Transitional Medicaid benefits.

**If no**, go to Step 2.

**Step 2** - Determine if the events other than the increase in income or hours of employment would have resulted in loss of Medicaid if the increased earned income or hours of employment had stayed the same.

**If yes**, the assistance group is not eligible to receive Transitional Medicaid benefits.

**If no**, go to Step 3.

**Step 3** - Determine if the family is ineligible for Medicaid when all changes are considered.

**If yes**, the assistance group is eligible for Transitional Medicaid benefits. The increase in earnings or hours of employment was essential to the loss of Medicaid.

**If no**, the assistance group is not eligible for Transitional Medicaid and should be evaluated for other types of coverage.

**2630.0200 DEEMING (MFAM)**

1. This section discusses sponsor deeming. Deeming refers to the consideration of income and assets of noncitizen's sponsor(s) as available to the assistance group. This does not refer to a child sponsored by agencies or organizations.

Note: Although the Affordable Care Act did not change federal law with regard to noncitizens deeming policies, since assets are not a factor of eligibility for Family-Related Medicaid, any assets deemed to a sponsored individual will not affect their eligibility for Medicaid.

**2630.0202.01 Noncitizens Sponsored On or After 12/19/97 (MFAM)**

Noncitizens whose sponsor signed an Affidavit of Support, USCIS Form I-864, on or after December 19, 1997, will have all of the income and assets of the sponsor and the sponsor's legal spouse considered in the eligibility determination for Medicaid. The income and assets of the sponsor and the sponsor's spouse will continue to be counted until the noncitizen:

1. becomes a naturalized citizen,
2. leaves the country,
3. dies,
4. can be credited with 40 qualifying work quarters (refer to Chapter 1430)
5. the sponsor dies and there is no joint sponsor.

**Note:** The income and assets of the sponsor's spouse will not be counted when the spouse does not reside in the home of the sponsor. Exceptions to this policy are found in listed below.

**2630.0202.02 Exemptions From Sponsored Deeming (MFAM)**

Noncitizens whose sponsor signed an Affidavit of Support, USCIS Form I-864, on or after December 19, 1997, are exempt from having the income or assets of the sponsor or the sponsor's spouse included in their eligibility determination in the following situations:

1. a noncitizen sponsored by an organization or group rather than an individual;
2. a noncitizen sponsored prior to December 19, 1997;
3. a noncitizen not required to have a sponsor under the Immigration and Nationality Act (INA), such as a refugee, a parolee, one granted asylum, a Cuban/Haitian entrant as defined by Section 501(e) of the Refugee Education Assistance Act of 1980, or resident noncitizen who previously held a refugee status;
4. a noncitizen who meets battered noncitizen criteria (see Chapter 1430) may be exempt for periods of up to 12 months total from the date of the battered noncitizen determination which is renewable annually for 12 months at the time;
5. a noncitizen who meets indigent criteria (see passage below) may be exempt for periods of up to 12 months total from the date of the indigent determination which is renewable annually for 12 months at the time; and
6. The individual is applying for Emergency Medicaid for Aliens (EMA).

**2630.0202.03 Indigent Criteria for Sponsored Noncitizens (MFAM)**

Noncitizens sponsored on or after December 19, 1997, and who are determined to be indigent, are not subject to the inclusion of the income and assets of the sponsor or the sponsor's spouse in the eligibility determination for a total period of 12 months beginning with the date of the indigent determination.

A sponsored noncitizen may be considered indigent if the amount of income actually received from the sponsor or the sponsor's spouse, the noncitizen's income, and all other assistance from other sources, when added together, are less than the food stamp gross income limit or 130% of the federal poverty level for the number of individuals in the assistance group.

**2630.0202.04 Deeming for Noncitizens Sponsored On or After 12/19/97 (MFAM)**

To determine the amount of income and assets to be deemed when determining eligibility for noncitizens sponsored on or after December 19, 1997, follow these steps:

**Step 1** - Total the monthly earned and unearned income of the sponsor and the sponsor's spouse (if they live together). Include all gross income except excluded income such as vendor and in-kind payments to the sponsor, the cost of producing self-employment income and other sources of excludable income.

**Step 2** - Enter the result as unearned income in the noncitizen's budget.

**Step 3** - Total the amount of assets for the sponsor and the sponsor's spouse (if they live together). Include the full amount in the asset determination.

Money given to a noncitizen by their sponsor or their sponsor's spouse will not be considered as income to the noncitizen unless the amount given exceeds the amount calculated above. The amount given in excess of the deemed amount would be considered income in addition to the amount deemed to the noncitizen.

#### **2630.0202.08 Documentation/Verification of Sponsor Income (MFAM)**

The individual sponsor's and the sponsor's spouse's statement concerning their income is accepted unless questionable. When questioned, the noncitizen will be required to provide documentation. Eligibility for the noncitizen and other sponsored members of the assistance group cannot be established when required documentation is not provided. Verification is not required of a noncitizen who self-declares non-support from the sponsor.

#### **2630.0400 SPECIAL INCOME CIRCUMSTANCES (MFAM)**

The following sections discuss circumstances that require special budgeting methods.

##### **2630.0412 Seasonal/Contractual Earned Income (MFAM)**

Income received under an employment contract of less than one year will be prorated over the months it is intended to cover. The income is prorated to show the actual contracted time of employment for the individual.

##### **2630.0412.01 Income from School Employee Contract (MFAM)**

If the school employee receives income other than on an hourly or piece rate basis, they are considered under contract whether it is written or implied.

Annual income received by assistance group members from the contractual school employment must be averaged over 12 months.

##### **2630.0413.01 Computation of Self-Employment Income (MFAM)**

Self-employment income, other than the provision of childcare in the individual's home, can at the individual's option be derived by:

1. calculating an average of the most recent consecutive four weeks, or
2. prorating the assistance group's annual income over a 12-month period based on the most recent income tax return.

Monthly operating costs are calculated in the same manner as the income and deducted from the gross income to arrive at the adjusted monthly income budgeted.

Operating costs are those costs incurred in the course of the business operation that are necessary to run the business. Operating costs which are recognized include transportation to see customers, materials and equipment. When a motorized vehicle is used, the cost of transportation to see customers is recognized at the allowable state rate for mileage. Operating costs do not include Social Security and income tax deductions, child care costs, or transportation to and from work.

**2630.0413.02 Computation of Farming Income (MFAM)**

The amount of farm income budgeted is the total cash anticipated to be received minus operating costs.

**2630.0414.02 Budgeting Spousal Support Payments (MFAM)**

The amount received or anticipated to be received is budgeted.

**2630.0415 Lump Sum Income (MFAM)**

A lump sum is a nonrecurring payment of earned or unearned income.

Types of lump sums include:

1. accrued benefits such as Social Security or VA Pensions (even though the pension itself will be regular income);
2. one-time contributions, windfalls, special bonus or holiday paychecks; and
3. personal loans or insurance settlements which are not a result of an asset conversion or are intended (and used) to pay costs related to the death of the insured.

**2630.0500 SHARE OF COST (MFAM)**

The Share of Cost (SOC) refers to the amount of medical bills which an individual enrolled in the Medically Needy Program must incur in any given month before Medicaid coverage may be authorized.

Eligibility must be determined for Medically Needy any time the assistance group meets all technical factors but the income exceeds the appropriate income limit for Medicaid.

To calculate the share of cost, compare the countable net income to the Medically Needy Income Level based on the size of the standard filing unit. The difference is the assistance group's share of cost.

**2630.0502 Enrollment (MFAM)**

If an individual meets the Medically Needy Program's technical eligibility criteria, he is enrolled into the program. There is no income limit for enrollment. The individual is only eligible (entitled to Medicaid) when he has allowable medical bills that exceed the SOC.

The income for an enrolled assistance group need not be verified. Instead, an estimated SOC is calculated for the assistance group. If after bill tracking, it appears the assistance group has met his "estimated" SOC, the unverified income must be verified before the Medicaid can be authorized. An individual is eligible from the day their SOC is met through the end of the month.

**2630.0503 Whose Medical Expenses Are Used To Meet SOC (MFAM)**

When determining Medicaid eligibility for Medicaid, the allowable medical expenses of certain individuals can be used to reduce an assistance group's Share Of Cost.

The allowable medical expenses of any person whose income is used in determining the assistance group's financial eligibility can be used to meet Share Of Cost.

The person does not have to be a member of the filing unit or be potentially eligible to receive Medicaid.

Medical bills of a newborn may be used to meet the mother's share of cost on the day of birth provided the newborn will be added to the mother's filing unit for that month.

**Note:** Mother's bills and/or bills for individuals outside of the filing unit should be used before using the newborn's bills.

Individuals whose income is included in more than one filing unit group may have their medical expenses counted toward each group's share of cost.

#### **2630.0504.01 Third Party Liability (MFAM)**

Third party payments (TPP) are any payments for recognized medical expenses, which have been or will be made by Medicare, other health insurance, or any other third party resource (public or private), including Medicaid.

Any portion of the cost of a recognized medical service that has been or will be paid by a third party cannot be used to meet the Share Of Cost unless the third party is a public program of a state or political subdivision of a state.

Such a public program liability or payment must be for a medical service that has or normally has a charge. This includes contracted services by a public program, even if the contract does not provide a payment for service on an individual basis, such as some contracts by Children's Medical Services (CMS). The service must not be funded by 100% federal funds nor reimbursed by Medicaid.

If an individual has agreed in writing to repay the payor, such as a county social services office, for a service, then that service will still be countable toward the Share Of Cost as an obligation of the individual.

#### **2630.0504.04 Required Action for Third Party Payments (MFAM)**

When there is evidence of a potential third party payment, the eligibility specialist must determine the amount of any third party payment that has been or will be made or the monetary value of the medical service when there is no actual monetary transaction. The action to take depends on the source of the third party payment, and type or cost of the recognized medical service.

When the recognized medical service is provided or paid by a public program of a state or political subdivision, obtain a bill or other written document verifying the cost or value of the service and count that cost or value toward the Share Of Cost, if appropriate.

When the medical service is hospital inpatient care, nursing home care, or any bill of \$100 or more other than pharmacy, contact the person who has or who will file for insurance to find out the amount received or expected to be received from all third party sources. This amount is deducted from the total amount of the recognized medical service, and the remaining amount, if any, is counted toward the assistance group's Share Of Cost. When the recognized medical service is any other bill including pharmacy, ask the individual the amount received or expected to be received from all third party sources. Again, this amount is deducted from the total amount of the service and the remainder, if any, is counted toward the assistance group's Share Of Cost.

#### **2630.0504.05 Third Party Payment Medicare/Medicaid (MFAM)**

When a provider accepts payment by Medicare for services provided, determine the amount the provider charged, the Medicare approved amount, and the amount of Medicare payment.

When a provider accepts Medicare assignment, the difference between the Medicare approved amount and the amount Medicare pays can be counted toward share of cost provided all criteria for an unpaid bill are met.

**2630.0505 Date of Service (MFAM)**

In order to determine the date of eligibility for the assistance group members with a Share Of Cost, track the medical expenses that are incurred and determine the date of service to be one of the following:

1. the date of service is the date a recognized medical service is actually rendered;
2. the date of service is the date a charge related to usage of a health insurance policy is actually incurred, such as a co-payment or deductible; or
3. if the charge is for long term care, then the date of service is the first day of the month or date of admission, and if the charge is a premium for Medicare or health insurance, then the date of service is the first day of the month.
4. if the charge is for personal care provided by an assisted living facility, then the date of service is the first day of the month or the date of admission. The provider must separate out the portion of the payment that is for room and board. Only the portion of the payment for personal care is eligible for tracking.
5. the date of service is the first day of the month for durable medical equipment rented on a monthly basis.

**2630.0506.01 Allowable Medical Expenses (MFAM)**

Allowable medical expenses are medical expenses that are:

1. unpaid and still owed, or
2. paid during the current month, or
3. incurred and paid during the three months before the tracking month but no earlier than the three retroactive application months, and
4. not subject to third party payment.

There are two types of allowable medical expenses:

1. recognized health insurance costs, and
2. recognized medical services.

Only allowable medical expenses can be used to meet Share of Cost.

**2630.0506.02 Loan Payments for Medical Expenses (MFAM)**

Payments on the principal of loans used to pay off old medical bills (i.e., bills incurred prior to the month for which bills are being tracked) can be considered allowable medical expenses if the following conditions are met:

1. the proceeds from the loan were actually used to pay the provider's bill; and
2. neither the provider's charges nor the loan payments were previously used to meet the SOC.

The interest portion of the payment is not an allowable medical expense.

**Note:** Recurring credit card payments are not intended to be included in the loan policy. Credit card payments made to medical providers can be considered paid bills as they occur.

Obtain verification of the following prior to considering the principal payment as an allowable medical expense:

1. the original date of service,
2. the purpose of the loan,
3. that funds from the loan were actually used to pay the provider's bill, and
4. the amount of the principal paid in the month for which bills are being tracked.

**2630.0506.03 Recognized Health Insurance Costs (MFAM)**

Health insurance is primarily established for the payment of medical costs. This does not include insurance, which pays a flat amount for each hospital day (income replacement policies). The following expenses related to health insurance are considered allowable medical expenses:

1. medical premiums;
2. other health insurance premiums, including HMO/prepaid plan premiums and dental insurance premiums;
3. deductibles; and
4. coinsurance payments.

**2630.0506.04 Recognized Medical Services (MFAM)**

Recognized medical services are:

1. cost of public transportation to obtain recognized medical services;
2. medical services provided or prescribed by a member of the medical community; or
3. personal care services in a person's home, prescribed by a member of the medical community.

**Note:** This includes the portion of the payment for personal care made by an ALF resident to the ALF provider. The provider must separate out the portion of the payment which is for room and board. The balance is for personal care, and can be considered an allowable medical expense for bill tracking purposes.

Examples of recognized services include:

1. ambulance, bus, or taxi (to receive medical services);
2. prosthetic devices, orthopedic shoes, wheelchairs, walkers, crutches, and equipment to administer oxygen;
3. prescription drugs;
4. insulin;
5. needles;
6. syringes;
7. drugs for family planning;
8. oxygen;
9. surgical supplies;
10. medicine chest supplies or other over-the-counter purchases that are prescribed by a member of the medical community as medically necessary; and
11. services related to activities of daily living or essential to the ill person's health and comfort, such as:
  - a. eating,
  - b. bathing,
  - c. grooming,
  - d. taking medication,
  - e. personal laundry,
  - f. meal preparation,
  - g. shopping,
  - h. housekeeping; or
  - i. cost associated with maintaining a specially trained service animal, including the cost of food, veterinarian bills, pet insurance, and other expenses. A pet or companion animal cannot be a service animal unless it is specially trained to assist the individual.

Examples of expenses or items which are not recognized include:

1. medicine chest supplies, such as:
  - a. nonprescription cold remedies,
  - b. nonprescription ointments,
  - c. thermometers,
  - d. handrails,
  - e. rubbing alcohol, or
  - f. cotton swabs.
2. household repairs; or
3. yard work.

#### **2630.0506.05 Global Prenatal Bills (MFAM)**

The individual has the option of using her total global prenatal bill, whether paid or unpaid, to meet her share of cost during a specified month (including month of delivery) or prorating it to cover several months during her pregnancy. This is because the pregnant woman has not received all prenatal services covered by the bill until the baby is born.

It is usually more advantageous to average the global prenatal bill to cover the latter months of pregnancy. As most visits occur in the last months of pregnancy, using the global prenatal bill in the last months of pregnancy will provide maximum reimbursement for the physician if the required number of visits for a "package" is not met. This will also allow the physician to be reimbursed in the event the hospital bill for the first day does not meet the share of cost.

#### **2630.0507.01 When to Count Allowable Medical Expenses (MFAM)**

Whether a bill is used in the share of cost determination depends on whether it is paid, unpaid, an allowable third party payment, or subject to third party payment.

An allowable medical expense cannot be counted toward the share of cost before the date of service. A hospital bill which is issued in advance of scheduled service cannot be counted toward the share of cost prior to actual receipt of the service. An exception to this policy is global prenatal bills. A bill that is Medicaid compensable cannot be prorated because once the individual becomes Medicaid eligible by meeting the share of cost, the bill will be paid by Medicaid.

Count paid bills, payments on existing bills, and allowable third party payments during the month the payment was made. Count bills incurred and paid during the three months before the tracking month. Bills incurred and paid before the three retroactive months to an application cannot be used.

If the paid bill was used in a prior month as an unpaid bill and SOC was met in that month, it cannot be used again to meet the share of cost. This includes a medical insurance premium payment made in one month for several months' coverage. The paid premium may only be counted in the month in which the payment was made.

Count unpaid bills not subject to third party payment in the month incurred or a later month, provided the expense remains unpaid and was not used to meet share of cost in a prior month. An unpaid medical expense cannot be used again once it is counted in a month when share of cost is met.

Count bills that are subject to third party payment based on information from the provider or individual. Do not adjust any share of cost calculations if the anticipated third party payment amount was incorrect.

When a revised bill is received after share of cost has been met, and retracking will make a provider who has been paid ineligible to be paid, do not retrack all of the expenses.

#### **2630.0507.02 Tracking Medical Expenses (MFAM)**

Allowable medical expenses must be tracked on a monthly basis for each individual/family with a different assistance group and share of cost. Allowable medical expenses whether paid or unpaid must be tracked in chronological order by date incurred (date of service to the individual).

Inpatient hospital medical expenses are to be tracked on a day-by-day basis. An itemized bill should be requested from the hospital. If the hospital cannot or will not provide an itemized bill, it is appropriate to divide the bill by the number of days of the hospital stay. Track on a daily basis until the individual has met the individual's share of cost. At that point, only the non-Medicaid compensable services, if any, could be carried forward to meet a future month's share of cost. Allowable medical expenses being tracked for a specific day should be tracked using paid bills first. On the day on which an individual meets their share of cost, expenses are considered in the following order:

1. Medicare or other recognized health insurance cost;
2. bills of individuals who cannot be entitled to Medicaid, are considered next; and
3. paid bills are a final consideration.

Other bills should be tracked to the advantage of the individual.

#### **2630.0508 Proof of Medical Expenses - MN (MFAM)**

The following are verification requirements for allowable medical expenses to be counted toward share of cost.

For **Medicare** premiums the individual's statement may be accepted (including coinsurance charges).

For **other health insurance premiums** proof is needed of the amount and frequency of the premium. Acceptable evidence is the insurance policy, canceled check, receipt, pay stub or verbal verification from the agent.

For **paid** medical services bills (includes coinsurance payments) proof is needed of the date of the payment, amount of payment and an estimate of third party liability/TPP, if applicable. Acceptable evidence is the paid bill, receipt, canceled check, written statement from doctor or verbal verification from the provider. (For TPP, verbal verification is not acceptable.)

**Exception:** The individual's statement for bus charges may be accepted. The individual's statement of a TPL/TPP estimate may be accepted if no other verification is available.

For **unpaid medical expenses less than one year old** from a hospital, nursing home or provider other than pharmacy (\$100 or more), proof is needed of the date of service, total bill and the TPL estimate. Acceptable evidence is a provider's statement and bill or statement of account.

For **other unpaid medical services less than one year old** proof is needed of the amount due and the date of service. Acceptable evidence is a bill, statement of account, insurance statement showing uncovered services or verbal verification from the provider.

For **unpaid medical services one year old or older** proof is needed that the individual continues to have the responsibility for payment, the amount due and date of service. Acceptable evidence is a statement of account that is not more than 30 days old and shows the date of service and amount due. Verbal verification of the same items from the provider is also acceptable.

**2630.0509 Proof That an Unpaid Bill is Still Owed (MFAM)**

For an unpaid bill to be counted as an allowable medical expense and used to reduce the assistance group's share of cost, the assistance group must be held responsible for payment by the provider. The older an unpaid bill, the more likely that the provider will have "written off" the amount as a bad debt, and therefore no longer expects to be paid. When an individual has an unpaid bill, determine if the individual still owes the unpaid bill, as follows:

1. When the unpaid bill is under one year old, accept the individual's statement that the bill is/is not still owed.
2. When the unpaid bill is one year old or older, require the individual to provide proof that the unpaid bill is still owed.

Only the unpaid portion not previously used to meet share of cost can be counted.

## 2640.0000 SSI-Related Medicaid, State Funded Programs

Once the eligibility specialist has determined available income as per Chapters 1800 and 2400, the policy in this chapter must be used to calculate the budgets and tests to determine eligibility for benefits and the benefit amount.

### 2640.0100 BUDGETS AND TEST CALCULATIONS (MSSI, SFP)

Each program has budgets and tests that must be executed in order to determine eligibility. These are discussed in the following sections. The income limits for each program are found in Appendix A-9.

#### 2640.0114 Federal Benefit Rate (MSSI, SFP)

To qualify for SSI direct assistance, income cannot exceed the federal benefit rate (FBR), which depends on the individual's or couple's situation (refer to Chapter 2400 for FBR). Countable income is the amount of income remaining after all disregards and exclusions have been applied and is the amount applied to the FBR to determine eligibility based on income.

Chargeable income is a term used to identify the amount of income measured against the state income standard for the Institutional Care Program, the Home and Community Based Services Program, the Home Care for the Disabled Adult and the Hospice Program. All earned and unearned income is totaled in the eligibility determination except for certain VA benefits, reparation and restitution payments, Agent Orange, and infrequent or irregular income. For further information, refer to Chapter 1800.

#### 2640.0115.01 Budget Computation (MSSI, SFP)

This policy applies to MEDS-AD, MN, QMB, SLMB, QI1, Protected Medicaid, Working Disabled, EMA and OSS.

The following policy is not applicable to ICP, HCBS, HCDA, and Hospice.

Determine countable income by computing the following:

**Step 1** - unearned income minus applicable exclusions,

**Step 2** - earned income minus applicable exclusions, and

**Step 3** - then total the results of step one and two.

#### 2640.0115.02 Determining Eligibility Based Upon Income (MSSI, SFP)

The countable income of an individual or couple is subtracted from the appropriate income limit to determine eligibility based on income. For the ICP, HCDA, Hospice and HCBS, the gross income is used to determine eligibility.

#### 2640.0116 Eligibility Tests (MSSI)

The policy in passage 2640.0116 through 2640.0125.04 applies only to ICP, Institutionalized MEDS, Hospice, Institutional Hospice, Community Hospice and HCBS. Specific policy may only apply to one or several of the above programs and will be so noted in the appropriate sections.

Any Medicaid eligible individual (except Medically Needy) who meets additional Medicaid institutional criteria is eligible for institutional care services. Eligibility for ICP, Institutionalized MEDS, Institutionalized Hospice, Community Hospice, or HCBS entitles the individual to the appropriate additional Medicaid services of institutional vendor payment, Hospice, and HCBS.

The policy in passage 2640.0126 applies to MEDS-AD, QMB, SLMB, QI1 and Working Disabled. The policy in passages 2640.0127 through 2640.0129 applies to Protected Medicaid.

**2640.0117 Patient Responsibility Computation (MSSI)**

The following policy applies to ICP, Institutionalized MEDS, Institutionalized Hospice, Community Hospice, PACE and the following HCBS Waiver Programs:

1. iBudget Florida,
2. Statewide Medicaid Managed Care Long-Term Care (SMMC LTC)

After the individual is determined eligible, the amount of monthly income to be applied to the cost of care (patient responsibility) is computed as follows:

**Step 1** - Deduct the personal needs allowance and one half of the gross therapeutic wages up to the maximum of \$111 for institutionalized individual only, if applicable. Refer to 2640.0118 for information regarding the personal needs allowance.

**Step 2** - Deduct the community spouse income allowance, family member allowance, or the dependent's allowance, if applicable.

**Step 3** - Consider protection of income policies for the month of admission or the month of discharge, if appropriate (refer to 2640.0123) for the following programs:

1. Institutional Care Programs (including Institutionalized MEDS and Institutionalized Hospice) - the month of admission to and discharge from a nursing facility,
2. PACE and SMMC LTC - the month of admission or discharge from a nursing facility or from an assisted living facility.

**Step 4** - Deduct uncovered medical expenses as discussed in passages 2640.0125.01 through 2640.0125.04.

The balance is the amount of the patient responsibility.

**Note:** The following individuals have no patient responsibility:

1. ICP children (aged 3-17 years) in ICF/DDs.
2. QMB individuals (with income 100% or less of the federal poverty level) while in a nursing home under Medicare coinsurance period, and
3. SSI recipients who have no other source of income and are only entitled to a \$30 SSI payment.

**2640.0117.01 Home and Community Based Services Waiver Programs with no Patient Responsibility (MSSI)**

The following HCBS programs have no patient responsibility:

1. Familial Dysautonomia, and
2. Model.

**2640.0118 Personal Needs Allowance (MSSI)**

The amount of the individual's income which is designated as a Personal Needs Allowance (PNA) varies by program.

For ICP and Institutionalized MEDS-AD, the personal needs allowance is \$130 as follows:

1. If the individual has less than \$130 total countable income, a supplemental payment must be authorized through the Supplemental Payment System (SPS). The personal needs allowance supplement (PNAS) cannot exceed \$100 a month.
2. Single veterans (and surviving spouses) in nursing homes who receive a VA \$90 pension (disregarded as income in both eligibility and patient responsibility computations) are also entitled to the \$130 PNA.
3. Single veterans (and surviving spouses) with no dependents who reside in state Veterans Administration nursing homes may keep \$90 of their veterans payments, including payments received for aid and attendance and unreimbursed medical expenses, for their personal needs. Any amount exceeding \$90 will be part of their patient responsibility to the facility. These individuals are also entitled to the \$130 PNA.

For Community Hospice, the PNA is equal to the Federal Poverty Level.

For Institutionalized Hospice, the PNA is \$130. If the individual has less than \$130 total countable income, a supplemental payment must be authorized through the SPS. The PNAS cannot exceed \$100 per month.

For the Cystic Fibrosis, and iBudget Florida Waivers, the PNA is equal to 300% of the federal benefit rate. Because the PNA is the same as the HCBS income limit, only those individuals who become eligible using an income trust will have a patient responsibility.

For the Statewide Medicaid Managed Long-Term Care (SMMC LTC) program and the Program for All-Inclusive Care for the Elderly (PACE), the personal needs allowance is as follows:

1. For an individual residing in the community (not an ALF), the PNA is 300% of the Federal Benefit Rate.
2. For an individual residing in an ALF, the PNA is computed using the ALF basic monthly rate (three meals per day and a semi-private room), plus 20% of the Federal Poverty Level. The ALF basic monthly rate will vary depending on the facility's actual room and board charges.
3. For an individual residing in a nursing home, the PNA is \$130.

For the Familial Dysautonomia Waiver the personal needs allowance is equal to the individual's gross income, including amounts that may be placed in an income trust.

For individuals in institutional care who earn therapeutic wages, an additional amount equal to one half of the therapeutic wages, up to \$111, can be deducted or protected for personal needs. The total amount of income to be protected as therapeutic wages cannot exceed \$111. (This is in addition to the \$130 personal needs allowance).

For individuals in institutional care who have a court order to pay child support, an additional PNA equal to the court-ordered child support amount be deducted for personal needs. (This is in addition to the \$130 personal needs allowance).

#### **2640.0119.02 Community Spouse's Monthly Income Allowance (MSSI)**

A community spouse's monthly income allowance depends on the amount of monthly income available to the community spouse and the amount of excess shelter costs the community spouse must pay.

The actual community spouse monthly income allowance is equal to how much the state's MMMNA plus the community spouse's excess shelter costs exceed the community spouse's income.

**Note:** The community spouse income allowance is included as income to the community spouse during the hearing process when determining if the community spouse qualifies for an increase in the community spouse resource allowance.

#### **2640.0119.03 Formula for Community Spouse Income Allowance (MSSI)**

The following is the formula used to determine the community spouse's income allowance:  
(State's MMMNA + community spouse's excess shelter costs) - (the community spouse's total gross income) = (the community spouse's income allowance.)

The community spouse's income allowance is the total amount that can be allotted to the community spouse from the institutionalized individual.

The state's MMMNA plus CS excess shelter cost cannot exceed the state's cap on CS income allowance (see Appendix A-9).

The institutionalized individual's personal needs allowance and deduction for therapeutic wages is deducted prior to deducting the community spouse's income allowance.

The community spouse can refuse all or part of the allowance. The total amount of the community spouse allowance is always included in the budget for the community spouse during the hearing process when determining if the community spouse qualifies for an increase in the community spouse resource allowance.

If there is court ordered support against an institutionalized spouse (for monthly support income for the community spouse), the community spouse's monthly income allowance cannot be less than the amount ordered.

#### **2640.0119.04 Determining Community Spouse's Excess Shelter Costs (MSSI)**

The following steps are used to determine the community spouse's excess shelter costs:

**Step 1** - Obtain verification of the community spouse's monthly assistance group expenses if questionable. Allowed expenses are limited to rent or mortgage payment (including principal and interest), taxes, insurance (homeowners or renters), maintenance charges if a condominium and mandatory homeowner's association fees. Do not include expenses paid by someone other than the community spouse. Add all of these expenses.

**Step 2** - To the total obtained above, add the current food stamp standard utility disregard (refer to Appendix A-1) if the community spouse pays utility bills. Allowed utilities are limited to water, sewage, gas, and electric.

**Step 3** - To determine what portion of the total shelter costs is excess, subtract 30% of the state's income allowance, from the total costs. The difference is the community spouse's excess shelter costs.

#### **2640.0120.01 Family Allowance (MSSI)**

For ICP, Institutionalized MEDS, Institutionalized Hospice, PACE, and the SMMC LTC Programs, when the eligible individual has dependent relatives living with his community spouse, each family member whose income is less than the state's MMMNA may receive a portion of the individual's monthly income.

Family members include minor or dependent children, dependent parents, or dependent siblings of the institutionalized individual or community spouse who are residing with the community spouse. The children must be the natural or adopted children of either spouse.

If there is a community spouse, but the dependent family members do not reside with the community spouse, no family allowance can be authorized. If the institutionalized individual has a dependent child under the age of 21 or a disabled adult child living in the home, but no community spouse, refer to passage 2640.0121.

Dependency for the family allowance may be of any kind, such as financial or medical. Accept the individual's or dependent relative's statement unless it is questionable.

#### **2640.0120.02 Computation of Family Allowance (MSSI)**

The following is the formula to determine the family allowance.

**Step 1** - Subtract the family member's income from the minimum monthly maintenance income allowance (MMMNA).

**Step 2** - Divide the total from above by three, and the result is the family member allowance.

Each dependent family member allowance must be separately computed and then added together to determine the total family allowance.

#### **2640.0121 Dependent Allowance (MSSI)**

For ICP, MEDS-ICP, Institutional Hospice, PACE, and SMMC LTC Programs when the eligible individual does not have a community spouse but does have a dependent unmarried child under the age of 21 or a disabled adult child living at home, the dependent is entitled to a portion of the individual's income equal to the TCA Consolidated Needs Standard minus the dependent's income. (Refer to Appendix A-5 for the CNS.)

For Community Hospice, if the individual has only a spouse, the spouse is entitled to a portion of the individual's income equal to the SSI federal benefit rate (FBR) minus the spouse's income. If the individual has both a spouse and dependents, they are entitled to a portion of the individual's income equal to the TCA Consolidated Needs Standard minus the spouse and dependent's income.

#### **2640.0122 Minimum Monthly Maintenance Needs Allowance (MSSI)**

The following policy applies to ICP, ICP-MEDS, and Institutional Hospice.

This income allowance is the basic monthly allowance the state recognizes for a community spouse whose spouse was institutionalized on or after 9/30/89. The state's minimum monthly maintenance income allowance (MMMNA), is based on 150% of the poverty level for two individuals. Refer to the TMEP Reference Table on FLORIDA.

If either spouse establishes that the community spouse income allowance is inadequate due to exceptional instances of significant financial duress, the hearing officer may establish a higher income allowance (above the established MMMNA) through the fair hearing process.

#### **2640.0123 Protecting Income - Month of Admission/Discharge (MSSI)**

The following policy applies to ICP, Institutionalized MEDS-AD, Institutionalized Hospice (for nursing care facilities), SMMC LTC, and the Program for All-Inclusive Care for the Elderly (PACE).

The individual's income may be "protected" for the month of admission to and the month of discharge from a facility if the individual is obligated to pay for the cost of food and/or shelter

outside of the facility. This means that income is not considered as available for patient responsibility for the month of admission to or discharge from a facility, when the individual's income for that month is directly obligated to meet the cost of food and/or shelter for the individual for that month.

The individual's statement of obligation may be accepted. If the individual's statement is questionable, obtain verification.

For ICP, Institutionalized MEDS-AD, Institutional Hospice, SMMC LTC, and PACE in a nursing facility, the obligation for food and/or shelter includes:

1. cost of room and board for foster care in the community, and
2. cost of room and board for residing in an Assisted Living Facility (ALF).

For SMMC LTC and PACE in an assisted living facility, the obligation for food and/or shelter includes:

1. Cost of room and board for residing in a nursing care facility.
2. If the month of admission to the nursing home is the same as the month of discharge from an assisted living facility:
  - a. there would be no patient responsibility for the nursing home in the month of ~~that~~ admission to the nursing home. This is because the individual paid for his room and board in the ALF for that particular month.
  - b. there would be a patient responsibility for room and board for the Assisted Living waiver since the nursing home will be paid in full. The individual has no other obligation for room and board outside the ALF.

**Note:** The room and board charge in a hospital would be considered as an expense for protection of income only if the charge was not being paid by a third party payment such as Medicare, Medicaid, or other insurance.

#### **2640.0124 Protecting Income for SSI Recipients (MSSI)**

The following is applicable only to ICP.

SSI recipients who are temporarily institutionalized for medical care may continue to receive the full SSI FBR for up to 90 days to allow them to maintain a community home. If Social Security verifies that the recipient is eligible for such continued benefits, the SSI payment is not counted toward the patient responsibility for up to three months.

#### **2640.0125.01 Uncovered Medical Expenses (MSSI)**

Policies found in passages 2640.0125.01 through 2640.0125.05 apply to the ICP, ICP MEDS, ICP Hospice, Community Hospice, SMMC LTC and PACE.

The policy described below will be applied in considering medical expense deductions for institutionalized medical care in the post-eligibility treatment of income. An uncovered medical expense deduction is allowed for premiums, deductibles, co-insurance and health insurance payments from an institutionalized individual's income to determine the patient responsibility.

The following reasonable limits will be placed on other incurred medical expense deductions for institutionalized individuals in the post-eligibility treatment of income:

1. the service or item claimed as a deduction must:
  - a. be for a medical or remedial care service recognized under state law;
  - b. be medically necessary;

- c. have been incurred no earlier than the three month period preceding the month of application and only if the service is anticipated to recur; and
  - d. have not been paid for under the Medicaid State Plan.
2. for medically necessary care, services and items not paid for under the Medicaid State Plan, the actual bill amount will be used as the deduction, not to exceed the maximum payment or fee recognized by Medicare, commercial payers, or any other third party payer for the same or similar care, service or item.
3. other long-term health insurance policies will be treated as first payer or the individual will have to demonstrate that other insurance has not/will not cover the expense.
4. the deduction for medical and remedial care expenses that were incurred as the result of imposition of a transfer of assets penalty is limited to zero.

To be deducted, the medical expense only needs to be incurred, not necessarily paid. Uncovered medical expenses will be averaged and projected over a prospective period of, generally, no more than six-months.

A medical expense deduction is not budgeted when:

1. Medical expenses are paid by someone other than the recipient or other than someone acting on behalf of the recipient using the recipient's funds.
2. Payments are made to someone other than the provider.

Expenses for services received prior to the first month of Medicaid eligibility can only be used in the initial projection if the service was incurred in the three months prior to the month of application and only if the service is anticipated to recur.

#### **2640.0125.02 Budgeting Expenses at Application (MSSSI)**

For retroactive Medicaid assistance, budget actual medical expenses incurred in each of the three months prior to the date of application.

For ongoing eligibility, evaluate all expenses incurred in the three months preceding the month of application and use the steps below to compute the deductible amount beginning with the month of application (if the month of application is an eligible month) and ongoing.

**Step 1** - Total all non-fluctuating (expected to recur each month) recognized expenses incurred in previous three months (for example, health insurance premiums). Calculate an average.

**Note:** If there are fewer than 3 months of recurring expenses, divide by the correct number of months, for example 2 or 1.

When health insurance (other than Medicare) is involved, and premiums are not paid monthly, determine how often paid and average to get a monthly amount.

**Step 2** - Total all fluctuating recognized expenses (incurred during the previous three-month period and expected to recur at some time during the projection period.) Do not include any expense incurred in the previous three months that is not expected to recur during the projection period. Divide the total by the number of months in the projection period.

**Note:** The projection period is comprised of the first month of ongoing eligibility, beginning with the month of application, through the sixth month following the disposition month. This does not include retroactive months when actual expenses are budgeted.

**Step 3** - Add the amounts from steps #1 and #2 together and deduct the uncovered medical expenses over the projection period.

**2640.0125.03 Determining if Reconciliation is Necessary (MSSI)**

Reconciliation is the process of comparing the total projected recurring expenses with the total actual recurring expenses, and accounting for an understated or overstated amount that is more than \$120 in the recipient's patient responsibility budget either over the next projection period or calculating the adjustment in the actual month of discrepancy.

Reconciliation must be considered every six months after an initial projection of uncovered medical expenses and anytime a significant change is reported. This includes acquisition or loss of a recurring medical expense, discharge from a program that requires patient responsibility calculation, or discharge due to death.

To determine if reconciliation is necessary:

1. Total the projected recurring expenses (non-fluctuating and fluctuating) incurred during the previous period.
2. Subtract the actual recurring (non-fluctuating and fluctuating) incurred during the previous period.
3. If the difference is more than \$120, reconciliation is necessary. (Refer to Step 2 in 2640.0125.04 to complete reconciliation). If the difference is \$120 or less, reconciliation is not necessary.

**2640.0125.04 Budgeting Expenses at Semi Annual Review (MSSI)**

Follow the steps below to determine the new projection at each semi annual review.

**Step 1** - Use the total actual recurring expenses incurred during the preceding six-month period.

**Step 2** - Subtract entire overstated (or add entire understated amount) when the difference between the actual recurring expenses and the previously projected recurring expenses is greater than \$120 (reference #3 in 2640.0125.03).

**Step 3** - Add any recognized "one time" medical expense(s) incurred during the preceding six months.

**Step 4** - Divide the amount from (3) above by 6 to derive an average.

**Step 5** - Project the average amount determined in Step 4 for the next 6 months.

**Note:** If step 4 results in a negative number for future patient responsibility, recalculate patient responsibility separately for each overstated month.

**2640.0126 MEDS-AD, QMB, SLMB, QI1 and Working Disabled Eligibility Test (MSSI)**

The following steps are used to determine if an individual or couple is eligible for MEDS-AD, QMB, SLMB, QI1 or the Working Disabled Program.

**Step 1** - Add unearned income except for excluded income and income based on need.

**Step 2** - Subtract allowable deductions.

**Step 3** - Add income based on need to get total unearned income.

**Step 4** - Determine earned income and subtract allowable exclusions and work related expenses.

**Step 5** - Add unearned income and earned income to get total countable income.

**Step 6** - Compare total countable income limit - see chart in Appendix A-9.

**2640.0127 Regular COLA Protected Medicaid Eligibility Test (MSSI)**

The following steps are used to determine if an individual is eligible for Protected Medicaid.

**Step 1** - Determine the last date (month and year) the individual received SSA and SSI.

**Step 2** - Use the chart in Appendix A-11 to determine the date of the first COLA received following the date established in Step 1.

**Step 3** - Multiply the current gross SSA amount by the conversion factor determined in Step 2. This computation will determine the SSA amount without the COLAs. If another SFU member's income is used in determining eligibility, multiply his gross SSA by the same conversion factor.

**Step 4** - Add unearned income except excluded income and income based on need. Use the SSA amount determined in Step 3.

**Step 5** - Subtract allowable deductions.

**Step 6** - Add income based on need to get total unearned income.

**Step 7** - Determine earned income and subtract allowable exclusions and work related expenses.

**Step 8** - Add unearned income and earned income to get total countable income.

**Step 9** - Compare total countable income to the current SSI FBR. If countable income does not exceed the current FBR, the individual is eligible for Medicaid, provided all other factors of eligibility are met.

**2640.0128 Widows I, II, III, Disabled Adult Children (MSSI)**

The amount of current Social Security income received which is included in determining eligibility for Widows I, Widows II, Widows III, or the Disabled Adult Children Program is different for each of the coverage groups. The following steps are used to determine if an individual is eligible for protected Medicaid in one of these coverage groups.

**Step 1** - Determine amount of SSA income to include in determining eligibility based on the coverage group:

1. Widows I - Include only the SSA amount the individual received prior to any increase in the widow's or widower's benefit which resulted from the elimination of the reduction factor for disabled widows and widowers entitled before age 60. Exclude both the original increase and any additional increases.
2. Widows II - Exclude the total Social Security widow's or widower's benefits received since the loss of SSI eligibility.
3. Widows III - Exclude the total Title II disability benefits received since the loss of SSI eligibility.
4. Disabled Adult Children - Include only the SSA amount the individual received before July 1, 1987. Exclude any increase in SSA benefits or receipt of SSA benefits received July 1, 1987, or after.

**Step 2** - Add unearned income except for excluded income and income based on need. Use the SSA amount determined in Step 1.

**Step 3** - Subtract allowable deductions.

**Step 4** - Add income based on need to get total unearned income.

**Step 5** - Determine earned income and subtract allowable exclusions and work related expenses.

**Step 6** - Add unearned income and earned income to get total countable income.

**Step 7** - Compare total countable income to the current SSI FBR. If countable income does not exceed the current FBR, the individual is eligible for Protected Medicaid, provided all other factors of eligibility are met.

**2640.0129 Protected Medicaid for SSI Children Test (SFP)**

(Refer to WORKAROUND # 91)

**2640.0131.01 OSS Benefit Test (SFP)**

The policy in passages 2640.0131.01 through 2640.0131.06 is applicable to the OSS Program.

The initial step is to determine that the individual's income is equal to or below the OSS income standard.

The individual's income, after allocations for dependents and deductions for personal needs, is then subtracted from the recognized standard for the cost of care. The remainder is the individual's OSS benefit. An individual in need is one whose income is insufficient to meet his cost of care and personal needs in an alternate living arrangement according to the standard.

**2640.0131.02 Diversion of Income to OSS Dependents (SFP)**

When an OSS individual has a dependent(s) as defined below, a portion of the individual's income in excess of the personal needs allowance must be allocated to meet the needs of the non-institutionalized dependent(s) in the community.

For purposes of allocation, a dependent is:

1. an ineligible spouse or minor child who has monthly income less than the standard need allowance recognized for the needs of a spouse or a minor child; or
2. an ineligible spouse with unmarried children under 18, living at home, whose combined income is less than the combined standard needs allowance for the spouse and each child.

The standard need allowance is \$146 for a spouse and \$65 for each child. The ineligible spouse and child(ren) must not be eligible for or receiving TCA.

**2640.0131.03 Computation of the OSS Payment (SFP)**

The same budgeting procedure is applied to all months including the month of placement, and the month that placement is terminated. If placement occurs in the month of application or later, the OSS benefit will be prorated from the day of placement. Only the month of placement is prorated. The OSS benefit will be paid in dollars and cents. The OSS personal needs allowance standard must be subtracted from the countable income. The remainder is applied to the cost of all care.

There are three basic OSS budgeting situations which may occur: a single individual, an individual with dependents, and an SSI eligible couple. These situations are discussed in the following sections.

**2640.0131.04 Single Individual OSS Computation (SFP)**

Compute the OSS payment for a single individual as follows.

**Step 1** - The individual's gross income less exclusions minus the personal needs allowance equals the income available to meet the recognized standard for cost of care.

**Step 2** - The recognized cost of care minus available income equals the deficit.

**Step 3** - The deficit in dollars and cents equals the OSS payment.

**2640.0131.05 Individual with Dependent OSS Computation (SFP)**

Compute the OSS payment for an individual with dependents as follows:

**Step 1** - The individual's gross income less exclusions minus the personal needs allowance equals the income available for allocation/cost of care.

**Step 2** - The dependent's combined unearned income minus the unearned income disregards equals the dependent's countable unearned income.

**Step 3** - The dependent's combined earned income minus the earned income disregards equals the dependent's total countable earned income.

**Step 4** - Add the dependent's countable earned and unearned income together to determine the dependent's countable income.

**Step 5** - The spouse's need allowance plus the need allowance for each child minus the dependents countable income equals the dependent's need.

**Step 6** - Deduct the dependent's need (if any) from the individual's income to determine income available to meet his cost of care.

**Step 7** - The recognized cost of care minus the individual's income available to meet recognized cost of care equals the deficit. The deficit in dollars and cents equals the OSS payment.

**2640.0131.06 SSI Eligible Couple (SFP)**

If one individual is in an institution and the other individual is in an alternative living facility, each individual will be considered as an assistance group with that individual's own income considered in the budget computation.

**2640.0133 HCDA Eligibility Determination (SFP)**

The following policy is applicable only to Home Care for Disabled Adults (HCDA).

To be eligible on the basis of income, an individual must not have income that exceeds the state income standard which is the same as the ICP standard. Each HCDA individual is treated as a single individual. However, if a married couple is living in the same HCDA home and both are HCDA applicants/recipients, they may choose to be treated as a couple or as individuals, whichever is to their advantage.

If a married couple (applicant/recipient) is in the same home, and they are not eligible as a couple on the factor of income, determine if one member of the couple is eligible as an individual.

**2640.0134 HCDA Computation of Income Amount (SFP)**

The computation of income includes the following steps.

**Step 1** - Determine amount of income.

**Step 2** - Test income against the state income standard.

**Step 3** - Notify the service counselor of the individual's financial eligibility or ineligibility and report the individual's total gross income to the Adult Services counselor.

**2640.0200 DEEMING (MSSI)**

This section discusses deeming of income. Deeming refers to the consideration of a portion of income of one individual's income and sometime assets as available to another individual even if the income and assets are not actually available based upon the assumption if a "legal obligation" of the first individual to the second. Examples are spouse to spouse and parent to child. Note that much of the policy regarding deeming requires knowledge of budgeting.

**2640.0202.01 Noncitizens Sponsored On or After 12/19/97 (MSSI)**

Noncitizens whose sponsors signs an Affidavit of Support USCIS form 1-864, on or after December 19, 1997, will have all of the income and assets of the sponsor and the sponsor's legal spouse considered in the noncitizen's eligibility determination for Medicaid. The income and assets of the sponsor and sponsor's spouse, if appropriate, will continue to be counted until the noncitizen:

1. becomes a United States citizen
2. leaves the country and ceases to hold appropriate noncitizen status,
3. dies, or
4. has worked, can be credited with, 40 qualifying work quarters.

**Note:** The income and assets of the sponsor's spouse will not be counted when the spouse does not reside in the home of the sponsor.

**2640.0202.02 Exceptions From Sponsored Deeming (MSSI)**

The income and assets of a sponsor who signs an Affidavit of Support, USCIS Form I-864 on or after December 19, 1997, will be deemed to the sponsored noncitizen unless at least one of the following applies:

1. the noncitizen is sponsored by an organization or group rather than an individual;
2. the noncitizen is sponsored prior to December 19, 1997;
3. the noncitizen is not required to have a sponsor under the Immigration and Nationality Act (INA), such as a refugee, a parolee, asylee, a Cuban/Haitian entrant as defined by Section 501(e) of the Refugee Education Assistance Act of 1980, or resident noncitizen who previously held a refugee status;
4. the noncitizen meets battered noncitizen criteria (for a definition of battered noncitizen refer to passage 1400.0110.05). Persons meeting this exception may be exempt for a 12 month period from the date of the battered noncitizen determination which is renewable annually for 12 months at the time (the exemption period may be extended if the abuse or cruelty is recognized by a court, an Administrative Law Judge or the USCIS);
5. the noncitizen meets indigent criteria (refer to passage 2640.0202.03). Persons meeting this exception may be exempt for a period 12 months total from the date of the indigent determination which is renewable annually for 12 months at a time;
6. the noncitizen entered the country in employment categories where the individual who signs the I- 864 is the sponsored noncitizen's spouse, parent, child; or sibling who (1) did not file the employment-based immigrant petition or (2) does not have ownership interest of five percent or more in the employment-based sponsoring entity;
7. the noncitizen's sponsor signed either a USCIS Form I-134 ("Affidavit of Support") or USCIS Form I-361(Affidavit of Financial Support and Intent to Petition for Legal Custody for Public Law 97-459 Amerasian);
8. the noncitizen is applying for emergency medical assistance only.

**2640.0202.03 Indigent Criteria for Sponsored Noncitizens (MSSI)**

Noncitizens sponsored on or after December 19, 1997, and who are determined to be indigent, are not subject to deeming of the income and assets of the sponsor or the sponsor's spouse in

the eligibility determination for a total period of 12 months beginning with the date of the indigent determination. The determination is renewable annually for 12 months at the time.

A sponsored noncitizen may be considered indigent if the amount of income actually received from the sponsor or the sponsor's spouse, the noncitizen's income, and all other assistance from other sources, when added together, are less than the food stamp gross income limit or 130% of the federal poverty level for the number of individuals in the assistance group.

#### **2640.0202.04 Deeming for Noncitizens Sponsored On or After 12/19/97 (MSSI)**

To determine the amount of income and assets to be deemed when determining eligibility for noncitizens sponsored on or after December 19, 1997, follow these steps:

**Step 1** - Total the monthly earned and unearned income of the sponsor and the sponsor's spouse (if the spouses live together). Include all gross income except excluded income such as vendor and in-kind payments to the sponsor, the cost of producing self-employment income and other sources of excludable income.

**Step 2** - Enter the result as unearned income in the noncitizen's budget.

**Step 3** - Total the amount of assets for the sponsor and the sponsor's spouse (if the spouses live together). Include the full amount in the asset determination.

Money given to a noncitizen by their sponsor or their sponsor's spouse will not be considered as income to the noncitizen unless the amount given exceeds the amount calculated above. The amount given in excess of the deemed amount would be considered income in addition to the amount deemed to the noncitizen.

#### **2640.0202.08 Documentation/Verification of Sponsor Income (MSSI)**

The individual sponsor's and the sponsor's spouse's statement concerning their income is accepted unless questionable. When questioned, the noncitizen will be required to provide documentation. Eligibility for the noncitizen and other sponsored members of the assistance group cannot be established when required documentation is not provided. Verification is not required of a noncitizen who self-declares non-support from the sponsor.

#### **2640.0211 Spouse and Parent Deeming (MSSI)**

Deeming does not apply to ICP, OSS, HCDA, HCBS or Hospice.

Spouse and parent deeming are applicable when the parent or spouse lives with the eligible individual(s). Chapter 2200, Standard Filing Units, explains when deeming is appropriate and what SSI-Related Medicaid Programs are affected by the deeming process.

Spouse deeming is a budgeting procedure in which income is deemed from one spouse to the other. A spouse's income is deemed when the spouse lives in the home and is not already an assistance group member.

Parent deeming is a budgeting process by which the parent's income is deemed to a minor child (under age 18) or under age 21 and a student regularly attending a school, college, or university, or course of vocational training to prepare him for gainful employment. It is done when the child is living with the parents.

Stepparent deeming is not allowed under Medicaid. Persons ineligible for SSI direct assistance due to such deeming will be Medicaid eligible.

**2640.0212.01 Parent to Child Deeming (MSSI)**

Deeming applies to Medically Needy, MEDS-AD, Protected Medicaid, QMB, SLMB, QI1, Working Disabled and Emergency Medical Assistance to Noncitizens. Deeming does not apply to ICP, Hospice, HCBS or OSS.

When a blind or disabled child lives with one or both parents, the parent's income must be deemed to the child. Do not deem when one or both parents receive SSI. Determine eligibility as an individual when there is no deeming.

**2640.0212.02 Determine if Parent has Income to Deem (MSSI)**

The following policy is applicable only to Medically Needy, MEDS-AD, QMB, SLMB, QI1, Protected Medicaid, Working Disabled and Emergency Medical Assistance to Noncitizens.

**Step 1** - If the parent's gross income that is not excluded is less than one half the individual FBR, do not deem. Determine eligibility as an individual. If income is greater than one half the FBR, determine if there are any children who are not blind or disabled. If so, determine the unmet allocation for each child who is not blind or disabled.

**Note:** The ineligible child allocation is the difference between the couple FBR and the individual FBR.

**Step 2** - Subtract each child's income who is not blind or disabled from the need allocation to determine the unmet need allocation. Add unmet allocations for all children to determine the total unmet allocation.

**Step 3** - Subtract the total unmet allocation for all children who are not blind or disabled from the parent's unearned income.

(Formula: Unearned Income of Parent - Total Unmet Allocation = Remaining Unearned Income/Unmet Allocation.)

**Step 4** - If there is unearned income remaining, add the remaining unearned income to the parent's earned income, if any. If there is unmet allocation remaining, subtract the remaining unmet allocation from the parent's earned income if any. The result is the total income after allocations.

**2640.0212.03 Determine Deemed Income from Parent to Child (MSSI)**

The following policy is applicable only to Medically Needy, MEDS-AD, Protected Medicaid, QMB, SLMB, QI1, Working Disabled and Emergency Medical Assistance to Noncitizens.

If the parent has included income remaining, there is income available for deeming. Determine the amount as follows:

**Step 1** - Subtract the \$20 general income exclusion from any parental unearned income remaining after allocations.

**Step 2** - If the remaining unearned income is less than \$20, subtract the remainder of the \$20 from the parents' combined earned income.

**Step 3** - Subtract \$65 from the remaining earned income.

**Step 4** - Subtract one half the remaining earned income from the result of Step 3.

**Step 5** - Add the result of Step 1 to the result of Step 4.

**Step 6** - Subtract a parental living allowance of the individual FBR for one parent, or the couple FBR for two parents (or one parent and his spouse), from the result of Step 5.

**Step 7** - The result is the total amount of income available for deeming. If no income remains, there is no income available to deem. If income remains determine if there is more than one eligible child, if so, divide the income among the eligible children. If not, the total amount from the above calculations is available for deeming. If so, divide the total amount of income available for deeming by the number of eligible children in the assistance group. The result is the amount of income deemed to each eligible child. (Formula: Income Available for Deeming Divided by the Number of Eligible Children).

#### **2640.0212.04 Eligibility with Income Deemed from Parent to Child (MSSI)**

The following policy applies only to Medically Needy, Protected Medicaid, MEDS-AD, QMB, SLMB, QI1, Working Disabled, and Emergency Medical Assistance to Noncitizens.

When income is deemed from a parent to a child, the budget must be completed treating the child as an individual. These steps must be followed to determine the child's eligibility and SOC.

**Step 1** - Determine the child's total income counting the income from the parent as unearned income. Compare the income to the applicable income limit. If the child's countable income is less than the applicable income limit, process case for the categorical program. (If the child's income is less than the SSI FBR, they may be eligible for SSI. Refer the family to SSI but continue to determine eligibility for MEDS-AD.)

**Step 2** - If there is not a deficit and the child is otherwise eligible for Medically Needy, subtract the total countable income from the MNIL for one. Formula: MNIL for one - total countable income = share of cost.

#### **2640.0213 Spouse to Spouse Deeming (MSSI)**

Deeming applies to Medically Needy, Protected Medicaid, Working Disabled, Emergency Medical Assistance to Noncitizens, QMB, SLMB, QI1, and MEDS-AD. Deeming does not apply to ICP, HCBS, HCDA, OSS or Hospice.

Passages 2640.0214 through 2640.0217 discuss deeming for the above groups.

#### **2640.0214 Exceptions to Deeming Policy (MSSI)**

When an individual applying for the Medically Needy, Protected Medicaid, Working Disabled, Emergency Medical Assistance to Noncitizens, QMB, SLMB, QI1, or MEDS-AD lives with an ineligible spouse, income must be deemed to the individual. There are three exceptions to this policy:

1. Income is deemed from spouse to spouse during the month of separation, but each is treated as an individual beginning with the month following the month of separation. When both members of a couple are institutionalized, they have the choice of having eligibility determined either as a couple or as individuals.
2. When one spouse receives HCBS and the other receives MEDS-AD, Medically Needy, QMB, SLMB, QI1, Working Disabled or Protected Medicaid, income will be deemed from the HCBS spouse to the MEDS-AD, QMB, SLMB, QI1, Working Disabled, Medically Needy or Protected Medicaid spouse. Income will not be deemed to the HCBS spouse.
3. Do not deem need-based income (such as TCA payments or VA pensions) from the ineligible spouse to the eligible individual.

Determine eligibility as an individual when there is no deeming.

**2640.0215 Deeming and Share of Cost (MSSI)**

The following policy is applicable to QMB, SLMB, QI1, MEDS-AD, Working Disabled, Medically Needy, Protected Medicaid and Emergency Medical Assistance to Noncitizens.

When an aged, blind, or disabled individual lives with his spouse, special deeming procedures must be followed to determine how much income must be deemed from the ineligible spouse to the individual.

The first step is to determine the individual's eligibility based solely on his own income. If the individual's countable income is over the income standard for the appropriate categorical program, they are not eligible for categorical assistance even if the combined income of the individual and their spouse is within the couple income standard. After making this determination, continue with the steps in passage 2640.0216.

**2640.0216 Determine If Ineligible Spouse Has Income To Deem (MSSI)**

The following policy is applicable only to MEDS-AD, QMB, SLMB, QI1, Medically Needy, Protected Medicaid, Working Disabled and Emergency Medical Assistance to Noncitizens.

**Step 1** - If the ineligible spouse's gross included income is less than one half the individual FBR, do not deem. Determine eligibility as an individual.

If income is greater than one half the FBR, determine if there are any children who are not blind or disabled. If so, determine the unmet allocation for each child who is not blind or disabled. The ineligible child allocation is the difference between the couple FBR and the individual FBR.

**Step 2** - Subtract each child's income who is not blind or disabled from the need allocation to determine the unmet need allocation. Add unmet allocation for all children to determine the total unmet allocation.

**Step 3** - Subtract the total unmet allocation for all children who are not blind or disabled from the ineligible spouse's unearned income. (Formula: Unearned Income of Spouse - Total Unmet Allocation = Remaining Unearned Income/Unmet Allocation.)

**Step 4** - If there is unearned income remaining, add the remaining unearned income to the ineligible spouse's earned income, if any. If there is an unmet allocation remaining, subtract the remaining unmet allocation from the spouse's earned income if any. The result is the total income after allocations.

**Step 5** - Compare the total income after allocations to one half the FBR. If the total income after allocations is less than one half the FBR, do not deem. Determine eligibility as an individual. If the total income is more than one half the FBR, deeming is required.

**2640.0217 Eligibility with Income Deemed from Spouse (MSSI)**

The following policy is applicable only to MEDS-AD, QMB, SLMB, QI1, Medically Needy, Protected Medicaid, Working Disabled and Emergency Medical Assistance to Noncitizens.

When income is deemed from the ineligible spouse, the budget must be computed treating them as a couple. Follow these steps to determine the individual's eligibility and SOC:

**Step 1** - Determine the couple's total included income. Subtract the total included income from the FBR for a couple. (Formula: Couple FBR - Total Included Income = Surplus, Deficit). If there is a deficit, the individual may be eligible for SSI, but continue to determine eligibility for the categorical program.

**Step 2** - If the individual has income equal to or less than the applicable income standard, process the case for the categorical program.

**Step 3** - If there is not a deficit and the individual is otherwise eligible for Medically Needy, subtract the MNIL for two from the total included income. (Formula: Total Included Income - MNIL for Two = Potential Share of Cost.)

**Step 4** - The result is the potential share of cost for the individual. Compare the results of the individual budget to the deeming budget. The higher share of the cost must be used to determine eligibility.

#### **2640.0300 PRORATION (SFP)**

The first month's assistance must be prorated from the date of entitlement.

#### **2640.0312 OSS Prorating Calculation (SFP)**

The following policy is applicable only to OSS.

In cases where OSS placement occurs in the month of application or later, OSS assistance will be prorated from the day of placement through the last calendar day of the month. Only the month of placement is prorated.

OSS assistance is prorated by calculating the monthly amount of the OSS payment based on the individual's monthly income and dividing this amount by the number of days in the calendar month to determine the individual's daily payment. The daily payment is then multiplied by the number of calendar days the individual is in the facility during the month of placement. The initial OSS payment, any interim months, and ongoing monthly payments will continue to be paid in dollars and cents.

#### **2640.0313 OSS Example of Prorating (SFP)**

Miss Peavy entered AJAX ALF on October 5. A CF-ES Form 1006 was completed and approved and an application completed and signed on October 15. She has SSA income of \$370 and SSI of \$181. Following is the budget for the month of admission:

**Step 1:** \$370 SSA + \$181 SSI = \$551 total income.

**Step 2:** \$551 total income - \$54 personal needs allowance = \$497 toward room and board.

**Step 3:** \$555.40 provider rate - \$497 income = \$58.40 monthly OSS amount.

**Step 4:** \$58.40 monthly OSS amount divided by number of days in October = \$1.88 daily rate.

**Step 5:** \$1.88 daily rate x 27 (number days in the facility) = \$50.76 OSS payment month of placement.

#### **2640.0400 SPECIAL INCOME CIRCUMSTANCES (MSSI, SFP)**

The following sections discuss circumstances that require special budgeting methods.

#### **2640.0415 Lump Sum Income (MSSI, SFP)**

A lump sum is a nonrecurring payment of earned or unearned income. Types of lump sums include:

1. accrued benefits such as Social Security or VA Pensions (even though the pension itself will be regular income);
2. one-time contributions, windfalls, special bonus or holiday paychecks; and
3. personal loans or insurance settlements which are not a result of an asset conversion or are intended (and used) to pay costs related to the death of the insured.

(For MSSSI and SFP, refer to passage 2640.0421 for more information.)

**2640.0417 Special Income Circumstances (MSSSI, SFP)**

Special computations are required under the circumstances outlined in passages 2640.0418 through 2640.0424.05.

**2640.0418 Self-Employment Income (MSSSI, SFP)**

Net earned income from self-employment is the total gross income derived from all trades and businesses as computed under the Internal Revenue Code, less deductions allowable under the code, attributable to such trades or businesses. It includes the individual's share of ordinary net income (or loss) from partnerships even though the partnership profits have not been distributed yet.

**2640.0419.01 Proper Withdrawals for Personal Use (MSSSI, SFP)**

When withdrawals from the business for personal use are accounted for in the records and business statements (not charged separately as income), with the use of proper accounting procedures, the withdrawals will be reflected as increased profit in the Profit and Loss Statement.

**2000 Taxable Year Example:**

$\$3,000$  opening inventory +  $\$2,000$  purchases =  $\$5,000$  -  $\$750$  personal withdrawals =  $\$4,250$  -  $\$2,500$  closing inventory =  $\$1,750$  costs of goods sold.

$\$3,500$  gross receipts or sales -  $\$1,750$  costs of goods sold =  $\$1,750$  -  $\$250$  other business expenses =  $\$1,500$  profit.

**2640.0419.02 Improper Withdrawals for Personal Use (MSSSI, SFP)**

When withdrawals from the business (such as food withdrawn for use by the owner of a grocery store), are not accounted for in the records, the business expenses are overstated and, as a result, income is not correctly reflected in the Profit and Loss Statement. In these cases the individual will be asked to provide an estimate of the value of the goods withdrawn so the amount can be deducted from the "cost of goods sold", to derive a more accurate income amount.

**Taxable Year Example:**

$\$3,000$  opening inventory +  $\$2,000$  purchases =  $\$5,000$  -  $\$2,500$  closing inventory =  $\$2,500$  costs of goods sold.

$\$3,500$  gross receipts or sales -  $\$2,500$  costs of goods sold =  $\$1,000$  -  $\$250$  other business expenses =  $\$750$  profit.

The individual estimates that goods withdrawn from the business for personal use amounted to  $\$750$ .

$\$2,500$  costs of goods sold -  $\$750$  personal withdrawal =  $\$1,750$  corrected cost of goods sold.

$\$3,500$  gross receipts of sales -  $\$1,750$  corrected cost of goods sold =  $\$1,750$  -  $\$250$  other business expenses =  $\$1,500$  profit.

**2640.0420.01 Establishing Annual Income from Self-Employment (MSSSI, SFP)**

It is necessary for the self-employed individual to estimate current income based on a projection from the tax return filed for the previous year and from current business records kept in the regular course of business. Business records may also be needed when the tax return filed for

the previous year does not cover 12 months of the calendar year (for example, a tax return for a fiscal year or for a short taxable year). If the annual net earnings are projected as a loss, the loss will not be used to offset other earned income until the amount of the loss can be accurately established (usually not prior to the close of the individual's taxable year). Until the loss is established, the loss is to be reflected as zero in the income computation. Once the loss is established it may be used to offset income from other self-employment or wages only.

#### **2640.0420.02 Counting Monthly Income (MSSSI, SFP)**

When establishing the income for the future year or verifying income for past years, the net earnings for the entire taxable year are to be counted equally into all months of the taxable year, even if the business is seasonal, starts late in the year, or ceases operation before the end of the taxable year.

#### **2640.0420.03 Net Earnings from Self-Employment (MSSSI, SFP)**

Use the best of the following methods that is likely to yield the most accurate information.

**Current Year Estimate Based on Prior Year's Profit.** When the individual has been conducting the same trade or business for some time, his net earnings have been fairly constant from year-to-year, and no change is anticipated, or a change cannot be reasonably expected, the estimate of the current taxable year should be the same as the net profit last year.

**Gross/Net Ratio.** Where the individual is engaged in the same business as in the preceding taxable year and no change in net earnings is anticipated or a change cannot be reasonably explained, do the following: (Do not use this method for a business which is seasonal or which has income peaks at certain times of the year).

1. Determine the ratio between the net profit and gross receipts for the last year from the individual's tax return or business records.
2. Determine the actual gross receipts for the current taxable year thus far from the individual's records and project it for the remainder of the year.
3. Apply the gross/net ratio to the gross receipts projected for the year to obtain an estimate of net profit.
4. Allocate the net profit equally into the 12 months of the taxable year.

**Projecting Partial Year's Profit for Whole Year.** When the individual is engaged in a new business, have the individual supply a profit and loss statement or other business records for the taxable year to date so a net profit can be derived and projected for the year to be allocated monthly.

**Individual's Estimate.** When the individual is engaged in a new business and records are not yet available, or the business has been going on for some time but no records were kept, use the individual's best estimate.

**Current Year Estimate Varies from Past Records.** Consideration may be given to the individual's explanation as to why the estimated net earnings for the current year will vary substantially from the information on the tax returns for past years or the business records for past periods. Some examples of a reasonable explanation are that the business has suffered a heavy loss or damage due to fire, flood, burglary, serious illness or disability of the individual. Obtain verification where possible (for example, insurance claim report, newspaper account). A significantly lower estimate may then be accepted.

#### **2640.0421 Counting Lump Sums as Income (MSSSI, SFP)**

Refer to passage 2640.0415 for a definition of lump sum income.

Lump sums are counted as income in the month received with the exception of SSI lump sums.

For an SSI lump sum payment, obtain a month-by-month breakdown of the lump sum payment. Include the amount of SSI benefit in the month for which it was intended.

For example, a disabled individual applies for OSS and SSI in January. In March, the individual receives an SSI lump sum payment of \$1200 (\$360 for January, \$440 for February, and \$400 for March). His ongoing SSI benefit will be \$400. The eligibility specialist includes \$360 as countable income for January, \$440 for February and \$400 for March and ongoing.

**Note:** Refer to Chapter 1600 for treatment of SSI and Social Security lump sums as assets.

#### **2640.0422.01 Plan for Achieving Self Support (MSSI, SFP)**

Blind or disabled individuals under 65 are given incentives whenever possible to attain or regain the ability to work in order to contribute to their own financial support. The incentives include the exclusions of income and assets necessary to fulfill an approved plan for achieving self-support.

The exclusion of income, but not of assets, is also available to an individual 65 or over who received SSI payment or aid under a former state plan for the blind or disabled for the month before the month in which the individual became 65. All other exclusions are to be considered prior to this exclusion. If both an individual and spouse are blind or disabled, each may have an active plan independent of the other.

#### **2640.0422.02 Criteria for Exclusion (MSSI, SFP)**

A specific plan for achieving self-support by the individual must exist in writing. The plan must:

1. contain designated occupational objectives;
2. contain specific savings and/or planned disbursement goals toward the objective;
3. contain a specific period of time for achieving the objective;
4. provide for the identification and segregation of any money and/or other assets being accumulated and conserved toward the accomplishment of the occupational objective; and
5. be current (that is, the time period covered by the plan must not have expired) and be approved by DCF.

The individual must be performing currently in accordance with the provisions of his approved plan in order to receive the advantages accruing from the continuing income and assets exclusions under the plan.

#### **2640.0422.03 Clearance of Case Situations (MSSI, SFP)**

When eligibility is being determined on a case where a plan for achieving self-support exists or where a plan needs to be developed and approved and the exclusion is or would be material, the case situation must be cleared with Headquarters.

#### **2640.0423 ICP Therapeutic Wages (MSSI)**

The following policy is applicable to ICP, PACE, Hospice and HCBS Waiver Programs for computing patient responsibility.

Therapeutic wages are earned income and count in the budget when they become available. No earned income disregards are allowed. Refer to passage 2640.0118 and Chapter 1800 for a discussion of therapeutic wages and the personal needs allowance.

**2640.0500 SHARE OF COST (MSSI)**

The eligibility specialist must determine eligibility for Medically Needy any time the assistance group's assets and/or income exceeds the appropriate categorical asset/income limits. The eligibility specialist determines whether the assistance group's assets are within the Medically Needy asset limits and whether the assistance group members meet the technical factors. If the Medically Needy asset limit is met and the assistance group meets all technical factors, the eligibility specialist determines the amount of countable income and computes a budget using the MNIL which is the same for both family and SSI-Related Medicaid coverage groups (refer to Appendix A-7).

If income is equal to or less than the MNIL, there is no share of cost and the individual is eligible. Medicaid is authorized for individuals who are eligible without a share of cost.

If income is greater than the MNIL, share of cost is determined for appropriate members. Appropriate members are enrolled but cannot be eligible until the share of cost is met.

Note that the CNS is only used in Family-Related Medicaid budgeting for deeming and lump sum. There is no eligibility standard test for Family-Related Medicaid/Medically Needy cases.

**2640.0501 Definitions (MSSI)**

The following are definitions used in the Medically Needy share of cost policy.

**Deeming Budget:** The calculation performed to determine the amount of income which is considered available to an individual or child from their spouse or parent.

**Deficit:** The total countable income that is equal to or less than the MNIL.

**Eligibility Budget:** The calculation performed to determine financial eligibility for Medicaid and share of cost.

**Medically Needy Income Level (MNIL):** The maximum income that the assistance group can have and be eligible to receive Medicaid benefits.

**Share of Cost (SOC):** The amount of the assistance group's income that exceeds the MNIL, and represents the amount of allowable medical expenses that an enrolled individual or assistance group must incur before they are entitled to Medicaid.

**Surplus:** The amount of total countable income that exceeds the MNIL.

**Unmet Allocation:** The income exclusion in SSI budgeting to allow for the parent's responsibility for supporting children who are not blind or disabled.

**2640.0502 Enrollment (MSSI)**

If the individual meets the MFAM or MSSSI technical eligibility and assets criteria, he is enrolled for Medically Needy. There is no income limit for enrollment. The individual is only eligible (entitled to Medicaid) when his income is less than or equal to the MNIL (see Chapter 2200) or he has allowable medical bills which offset his income within the MNIL. The Share of Cost (SOC) refers to the amount of medical bills which an individual must incur each month to be eligible.

The individual is eligible from that date until the end of the month. The income for enrolled cases need not be verified. Instead, a Share of Cost (SOC) is estimated for the individual/AG. Following appropriate bill tracking, if it appears the individual/AG has met his "estimated" SOC, then the income must be verified before the individual/AG is eligible to receive Medicaid.

**2640.0503 Whose Medical Expenses are used to meet SOC (SSI)**

In determining eligibility for Medicaid, the allowable medical expenses of certain individuals can be used to reduce an AG/individual's share of cost.

The allowable medical expenses of any person whose income is used in determining the AG's financial eligibility can be used to meet share of cost. This includes the ineligible spouse, even if the ineligible spouse has no income or insufficient income to deem.

The person does not have to be a member of the assistance group or be potentially eligible to receive Medicaid. These persons are persons whose income is deemed (i.e., deemed parents (DP) or deemed spouses (DS)).

Individuals whose income is included in more than one SFU group may have their medical expenses counted toward each group's share of cost.

**Example 1:** Mrs. Brown is an aged individual who lives with her ineligible spouse, whose income is deemed to Mrs. Brown.

Allowable medical expenses of both Mr. and Mrs. Brown can be considered even though only Mrs. Brown will be eligible if share of cost is met.

**Example 2:** Ms. Jones is a disabled child, under age 18, who lives with her parents and two brothers. Her parents both have income, which is deemed in determining her eligibility.

Allowable medical expenses for Ms. Jones and her parents (deemed parents (DP)) can be considered even though only Ms. Jones will be eligible if share of cost is met.

**2640.0504.01 Third Party Liability (MSSI)**

Third party payments (TPP) are any payments for recognized medical expenses which have been or will be made by Medicare, other health insurance, or any other third party resource (public or private), including Medicaid.

Any portion of the cost of a recognized medical service that has been or will be paid by a third party cannot be counted toward meeting the Share of Cost (SOC) unless the third party is a public program of a state or political subdivision of a state.

Such a public program liability or payment must be for a medical service that has or normally has a charge. This includes contracted services by a public program, even if the contract does not provide a payment for service on an individual basis, such as some contracts by CMS (Children's Medical Services). The service must not be funded by 100% federal funds nor reimbursed by Medicaid.

If an individual has agreed in writing to repay the payor, such as a county social services office, for a service, then that service will still be countable toward the share of cost as an obligation of the individual.

Refer to passages 2640.0504.02 and 2640.0504.03 for examples of countable and non-countable third party payments by a public program of a state or political subdivision of a state.

**2640.0504.02 Example: Countable TPP (MSSI)**

Examples of TPP that are countable toward a share of cost follow:

**Public program of a state** - A child has a \$457 SOC, and the CMS Program has informed the family and Shands Hospital that CMS will pay the first \$457 of the hospital bill. Since the CMS

Program is administered by DOH, hence the state, this TPP amount can be applied toward the SOC.

**Public program of a county or municipality** - An SSI applicant was in need of medical care. The county/city social services office authorized the medical care, saying that if the individual was not approved for SSI (and therefore Medicaid, too), then the county/city would pay the bill. Subsequent to the care being provided, SSI was denied on the basis of assets. The individual applied for ongoing and retroactive Medicaid and was enrolled in MN with a SOC. This TPP amount can be counted toward the share of cost.

**Public program of a state and county** - A county public health unit provides a medical test. Some people are required to pay for this service. The cost is based on the family's total income, which is less than 100 percent of the poverty level, and therefore is not charged for the test. The normal full cost of this medical test counts toward the SOC. As a variation to this, the individual could have paid \$3 based on a sliding fee scale, while the normal full cost is \$15. The \$3 paid by the individual and the value of \$12 (\$15 minus \$3) provided by the program can be used to meet the SOC.

#### **2640.0504.03 Example: Noncountable TPP (MSSI)**

This example of TPP is not countable toward a share of cost. A county public health unit routinely provides a flu vaccination upon request at no charge. The cost for providing this service is not countable toward a share of cost.

#### **2640.0504.04 Required Action for Third Party Payments (MSSI)**

When there is evidence of a potential third party payment, the eligibility specialist must determine the amount of any third party payment that has been or will be made or the monetary value of the medical service when there is no actual monetary transaction. The action to take depends on the source of the third party payment, and type or cost of the recognized medical service.

When the recognized medical service is provided or paid by a public program of a state or political subdivision, then the eligibility specialist must obtain a bill or other written document verifying the cost or value of the service and count that cost or value toward the share of cost, if appropriate.

When the medical service is not provided or paid by a public program of the state or political subdivision and is for hospital inpatient care, nursing home care, or any bill of \$100 or more except pharmacy, the eligibility specialist must contact the person who has or who will file for insurance to find out the amount received or expected to be received from all third party sources. This amount is deducted from the total amount of the recognized medical service, and the remaining amount, if any, is counted toward the assistance group's share of cost. When the recognized medical service is any other bill including pharmacy, the eligibility specialist must ask the individual the amount received or expected to be received from all third party sources. Again, this amount is deducted from the total amount of the service and the remainder, if any, is counted toward the assistance group's share of cost.

#### **2640.0504.05 Third Party Payment Medicare/Medicaid (MSSI)**

When a provider accepts payment by Medicare for services provided, the eligibility specialist must determine the amount the provider charged, the Medicare approved amount, and the amount of Medicare payment.

When a provider accepts Medicare assignment, the difference between the Medicare approved amount and the amount Medicare pays can be counted toward share of cost provided all criteria for an unpaid bill are met.

**Example 1:** Mr. Brown went to his doctor on October 5. The charge for the office visit was \$25. He was unable to pay the bill, and his doctor accepted assignment. The Medicare EOB (Explanation of Benefits) Form showed an approved amount of \$17.60 and payment amount of \$14.08. The difference of \$3.52 can be counted as an unpaid bill in a future month if all criteria are met.

When a provider does not accept Medicare assignment, the difference between the Medicare payment amount and the amount still owed to the provider can be counted toward share of cost.

**Example 2:** Mrs. Brown went to her doctor on October 5. The charge for the office visit was \$25. The doctor did not accept Medicare assignment. Mrs. Brown submitted her claim to Medicare and received \$14.08 for the above service. Mrs. Brown paid \$14.08 on her bill, however, still owed \$10.92. The \$10.92 still owed can be counted toward her share of cost if all criteria are met.

#### **2640.0505 Date of Service (MSSI)**

In order to determine the date of eligibility for the assistance group members with a share of cost, the eligibility specialist must be able to track the medical expenses that are incurred. To do so, the eligibility specialist must determine the date of service to be one of the following:

1. the date of service is the date a recognized medical service is actually rendered;
2. the date of service is the date a charge related to usage of a health insurance policy is actually incurred, such as a co-payment or deductible;  
**Note:** Medicare deductible is incurred on the first day of admission for each benefit period.
3. if the charge is for long term care, then the date of service is the first day of the month or date of admission, and if the charge is a premium for Medicare or health insurance, then the date of service is the first day of the month;
4. if the charge is for personal care provided by an assisted living facility, subject to third party payment.

Additionally, there are two types of allowable medical expenses:

1. recognized health insurance costs, and
2. recognized medical services.

Only allowable medical expenses can be used to meet Share of Cost (SOC).

#### **2640.0506.01 Allowable Medical Expenses (MSSI)**

Allowable medical expenses are medical expenses that are:

1. unpaid and still owed, or
2. paid during the current month, or
3. incurred and paid during the three months before the tracking month but no earlier than the three retroactive application months, and
4. not subject to third party payment.

There are two types of allowable medical expenses:

1. recognized health insurance costs, and
2. recognized medical services.

Only allowable medical expenses can be used to meet Share of Cost.

#### **2640.0506.02 Loan Payments for Medical Expenses (MSSI)**

Payments on the principal of loans used to pay off old medical bills (i.e., bills incurred prior to the month for which bills are being tracked) can be considered allowable medical expenses if the following conditions are met:

1. the proceeds from the loan were actually used to pay the provider's bill; and
2. neither the provider's charges nor the loan payments were previously used to meet the SOC.

The interest portion of the payment is not an allowable medical expense.

**Note:** Recurring credit card payments are not intended to be included in the loan policy. Credit card payments made to medical providers can be considered paid bills as they occur.

The eligibility specialist must obtain verification of the following prior to considering the principal payment as an allowable medical expense:

1. the original date of service,
2. the purpose of the loan,
3. that funds from the loan were actually used to pay the provider's bill, and
4. the amount of the principal paid in the month for which bills are being tracked.

#### **2640.0506.03 Recognized Health Insurance Costs (MSSI)**

Health insurance is primarily established for the payment of medical costs. This does not include insurance which pays a flat amount for each hospital day (income replacement policies). The following expenses related to health insurance are considered allowable medical expenses:

1. medical premiums;
2. other health insurance premiums, including HMO/prepaid plan premiums and dental insurance premiums;
3. deductibles; and
4. coinsurance payments.

Please refer to passage 2640.0507.01 regarding insurance premium payments for multiple months' coverage.

#### **2640.0506.04 Recognized Medical Services (MSSI)**

Recognized medical services are:

1. cost of public transportation to obtain recognized medical services;
2. medical services provided or prescribed by a member of the medical community; or
3. personal care services in a person's home, prescribed by a member of the medical community.

**Note:** This includes the portion of the payment for personal care made by an ALF resident to the ALF provider. The provider must separate out the portion of the payment which is for room and board. The balance is for personal care, and can be considered an allowable medical expense for bill tracking purposes.

Examples of recognized services include:

1. ambulance, bus, or taxi (to receive medical services);

2. prosthetic devices, orthopedic shoes, wheelchairs, walkers, crutches, and equipment to administer oxygen;
3. prescription drugs;
4. insulin;
5. needles;
6. syringes;
7. drugs for family planning;
8. oxygen;
9. surgical supplies;
10. medicine chest supplies or other over-the-counter purchases that are prescribed by a member of the medical community as medically necessary;
11. services related to activities of daily living or essential to the ill person's health and comfort, such as:
  - a. eating,
  - b. bathing,
  - c. grooming,
  - d. taking medication,
  - e. personal laundry,
  - f. meal preparation,
  - g. shopping,
  - h. light housekeeping; or
  - i. cost associated with maintaining a specially trained service animal, including the cost of food, veterinarian bills, pet insurance, and other expenses. A pet or companion animal cannot be a service animal unless it is specially trained to assist the individual.

Examples of expenses or items which are not recognized include:

1. medicine chest supplies, such as:
  - a. nonprescription cold remedies,
  - b. nonprescription ointments,
  - c. thermometers,
  - d. handrails,
  - e. rubbing alcohol, or
  - f. cotton swabs.
2. household repairs; or
3. yard work.

#### **2640.0506.05 Global Prenatal Bills (MSSI)**

The individual has the option of using her total global prenatal bill, whether paid or unpaid, to meet her share of cost during a specified month (including month of delivery) or prorating it to cover several months during her pregnancy. This is because the pregnant woman has not received all prenatal services covered by the bill until the baby is born.

It is usually more advantageous to average the global prenatal bill to cover the latter months of pregnancy. As most visits occur in the last months of pregnancy, using the global prenatal bill in the last months of pregnancy will provide maximum reimbursement for the physician if the required number of visits for a "package" is not met. This will also allow the physician to be reimbursed in the event the hospital bill for the first day does not meet the share of cost.

#### **2640.0507.01 When to Count Allowable Medical Expenses (MSSI)**

Whether a bill is used in the share of cost determination depends on whether it is paid, unpaid, an allowable third party payment, or subject to third party payment.

An allowable medical expense cannot be counted toward the share of cost before the date of service. A hospital bill which is issued in advance of scheduled service cannot be counted toward the share of cost prior to actual receipt of the service. An exception to this policy is global prenatal bills (refer to passage 2640.0506.05). A bill that is Medicaid compensable cannot be prorated because once the individual becomes Medicaid eligible by meeting the share of cost, the bill will be paid by Medicaid.

Count paid bills, payments on existing bills, and allowable third party payments during the month the payment was made. Count bills incurred and paid during the three months before the tracking month. Bills incurred and paid before the three retroactive months to an application cannot be used.

If the paid bill was used in a prior month as an unpaid bill and SOC was met in that month, it cannot be used again to meet the share of cost. This includes a medical insurance premium payment made in one month for several months' coverage. The paid premium may only be counted in the month in which the payment was made.

Count unpaid bills not subject to third party payment in the month incurred or a later month, provided the expense remains unpaid and was not used to meet share of cost in a prior month. An unpaid medical expense cannot be used again once it is counted in a month when share of cost is met.

Count bills that are subject to third party payment based on information from the provider or individual. Do not adjust any share of cost calculations if the anticipated third party payment amount was incorrect.

When a revised bill is received after share of cost has been met, and retracking will make a provider who has been paid ineligible to be paid, do not retrack all of the expenses.

#### **2640.0507.02 Tracking Medical Expenses (MSSI)**

Allowable medical expenses must be tracked on a monthly basis for each individual/family with a different assistance group and share of cost. Allowable medical expenses whether paid or unpaid must be tracked in chronological order by date incurred (date of service to the individual).

Inpatient hospital medical expenses are to be tracked on a day-by-day basis. An itemized bill should be requested from the hospital. If the hospital cannot or will not provide an itemized bill, it is appropriate to divide the bill by the number of days of the hospital stay. The eligibility specialist would then track on a daily basis until the individual has met the individual's share of cost. At that point, only the non-Medicaid compensable services, if any, could be carried forward to meet a future month's share of cost. Allowable medical expenses being tracked for a specific day should be tracked using paid bills first. On the day on which an individual meets their share of cost, expenses are considered in the following order:

1. Medicare or other recognized health insurance cost;
2. bills of individuals who cannot be entitled to Medicaid, are considered next; and
3. paid bills are a final consideration.

Other bills should be tracked to the advantage of the individual.

#### **2640.0508 Proof of Medical Expenses - MN (MSSI)**

The following are verification requirements for allowable medical expenses to be counted toward share of cost.

For **Medicare** premiums the individual's statement may be accepted (including coinsurance charges).

For **other health insurance premiums** proof is needed of the amount and frequency of the premium. Acceptable evidence is the insurance policy, canceled check, receipt, pay stub or verbal verification from the agent.

For **paid** medical services bills (includes coinsurance payments) proof is needed of the date of the payment, amount of payment and an estimate of third party liability/TPP, if applicable. Acceptable evidence is the paid bill, receipt, canceled check, written statement from doctor or verbal verification from the provider. (For TPP, verbal verification is not acceptable.)

**Exception:** The individual's statement for bus charges may be accepted. The individual's statement of a TPL/TPP estimate may be accepted if no other verification is available.

For **unpaid medical expenses less than one year old** from a hospital, nursing home or provider other than pharmacy (\$100 or more), proof is needed of the date of service, total bill and the TPL estimate. Acceptable evidence is a provider's statement and bill or statement of account.

For **other unpaid medical services less than one year old** proof is needed of the amount due and the date of service. Acceptable evidence is a bill, statement of account, insurance statement showing uncovered services or verbal verification from the provider.

For **unpaid medical services one year old or older** proof is needed that the individual continues to have the responsibility for payment, the amount due and date of service. Acceptable evidence is a statement of account that is not more than 30 days old and shows the date of service and amount due. Verbal verification of the same items from the provider is also acceptable.

Refer to passage 2640.0509 for more information regarding proof that an unpaid bill is still owed.

#### **2640.0509 Proof That an Unpaid Bill is Still Owed (MSSI)**

For an unpaid bill to be counted as an allowable medical expense and used to reduce the assistance group's share of cost, the assistance group must be held responsible for payment by the provider. The older an unpaid bill, the more likely that the provider will have "written off" the amount as a bad debt, and therefore no longer expects to be paid. When an individual has an unpaid bill, the eligibility specialist must determine if the individual still owes the unpaid bill, as follows:

1. When the unpaid bill is under one year old, the eligibility specialist will accept the individual's statement that the bill is/is not still owed.
2. When the unpaid bill is one year old or older, the eligibility specialist will require the individual to provide proof that the unpaid bill is still owed.

Only the unpaid portion not previously used to meet share of cost can be counted.

## 2650.0000 Child In Care

Once the eligibility specialist has determined available income as per Chapters 1800 and 2400, the policy in this chapter must be used to perform the budgets and tests to determine eligibility for benefits and the benefit amount.

### 2650.0100 BUDGETS AND TEST CALCULATIONS (CIC)

Each program has budgets and tests that must be executed in order to determine eligibility. These are discussed in the following sections. The income limits for each program are found in Appendix A-7.

#### 2650.0102 Changes Affecting Entitlement (CIC)

If after completing a budget, the eligibility specialist finds a surplus (the countable income exceeds the applicable standard for the specific type of assistance), entitlement for assistance under that coverage group is lost. However, the eligibility specialist must assess the assistance member or group's eligibility under other DCF programs.

When a budget results in an increase in countable income for a Medically Needy assistance group, refer to Section 2630.0500 for a discussion of share of cost.

#### 2650.0109.01 Eligibility Standard Test (CIC)

The Eligibility Standard Test applies only to cases which use the payment standard or the CNS as the financial eligibility criteria.

In order to be eligible, the assistance group's gross income cannot exceed the appropriate Eligibility Standard at the initial determination. The Eligibility Standard is based on the size of the assistance group and whether the assistance group has a shelter obligation. Total gross income for this test is computed as follows.

**Step 1** - Earned and unearned income from all sources is totaled. This includes, but is not limited to, countable net deemed income of sponsors of certain noncitizens, stepparents and grandparents.

**Step 2** - The \$50 maximum child support disregard is allowed and the income of a full-time student for a six month period per calendar year is excluded in this test.

**Step 3** - The standard earned income disregard and the child or incapacitated individual care costs are not deducted in this test.

#### 2650.0109.02 Formula for 185% of Standard (CIC)

In computing the assistance group's eligibility, the general formula is:

**Step 1** -  $(\text{Net Unearned} + \text{Adjusted Gross Earned}) = (\text{Total Gross Income})$ .

**Step 2** -  $(\text{Eligibility Standards}) - (\text{Total Gross Income}) = (\text{Deficit or Exact Equal: Meets the Requirements})$  or  $(\text{Surplus: Ineligible})$ .

#### 2650.0109.03 Standard Test after Application (CIC)

The Eligibility Standard Test computation must be done at each eligibility review, when income is initially received, when income is received from a new source, each time income increases, when a standard for fewer persons is used, or when Tier II or Tier III is used in place of Tier I (refer to Appendix A-7 for Tier I, II and III).

**2650.0110 Test Budgets and Deeming Formulas (CIC)**

Certain test budgets and deeming formulas are necessary in determining eligibility and benefit amount. The following circumstances must be considered before computing the Eligibility Standard Test.

**Test for treatment of lump sum** - Use this test to check if the receipt of lump sum will cause some period of disqualification or a greater SOC in MN cases for the assistance group. The treatment will vary by category of assistance.

**A prospective eligibility test budget** must be computed on active cases when an adverse change affecting the amount of the benefit is anticipated.

**2650.0112 Budgets and Tests (CIC)**

The eligibility determination for Title IV-E benefits is a two-step process.

First, compare the family's gross income against 185% of the Consolidated Need Standard (CNS); in effect July 16, 1996 that corresponds to the size of the child's removal household; if the income is equal to or higher, the child is not eligible for Title IV-E.

If the family's income is less than 185% of the CNS, subtract the \$90 standard disregard and compare this amount to the CNS that corresponds to the size of the child's removal household. The remainder amount must be less than the CNS for the child's removal size in order for the child to be Title IV-E eligible.

If the family's income is less than the CNS than the child's income must be evaluated. The child's gross income must not exceed 185% of the AFDC-FC board rate.

**2650.0200 DEEMING (CIC)**

This section discusses deeming of income. Deeming refers to the consideration of income of, for example, the stepparent(s), grandparent(s), teen parent, noncitizen's sponsor(s) as available to the assistance group. Note that much of the policy regarding deeming requires knowledge of budgeting.

**2650.0201 Sponsored Noncitizens (CIC)**

All of the income and assets of the noncitizen's sponsor is deemed to the noncitizen for purposes of determining eligibility.

**2650.0203.06 Deeming Exclusions - Sponsored Before 12/19/97 (CIC)**

For Child in Care (CIC), the following policy governs only the Title IV-E family's initial eligibility determination.

The provisions regarding income deemed to noncitizens from their sponsor or their sponsor's spouse do not apply to noncitizens who meet any of the following conditions:

1. the noncitizen was an AFDC recipient on, or prior to, September 30, 1981;
2. the noncitizen previously applied for AFDC on, or prior to, September 30, 1981;
3. the noncitizen was sponsored by their spouse;
4. the noncitizen is a minor child who was sponsored by a parent;
5. the noncitizen was admitted as a conditional entrant refugee to the U.S. under the provisions of Section 203(a)(7) (in effect prior to April 1, 1980) of the Immigration and Nationality Act (INA);
6. the noncitizen was admitted as a refugee to the United States as a result of the application of the provisions of Section 207(c) (in effect after March 31, 1980) of the INA;

7. the noncitizen was paroled into the United States as a refugee under Section 212(d)(5) of the INA;
8. the noncitizen was granted political asylum by the Attorney General under Section 208 of the INA; or
9. the noncitizen is a Cuban or Haitian who has been granted the special immigration status of "Cuban/Haitian Entrant (Status Pending)".

**2650.0203.07 Determining Amount of Deemed Income (CIC)**

For CIC, the following policy is applicable for the Title IV-E family's initial eligibility determination.

The following steps will determine the amount of income to be deemed from the sponsor to the sponsored noncitizen:

**Step 1** - Determine the total gross earned income of the sponsor and the sponsor's spouse. Subtract operating costs for self-employment from the total gross income. Subtract an additional 20% of the remainder up to a maximum of \$175.

**Step 2** - Add the net remaining earned income to the gross unearned income to determine the total adjusted gross income.

**Step 3** - From the total adjusted gross income, subtract the CNS for the number of persons in the sponsor's home including the sponsor, spouse, children, and all other individuals claimed or who could be claimed as dependents on the sponsor or sponsor's spouse's income tax return. Do not include any persons who are in a TCA assistance group or who receive SSI.

**Step 4** - From the step above, subtract the amount given by the sponsor or sponsor's spouse to or on behalf of persons not living in the home who are claimed or can be claimed as dependents for income tax purposes.

**Step 5** - From the balance in Step 4, subtract court ordered child support or alimony payments made by the sponsor and sponsor's spouse to or on behalf of persons not living in the sponsor's home.

**Step 6** - This amount is counted as unearned income of the noncitizen.

If two or more noncitizens sponsored by the same sponsor are receiving a benefit but are in different assistance groups, the balance is equally divided among the noncitizens. If the balance together with the assistance group's other income is sufficient to cause ineligibility, the benefit can be recalculated without the needs of the sponsored noncitizens and without including the sponsor's income.

**2650.0203.08 Documentation/Verification of Sponsor Income (CIC)**

The following policy governs only the Title IV-E family's initial eligibility determination.

The individual sponsor's and the sponsor's spouse's statement concerning their income is accepted unless questionable. When questioned, the noncitizen will be required to provide documentation. Eligibility for the noncitizen and other sponsored members of the assistance group cannot be established when required documentation is not provided. Verification is not required of a noncitizen who self-declares non-support from the sponsor.

**2650.0203.09 Noncitizens Sponsored by Agencies or Organizations (CIC)**

For CIC, the following policy governs only the Title IV-E family's initial eligibility determination.

Legally admitted noncitizens are not eligible to receive Temporary Cash Assistance (TCA) for three years from the date of entry into the U.S. when an agency or organization executes an Affidavit of Support as a sponsor for the noncitizen's entry into the U.S. The sponsoring agency or organization is expected to fulfill its financial obligations and responsibilities unless the agency or organization is no longer in existence at the time that the noncitizen applies for TCA or the sponsor does not have the financial ability to meet the noncitizen's needs.

**2650.0203.10 Sponsoring Agency Lacks Financial Ability (CIC)**

For CIC, the following policy governs only the Title IV-E family at initial eligibility determination.

If a noncitizen applying for Temporary Cash Assistance (TCA) states that the sponsoring organization or agency is no longer in existence, verification of the dissolution must be obtained. A contact can be made with the former agency's or organization's director if the address is known. In cases where the former sponsor's address is unknown or the nonexistence of the agency or organization cannot be verified, the individual's statement that the sponsoring agency or organization is no longer in existence can be accepted. The eligibility specialist must record all efforts made to contact the sponsor.

If the noncitizen states that the sponsor does not have the financial ability to meet the noncitizen's needs, the noncitizen must present verification from the sponsoring agency or organization. The sponsor(s) must sign a statement that the agency or organization is unable to meet the noncitizen's needs. The statement must include the specific reason(s) that support cannot be provided. It is the responsibility of the eligibility specialist and the supervisor to make the decision as to whether or not the sponsor is able to provide support for the noncitizen(s). In some cases, additional information such as tax records and receipts for expenses may need to be requested. If the sponsor's ability to support is questioned, clearance should be obtained from the Region or Circuit Program Office. In cases where the sponsoring agency or organization indicates that they can provide only partial support for the noncitizen(s), the noncitizen must provide verification of the amount and type of support (cash, in-kind) being provided. Any assistance included must be considered as unearned income in the budget.

**2650.0204 Parent to Child Deeming (CIC)**

For CIC, the following policy is applicable only to the Title IV-E FC's initial determination placement.

A parent is a natural, adoptive or stepparent living in the same home as the eligible child. A child is an individual who is not married and who is under 18 for Temporary Cash Assistance or CIC, or under age 19 and a full-time high school student or the equivalent for Temporary Cash Assistance, or under 21 for Family-Related Medicaid (MFAM) (except for under \$10 cases and opt not to receive when the child is under 18). Refer to Chapters 1400 and 2200.

**2650.0205 Stepparent Deeming (CIC)**

For CIC, the following policy is applicable only to the Title IV-E FC family's initial determination of eligibility.

The net income of a stepparent whose needs are not included in the assistance group and who is living in the home (or although absent is still considered part of the family group) is considered available as unearned income to the TCA child unless that stepparent is an SSI, OSS, or ICP recipient. Income of these individuals is not considered available except for voluntary contributions. Income exclusions in Chapter 2400 apply.

**Note:** If the parent is not in the home or is receiving SSI, the non-recipient stepparent's income must still be deemed to the stepchildren in order to determine their eligibility. This policy applies when the stepparent is not included in the filing unit as an eligible adult (EA) or financial adult (FA). In the situation where the parent is not in the home and the stepparent has elected to have his needs included as the specified relative caregiver, then the stepparent's income would be treated in accordance with regular budgeting policies; it would not be deemed.

Refer to passages 2650.0209.01 through 2650.0210.04 for the deeming calculation.

#### **2650.0206.01 Deeming of Income to Teen Parent (CIC)**

For CIC, the following policy is applicable for the Title IV-E FC family's initial determination of eligibility only.

Income deeming may be required when a teen parent applies for assistance as the parent of his own needy child or a pregnant woman, if the teen parent resides in the same home with the nonparticipating parent(s). Income is deemed only from the grandparent(s). Do not consider the income of the teen parent, his siblings, or his children.

A deeming budget is required when:

1. The teen parent resides with one or both of his nonparticipating parent(s). A deeming budget is not necessary if both of the teen parent's parents receive SSI, or are temporarily absent and covered by ICP. If the teen parent resides with both parents, only one of whom is an SSI recipient, the other parent's income is deemed unless the non-SSI parent is considered to be an essential person for SSI purposes. A contact must be made with SSA.
2. The teen parent resides with one of his parents and the parent's legal spouse (stepparent), neither of whom receives TCA.
3. Two or more teen parents reside in the same home with their nonparticipating parent(s), parent and stepparent.
4. A teen parent applies for assistance for her own needs during her pregnancy and lives with her nonparticipating parent(s) or parent and stepparent.

#### **2650.0206.02 Definitions - Teen Parent Policy (CIC)**

The following define terms used in a discussion of teen parents:

1. A teen parent is a child who is unmarried and under age 18, or under age 19 and a full-time student in high school or at the equivalent level of vocational or technical training (under age 21 for Medicaid) with a child of his own. Grades seven through twelve are considered high school. A child is unmarried when the child has never been married or was married and the marriage was annulled.
2. A grandparent is the parent(s) of the teen parent.

#### **2650.0206.03 Income Considered for the Teen Parent (CIC)**

For CIC, the following policy is applicable only for the Title IV-E FC family's initial determination of eligibility.

A determination of the amount of income to be considered must be made when:

1. the teen parent applies for assistance for self and child;
2. an eligibility review is completed;
3. the teen parent moves from the home of one parent to the other parent's home; or
4. the grandparent(s) reports a change in circumstances (change in income, assistance group composition, number of dependents, shelter obligation).

**2650.0206.04 Termination of Deeming to Teen Parent (CIC)**

For Child in Care (CIC), the following policy is applicable only for the Title IV-E FC family's initial determination of eligibility.

Deeming of income to a teen parent is terminated when:

1. the teen parent reaches her 18th birthday for Temporary Cash Assistance or CIC or 21st birthday for Medicaid (this income continues to be deemed through the month the teen parent turns 18, unless her birthday falls on the first day of the month);
2. the teen parent reaches her 19th birthday if a full-time high school student for Temporary Cash Assistance or 21st birthday for Medicaid (this income continues to be deemed through the month the teen parent turns 19, unless her birthday falls on the first day of the month);
3. the teen parent gets married;
4. the teen parent moves out of the home of her parent(s) into other adult supervised living arrangements if under 19 and a full-time high school student; or
5. the teen parent becomes eligible for Temporary Cash Assistance as a child in her parent(s)' or relative caregiver(s)' benefit.

**2650.0206.05 More Than One Teen Parent (CIC)**

For CIC, the following policy is applicable only for the Title IV-E FC family's initial determination of eligibility.

To determine grandparent income to be considered when more than one teen parent resides in the parent(s)' home, use the deeming procedures in passage 2650.0209.01 with the following exceptions:

1. The appropriate CNS to be subtracted is the CNS for the grandparent(s) and any other individuals in the home who are not part of either assistance group, but who are or could be dependents of the grandparent(s), except for the other teen parents and the children of the teen parents.
2. The net income obtained is to be divided by the number of teen parents residing in the home.

**2650.0206.06 Teen Parent Resides with Stepparent (CIC)**

For CIC, the following policy is applicable only for the Title IV-E FC family's initial determination of eligibility.

When a teen parent resides with her nonparticipating parent and the parent's legal husband or wife (stepparent), two deeming budgets are required.

**First Deeming Budget (Stepparent to Teen Parent's Parent)** - A test budget must be completed to determine the amount of stepparent income, if any, to be considered available to the teen's parent. The appropriate CNS to be allowed is the CNS for the stepparent, his children, and anyone else that the stepparent does or could claim as tax dependents that live in the home, excluding the parent and members of the AG or SFU. Mutual children of the parent and stepparent should be included in the CNS if the stepparent's income is higher than the parent's income. If the parent's income is higher, mutual children should be included in the CNS below. Do not include a disregard for the teen parent and the teen parent's child(ren). Use the shelter obligation of the whole assistance group as verified.

**Second Deeming Budget (Parent to Teen Parent)** - Compute a second test budget to determine the amount of grandparent income to be considered available to the teen parent and child. Determine the net income of the grandparent as per passage 2650.0209.01. Consider the net amount of stepparent income obtained above as unearned income to the grandparent. The

appropriate CNS to be allowed is the CNS for the grandparent and any children not considered in the CNS for the first test budget. Do not include the minor child or the teen parent's child(ren). Use the verified shelter obligation of the whole assistance group.

The net amount of income obtained, if any, is considered as unearned income to the assistance group consisting of the teen parent and the teen parent's child(ren).

**Note:** If the parent is not in the home or is receiving SSI, the stepparent's income must still be deemed to the teen parent in order to determine eligibility. Follow procedures for stepparent deeming found in passage 2650.0205 in this situation.

#### **2650.0209.01 Computing the Deeming Budget (CIC)**

For CIC, the following policy is applicable only to the Title IV-E FC family's initial eligibility determination.

The deemed individual's income is considered prospectively. Net income of the deemed individual(s) is computed as follows:

**Step 1** - Determine the deemed individual's total gross monthly income from all sources, including any lump sum income.

**Step 2** - If the deemed individual(s) has earned income, deduct the \$90 as a standard disregard. Total the remaining earned income and gross unearned income.

**Step 3** - Subtract the CNS appropriate for the deemed individual(s) and any other individuals in the home who are not in the assistance group, but who are dependents of the deemed individual(s), from the gross unearned income and net earned income remaining from Step 2.

**Step 4** - Determine the number of non-assistance group members whom the deemed individual(s) claims or can claim as dependents for Internal Revenue purposes. Subtract the total documented monthly amount the deemed individual(s) actually pays to, or on behalf of, such non-assistance group dependents from the amount remaining after Step 3.

**Step 5** - Determine the documented amount of court ordered child support or alimony the deemed individual(s) pays to non-assistance group members other than those covered in Step 4. Include as child support or alimony, court ordered payments such as mortgage payments, medical or life insurance payments, school tuition fees and the like, that the individual may pay to a vendor or other party. Deduct the total documented amount from the balance following Steps 2 or 3, if no non-assistance group dependents were claimed.

The balance following these steps is considered unearned income in the budget. No further disregards can be allowed.

#### **2650.0209.02 Formula for Deemed Income (CIC)**

For CIC, the following policy is applicable only for the Title IV-E FC family's initial eligibility determinants.

The formula for computing deemed income is:

**Step 1** - (Gross Income) - (\$90 Standard Earned Income Disregard) = (Initial Balance).

**Step 2** - (Initial Balance) - (CNS for Deemed Individual[s] and Dependents) = (Balance after Assistance Group Disregards).

**Step 3** - (Balance After Assistance Group Disregards) - (Amounts Paid to Non-assistance Group Dependents + Child Support + Alimony Paid to Non-assistance Group Members) = (Net Deemed Income).

#### **2650.0209.03 Verification of Deemed Income (CIC)**

For CIC, the following policy is applicable only to the Title IV-E FC family's initial eligibility determination.

The payee is required to provide income information about the deemed individual(s) income at each application, eligibility review, partial eligibility review, or interim contact, or when the Department learns of or anticipates a change in income. Failure of the deemed individual(s) to provide income information will result in termination or denial of the TCA benefit as need and eligibility of the assistance group cannot be established.

The deemed individual(s) must provide documentation or verification of their gross income. Copies of the payroll or other checks, wage stubs, and statements or letters from employers or other income sources are acceptable means of documentation. The eligibility specialist must record information concerning documentation or verification of income.

#### **2650.0209.04 Documenting Deemed Disregards (CIC)**

For CIC, the following policy is applicable only to the Title IV-E FC family's initial eligibility determination.

Allowable disregards must be documented or verified. Failure of the deemed individual(s) to provide the required documentation or verification will result in disallowance of the disregard. The following disregards must be verified:

The deemed individual(s) must provide canceled checks, court payment records, or statements from the non-assistance group dependents to document the amounts actually paid monthly to such persons. Only the documented or verified amounts can be deducted.

The deemed individual(s) must provide a copy of the court order requiring payments of support or alimony, a copy of the court records, or correspondence from a lawyer or a CSE agency. The deemed individual must also provide canceled checks, court payment records, or other receipts to document or verify the actual amounts paid. If child support is received, it must be documented or verified.

#### **2650.0210.01 Double Stepparent Situations (CIC)**

For CIC, the following policy is applicable only for the Title IV-E FC family's initial determination of eligibility.

If a married couple who have children from prior relationships request assistance, as each child has a stepparent in the home, special procedures must be followed. A double stepparent case must be determined as meeting the following criteria:

1. There are two legally married stepparents in the home.
2. Neither parent is incapacitated, or is an SSI, OSS, RAP, or ICP recipient.
3. Each parent has children of his own (for example, from a previous marriage) for whom the parents are requesting assistance.
4. The legally married stepparents may or may not have mutual children. The mutual children are not TCA eligible on the factor of deprivation. These same procedures are followed when the parents also have ineligible mutual children and related children, not their own, living in the home.
5. The children for whom assistance is requested have been determined eligible for TCA on factors other than need.

6. One or both of the parents have income.

If eligible under the double stepparent policy, each stepparent can receive a benefit for his children; that is, two assistance groups are to be set up.

#### **2650.0210.02 Double Stepparent Deeming Budget (CIC)**

For CIC, the following policy is applicable only for the Title IV-E FC family's initial determination of eligibility.

If one or both parents have income, a budget must be completed to determine the amount of income, if any, to be deemed from the parent with more income to the parent with less income.

If neither of the stepparents and the stepparents' children have available income, the deeming budget is unnecessary. The final budgets would be based on the needs of each parent and the total number of each parents' eligible children.

#### **2650.0210.03 Double Stepparent Budget Computation (CIC)**

For CIC, the following policy is applicable only for the Title IV-E FC family's initial determination of eligibility.

The budget computation is determined as follows:

**Step 1** - Determine eligibility based on the eligibility standard (refer to Appendix A-7) by testing each parent's and his children's gross income against the eligibility standard for the size group (parent and children) and considering the entire family's shelter obligation. If either group has surplus income in the Eligibility Standard Test budget, the parent and children are ineligible. Treat the remaining children as a single stepparent case.

**Step 2** - If there are deficits in both parents' budgets in Step 1, determine the amount of income, if any, to be deemed to the budget of the parent having the lesser income. Start with the parent having the higher income.

Determine the parent's total gross monthly income from all sources, including any lump sum income. Allow income disregards. If the parent has earned income, deduct \$90 as a standard earned income disregard. Total the remaining earned income and gross unearned income.

**Step 3** - Subtract the CNS appropriate for the parent and any other individuals in the home who are dependents of the parent from the gross unearned income and net earned income remaining from Step 1. Include the parents' mutual children in the CNS. Do not include the needs of the parent with lesser income nor the children for whom the parent is requesting or receiving assistance.

**Step 4** - Determine the number of non-assistance group members whom the parent claims or can claim as dependents for Internal Revenue purposes. Subtract the total documented monthly amount the parent actually pays to, or on behalf of, such non-assistance group dependents from the amount remaining after Step 2. Determine the documented amount of court ordered child support or alimony the parent pays to non-assistance group members. Include child support or alimony court ordered payments such as mortgage payments, medical or life insurance payments, school tuition fees, and the like. Deduct the amount from the balance following Steps 2 and 3 if non-assistance group dependents were claimed.

The balance following these steps is considered unearned income in the other parent's budget. No further disregards can be allowed.

**2650.0210.04 Double Stepparent Formula (CIC)**

For CIC, the following policy is applicable only for the Title IV-E FC family's initial determination of eligibility.

The formula for determining double stepparent income is:

**Step 1** - (Gross Income) - (\$90 Standard Earned Income Disregard) = (Initial Balance).

**Step 2** - (Initial Balance) - (CNS for Parent and Dependent) = (Balance after Assistance Group Disregards).

**Step 3** - (Balance after Assistance Group Disregards) - (Amounts Paid to Nonassistance Group Members) = (Net Parent Income to be Deemed to Second Parent).

If the net income obtained in Step 3 is zero, then no income is deemed to the second parent. Compute the benefit for both assistance groups using regular budgeting procedures.

If Step 3 results in a surplus (that is, deemed amount), then the first parent is not eligible for a benefit for himself and his children. If there is an amount to be deemed, compute the benefit for the second parent and his children. The total gross income considered is the second parent's total monthly income from all sources, including lump sum income, and the net unearned deeming income from the first parent.

**2650.0400 SPECIAL INCOME CIRCUMSTANCES (CIC)**

The following sections discuss circumstances that require special budgeting methods.

**2650.0412 Seasonal/Contractual Earned Income (CIC)**

Income received under an employment contract of less than one year will be prorated over the months it is intended to cover. The income is prorated to show the actual contracted time of employment for the individual.

**2650.0412.01 Income from School Employee Contract (CIC)**

If the school employee receives income other than on an hourly or piece rate basis, they are considered under contract whether it is written or implied.

Annual income received by assistance group members from the contractual school employment must be averaged over 12 months.

**2650.0413.01 Computation of Self-Employment Income (CIC)**

Self-employment income, other than the provision of child care in the individual's home, can at the individual's option be derived by:

1. calculating an average of the most recent consecutive four weeks, or
2. prorating the assistance group's annual income over a 12 month period based on the most recent income tax return.

Monthly operating costs would be calculated in the same manner as the income and deducted from the income to arrive at the adjusted monthly income budgeted.

Operating costs are those costs incurred in the course of the business operation that are necessary to run the business. Operating costs which are recognized include transportation to see customers, materials and equipment. When a motorized vehicle is used, the cost of transportation to see customers is recognized at the allowable state rate for mileage. Depreciation costs are not recognized. Operating costs do not include Social Security and

income tax deductions, child care costs, or transportation to and from work. Business equipment and supplies are considered assets.

**2650.0413.02 Computation of Farming Income (CIC)**

The amount of farm income budgeted is the total cash anticipated to be received minus operating costs.

**2650.0414.02 Budgeting Support Payments (CIC)**

The amount received or anticipated to be received minus any additional collection fees charged by the court or another agency to collect the payments, less a disregard of up to \$50 per AG, is budgeted. If the total amount of support received is \$50 or less, no child support income is budgeted. The up to \$50 disregard does not apply to payment on arrears.

**2650.0414.03 Court Ordered Support Payments (CIC)**

The amount to be disregarded after the adjustment of collection fees is the amount of court ordered support obligation received up to \$50 per AG. If the assistance group receives payment in excess of the amount of the court order, only the amount of the child support obligation up to \$50 can be disregarded.

**Example:** The court order stipulates a monthly obligation of \$40. The absent parent pays \$75. Only the \$40 court ordered amount is disregarded.

**2650.0414.09 Non-Court Ordered Support Payments (CIC)**

In cases where the assistance group received both court ordered support payments and a legal or nonlegal parent is making voluntary contributions, the amount to be budgeted is the amount of the contribution(s), plus the amount of the court ordered support obligation(s) actually received.

**2650.0415.01 Lump Sum Income (CIC)**

A lump sum is a nonrecurring payment of earned or unearned income.

Types of lump sums include:

1. accrued benefits such as Social Security or VA Pensions (even though the pension itself will be regular income);
2. one-time contributions, windfalls, special bonus or holiday paychecks; and
3. personal loans or insurance settlements which are not a result of an asset conversion or are intended (and used) to pay costs related to the death of the insured.

**2650.0415.02 Computation of Lump Sum Income (CIC)**

The total net income of the assistance group, including the lump sum, must be computed for the month of lump sum receipt. Total net available income must be tested against the consolidated need standard (CNS) for the assistance group.

If a deficit results in this computation, compute the budget using the payment standard for the month, considering the lump sum as income in the month received. If reported in advance, the eligibility specialist must take action to reduce, terminate, deny, or approve the benefit in a lower amount, as appropriate, for the anticipated month of receipt.

Funds remaining from a lump sum payment following the month of receipt are considered assets rather than income.

If a surplus resulted from testing the total net available income against the CNS for the month the lump sum was received, another test budget must be done. Subtract the lump sum from the total

net available income and subtract that total from the CNS to determine if the lump sum caused the ineligibility.

If a surplus results from the calculation in the above paragraph, deny the application due to receipt of income as opposed to applying a lump sum ineligibility period because the lump sum did not cause income to exceed need. If a deficit resulted from the calculation in the above paragraph, the lump sum is considered to be the cause of the excess income for the month, and an ineligibility period must be calculated.

**Note:** Lump sum calculations do not apply to any Family-Related Medicaid (MFAM) coverage group. Refer to Chapter 1600 for how to treat lump sums for Family-Related Medicaid Programs.

#### **2650.0415.03 Ineligibility Period (CIC)**

The ineligibility period is the total number of months the assistance group can meet its needs by Temporary Cash Assistance standards based only on the total net available income, including the lump sum, available in the month of lump sum receipt. The ineligibility period begins with the month the lump sum was received and extends for the number of months calculated. Receipt of an additional lump sum during the ineligibility period does not cause an extension of ineligibility.

The ineligibility period is computed by dividing the total net available income for the month of receipt by the CNS for the appropriate size assistance group. The whole number resulting is the number of months for the period of ineligibility.

For Title IV-E Foster Care cases, divide the total net income by the board rate to determine the ineligibility period. If there is a remainder from this calculation, the remaining income is considered as unearned income in the budget for months in which the maximum lump sum income was counted for MEDS and MN.

#### **2650.0415.04 Example of Lump Sum Computation (CIC)**

An assistance group consisting of a mother and two children has regular unearned income of \$50. A lump sum of \$925 is received in April and reported in April.

**Step 1** - Compare total net income to CNS.  $(\$975 \text{ total net income}) - (\$928 \text{ CNS}) = \text{surplus}$ .

**Step 2** - Compare net income without lump sum to CNS.  $(\$50 \text{ net other income}) - (\$928 \text{ CNS}) = \text{deficit}$ .

**Step 3** - Compute ineligibility period.  $(\$975 \text{ total net income}) \text{ divided by } (\$928 \text{ CNS}) = \text{one month period of ineligibility with } \$47 \text{ remainder}$ . Applicant is ineligible for April due to the one month ineligibility period. As the applicant's total income for May is \$97 (\$50 and \$47 remainder), the applicant is eligible for May.

#### **2650.0415.05 Lump Sum from another State (CIC)**

If a lump sum was received while receiving assistance in another state, the ineligibility period from the other state will be applied in Florida until the ineligibility period expires.

#### **2650.0415.06 Stepparent Receives Lump Sum (CIC)**

The following policies are only applicable to under \$10 cases and those assistance groups that opt not to receive cash benefits.

If a stepparent whose needs are not included in the assistance group receives a lump sum, the income should be considered available to the assistance group. No lump sum ineligibility period is assigned in this situation. Instead, the countable income, including the lump sum, is counted in the deeming budget. If a surplus results in the deeming budget, this amount is countable income to the assistance group. If the countable income exceeds the appropriate payment standard for

the size of the assistance group for the month, the assistance group would be ineligible for the month in which the income is received.

Any portion of the lump sum retained by the stepparent subsequent to the month of receipt is considered an asset to the stepparent and is not counted in determining eligibility for the MFAM assistance group, except to the extent that the stepparent makes the income available to them. There is no lump sum ineligibility period.

#### **2650.0415.07 Parent Receives Lump Sum (CIC)**

When the parents' needs are not included in the assistance group of the teen parent and one of the grandparents receives a lump sum, the income must be considered available to the assistance group. There is no lump sum ineligibility period assigned in this situation. Instead, the countable income, including the lump sum, is counted in the deeming budget. If a surplus results in the deeming budget then this amount is counted in the teen parent's budget. If the teen parent's total monthly countable income, including the deemed "lump sum" exceeds the appropriate payment standard, the teen parent would be ineligible for the month. Any portion of the lump sum retained by the grandparent subsequent to the month of receipt is considered an asset and is not counted in determining eligibility for the RAP, CIC or MFAM assistance group, except to the extent that he makes the income available to them.

#### **2650.0415.08 Non-Exclusion of Assistance Group Members (CIC)**

Once an individual has received a lump sum, the payee cannot opt to exclude the needs of that individual in order to avoid termination and the ineligibility period for the rest of the assistance group. Once received, the income must be considered toward the needs of the assistance group as a whole. However, the individual can receive RAP, CIC or MFAM as a payee whose needs are not in the assistance group for a child who was not included in the lump sum assistance group.

If the lump sum is received by a child, the eligibility of siblings should be determined excluding the sibling who received the lump sum.

#### **2650.0415.09 Lump Sums in Month of Application (CIC)**

A period of ineligibility must be established for lump sums received in the month of application. The ineligibility period begins with the month of application. Lump sums received prior to the month of application are not considered for a lump sum calculation. These amounts will be counted as assets.

#### **2650.0415.10 Lump Sum Received/Request to Add (CIC)**

A lump sum which is received by an individual whose needs were requested to be added to an active assistance group in the month the lump sum is received renders the entire assistance group ineligible.

However, the recipient can withdraw the request prior to disposition if the individual is not a mandatory assistance group member.

#### **2650.0415.11 Recalculation of Ineligibility Period (CIC)**

The ineligibility period is to be recalculated when one or more of the following applies.

**A change in the CNS** - The new CNS is to be used in the recalculation of the ineligibility period beginning with the month in which the change occurred. Changes in the CNS shall include a change from a lower Tier to a higher Tier (the date the change occurred must be verified) or legislative changes in the CNS, but not for the addition or removal of a person. This policy is also applicable when there is a change in the poverty level or a change in the foster care board rate.

**Income received is unavailable** - A recalculation of the ineligibility period shall be done when all or a portion of the income received has become unavailable to the assistance group for reasons beyond their control (for example, an applicant's home is burglarized and a portion of the lump sum income is stolen).

Documentation or verification of the circumstances causing the unavailability of the income must be provided, including a written statement signed by the payee as to the amount of money remaining following the circumstances which caused all or a portion of the income to become unavailable. It is the responsibility of the eligibility specialist and the supervisor to decide if the circumstances of the case and the verification or documentation clearly indicate that all or a portion of the income has become unavailable. Questionable cases must be cleared with the Region or Circuit program Office. The amount of lump sum income to be considered in the recalculation of the period of ineligibility is the original amount received minus the amount determined to be unavailable.

**Assistance group has medical expenses** - A recalculation of the ineligibility period shall be done when the assistance group incurs, becomes responsible for, and pays medical expenses. Expenses which shall be subtracted from the lump sum amount are only those which have not been, cannot be, or will not be covered by insurance, Medicaid, used to meet the Medically Needy SOC, or any source other than the lump sum payment.

Documentation or verification of the medical expense must be obtained including a statement showing that a member of the assistance group is responsible to pay the bill (for example, medical bill in the name of one of the members of the assistance group), and a paid receipt(s) for expense(s) incurred.

It is not required that the bill(s) be paid in full, only that the assistance group is making a payment on the medical bill each month. The amount of lump sum income to be considered in the recalculation of the period of ineligibility is the original amount received minus the amount actually paid on the medical bills.

When recalculating, the period of ineligibility shall not be lengthened if there are fewer individuals in the assistance group. The CNS for the original size of the assistance group must be used in recalculating.

**Life Threatening Circumstances** - The ineligibility period shall be shortened or eliminated when the applicant presents facts and documentation indicating that the lump sum income, in whole or in part, has been or must be used in conjunction with costs directly associated with life threatening circumstances. See passage 2650.0415.12 for an explanation of life threatening circumstances.

#### **2650.0415.12 Life Threatening Circumstances (CIC)**

The individual must provide facts on the circumstance and direct costs as a result of the circumstance or anticipated costs to be required as a result of the circumstance, and any source of payment other than the lump sum. When requested, the individual must provide documentation within the time limits prescribed by administrative policy, of the life-threatening circumstance and any payment made as a result of the life-threatening circumstances and whether the eligibility period is shortened or eliminated.

When the individual claims that a life-threatening circumstance exists which should shorten the ineligibility period, the eligibility specialist must carefully interview the individual to obtain complete information. The individual must be provided written notice of additional information needed, required documentation, and the deadline date for provision of these items. The eligibility specialist must fully record all pertinent information and must determine which of those expenses claimed by the individual can be considered directly connected with the life-threatening circumstance and total those which are to be allowed.

**2650.0415.13 Deductions from Lump Sum (CIC)**

Expenses which can be subtracted from the lump sum amount to shorten the ineligibility period are only those expenses which have not been, cannot be, or will not be covered by insurance, Medicaid, or any other source than the nonrecurring lump sum payment.

Any portion of the lump sum income expended for purposes not directly connected with the life threatening circumstance will not be used in determining the reduction or elimination of the ineligibility period.

The life threatening circumstance and subsequent determination of the shortening or elimination of the ineligibility period can occur before the ineligibility period begins or during the course of the ineligibility period.

The eligibility specialist must explain the life threatening circumstance exception and requirements to the applicant when lump sum receipt or anticipated receipt is reported or discovered. It is the applicant's responsibility to make a claim to the eligibility specialist that lump sum which has been or will be received must be used or was used in connection with life threatening circumstances.

**2650.0415.14 Assets and Lump Sum (CIC)**

Any available liquid assets (bank account, checking account) of the individual must be subtracted from the total allowable expenses. The remainder is subtracted from the lump sum. The ineligibility period is then recomputed based on the new lump sum figure.

A Notice of Case Action must be sent to the individual advising him of whether or not the ineligibility period can be shortened, and if so, the revised ending date. If the ineligibility period is eliminated or has expired, the individual must also be advised that a reapplication must be made.

## 2660.0000 Refugee Assistance Program

Once the eligibility specialist has determined available income as per Chapters 1800 and 2400, the policy in this chapter must be used to perform the budgets and tests to determine eligibility for benefits and the benefit amount.

### 2660.0100 BUDGETS AND TEST CALCULATIONS (RAP)

Each program has budgets and tests that must be executed in order to determine eligibility. These are discussed in the following sections. The income limits for each program are found in Appendix A-5.

#### 2660.0102 Changes Affecting Entitlement (RAP)

If after completing a budget, the eligibility specialist finds a surplus (the countable income exceeds the applicable standard for the specific type of assistance), entitlement for assistance under that coverage group is lost. However, the eligibility specialist must assess the assistance member or group's eligibility under other DCF programs.

When a budget results in an increase in countable income for a Medically Needy assistance group, refer to Section 2630.0500 for a discussion of share of cost.

#### 2660.0107 Budgets and Tests (RAP)

To be financially eligible, the total gross income of the assistance group cannot exceed the appropriate Eligibility Standard and the total net income cannot exceed the appropriate income limit. The Eligibility and Payment Standard and the poverty level income limits are found in Appendix A-5.

#### 2660.0109.01 Eligibility Standard Test (RAP)

The Eligibility Standard Test applies only to cases which use the payment standard or the CNS as the financial eligibility criteria.

In order to be eligible, the assistance group's gross income cannot exceed the appropriate Eligibility Standard at the initial determination. The Eligibility Standard is based on the size of the assistance group and whether the assistance group has a shelter obligation. Total gross income for this test is computed as follows.

**Step 1** - Earned and unearned income from all sources is totaled. This includes, but is not limited to, countable net deemed income of sponsors of certain noncitizens, stepparents and grandparents.

**Step 2** - The \$50 maximum child support disregard is allowed and the income of a full-time student for a six month period per calendar year is excluded in this test.

**Step 3** - The standard earned income disregard and the child or incapacitated individual care costs are not deducted in this test.

#### 2660.0109.02 Formula for 185% of Standard (RAP)

In computing the assistance group's eligibility, the general formula is:

**Step 1** - (Net Unearned + Adjusted Gross Earned) = (Total Gross Income).

**Step 2** - (Eligibility Standards) - (Total Gross Income) = (Deficit or Exact Equal: Meets the Requirements) or (Surplus: Ineligible).

**2660.0109.03 Standard Test after Application (RAP)**

The Eligibility Standard Test computation must be done at each eligibility review, when income is initially received, when income is received from a new source, each time income increases, when a standard for fewer persons is used, or when Tier II or Tier III is used in place of Tier I (refer to Appendix A-5 for Tier I, II and III).

**2660.0110 Test Budgets and Deeming Formulas (RAP)**

Certain test budgets and deeming formulas are necessary in determining eligibility and benefit amount. A prospective eligibility test budget must be computed on active cases when an adverse change affecting the amount of the benefit is anticipated before computing the Eligibility Standard Test.

**2660.0111.01 Income Test and Benefit Determination (RAP)**

The following steps are necessary for any budget computed for eligibility or benefit amount:

**Step 1** - Total the gross income.

**Step 2** - Subtract operating costs (if any), standard disregard of \$90 and appropriate earned income disregard, if eligible. Subtract the cost of care for Medicaid only cases. Make the appropriate deductions for the type of benefits from the total earned income to obtain the net earned income.

**Step 3** - Subtract additional disregards and expenses connected with the income from the total unearned income to obtain the net unearned income.

**Step 4** - Add the net earned income to the net unearned income to obtain the total net income.

**Step 5** - Subtract the total net income from the Payment Standard (refer to Appendix A-5), and if a surplus results, eligibility does not exist. If a deficit of at least \$10 results, the amount is the payment, rounded down to the nearest dollar.

**2660.0300 PRORATION (RAP)**

The first month's assistance must be prorated from the date of entitlement.

**2660.0306 Prorating the First Month's Assistance (RAP)**

The first month's benefits must be prorated from the date of eligibility. Eligibility for direct assistance for the initial benefits begins with the date of disposition or 30 days after the date of application, whichever is sooner. If the prorated benefit amount is less than \$10, payment must be issued.

The first month's increase in benefits must be prorated when an individual is added to the benefit, and the request to add date is after the first day of the month. Eligibility for an increase in direct assistance begins with the established request to add date regardless of the date of disposition. The prorated increase must be completed in the benefit for the initial month the person is added for direct assistance.

Proration does not apply to extended Medicaid cases that subsequently become eligible for direct assistance.

**2660.0307 Prorating Methods (RAP)**

If the date of eligibility is after the first day of the month and benefits are authorized, the first month's benefit must be prorated. The following procedures are to be used to determine the prorated benefit amount:

**Step 1** - Compute the deficit (Payment Standard minus total net available income) for the month of eligibility using usual budgeting procedures.

**Step 2** - Select from the first column of the Prorating Chart, shown in passage 2660.0308, the day of the month corresponding to the date of eligibility (if the date of eligibility is on the thirty-first, use day 30).

**Step 3** - Select from the prorating factor column (second column) the figure which corresponds to the day of the month.

**Step 4** - Multiply the deficit (before rounding) for the month of eligibility by the prorating factor (the product equals the prorated amount).

**Step 5** - If the prorated amount results in dollars and cents, this amount must be rounded down to the next whole dollar amount.

**Step 6** - If the prorated benefit amount is less than \$10, the benefit must be issued for the first month.

**2660.0308 Prorating Chart (RAP)**

Refer to Appendix A-6.

**2660.0309 Example of Prorating (RAP)**

The applicant or recipient applied on the 20th of a month and is approved on the tenth of the following month.

**Step 1** - Budgeting procedures indicate the applicant or recipient's deficit is \$178.30, for an ongoing benefit amount of \$178.

**Step 2** - The Prorating Chart shows that the correct prorating factor for the tenth day is .70.

**Step 3** - The deficit is multiplied by the prorating factor:  $\$178.30 \times .70$ .

**Step 4** - The prorated amount is \$124.81.

**Step 5** - The amount of the prorated benefit for the first month's benefit is \$124 (\$124.81 rounded down to the nearest whole dollar).

**2660.0310 Individual Added to Assistance Group (RAP)**

When an individual is added to the assistance group and the add date is after the first of the month, the first month's increase must be prorated as follows:

**Step 1** - Determine the benefit amount after the individual's needs are added to the existing benefit.

**Step 2** - The difference between the computation (new benefit amount) and the existing benefit amount is the increase to be prorated.

**Step 3** - Select from the prorating factor column (second column) the figure which corresponds to the day of the month.

**Step 4** - Multiply the deficit for the month of application by the prorating factor. The product equals the prorated amount.

**Step 5** - If the prorated amount results in dollars and cents, then this amount must be rounded down to the next whole dollar amount.

**Step 6** - If the benefit amount after proration is less than \$10, benefits must be issued for the first month.

#### **2660.0400 SPECIAL INCOME CIRCUMSTANCES (RAP)**

The following sections discuss circumstances that require special budgeting methods.

##### **2660.0403.01 Nonrecurring Lump Sum Payment (RAP)**

Money received in the form of a nonrecurring lump sum includes:

1. income tax refunds;
2. credits;
3. retroactive SSA, SSI, or public assistance benefits;
4. insurance settlements; and
5. utility or rental property deposits.

These payments are included assets in the month received unless specifically excluded.

**Note:** Federal income tax refunds and credits are excluded as assets in the month received and for 12 months from the date of receipt.

##### **2660.0403.02 Recurring Lump Sum Payments (RAP)**

Recurring SSI lump sum payments are considered unearned income. Generally recurring SSI lump sum payments are for Drug and Alcohol Addictions and are not paid in one nonrecurring lump sum but over a period of time until lump sum is paid off. This payment is in addition to the current SSI payment paid monthly.

##### **2660.0412 Seasonal/Contractual Earned Income (RAP)**

Income received by individuals on a contractual basis can, at the option of the individual, be:

1. prorated over the period of the contract; or

**Note:** The standard earned income disregard is allowed for each month of the contract. A disregard for a child or an incapacitated adult day care cost is allowed only in the months the individual actually worked and incurred such cost during the contract period.

2. counted as received.

**2660.0413.01 Computation of Self-Employment Income (RAP)**

Self-employment income, other than the provision of child care in the individual's home, can at the individual's option be derived by:

1. calculating an average of the most recent consecutive four weeks, or
2. prorating the assistance group's annual income over a 12 month period based on the most recent income tax return.

Monthly operating costs would be calculated in the same manner as the income and deducted from the income to arrive at the adjusted monthly income budgeted.

Operating costs are those costs incurred in the course of the business operation that are necessary to run the business. Operating costs which, are recognized include transportation to see customers, materials and equipment. When a motorized vehicle is used, the cost of transportation to see customers is recognized at the allowable state rate for mileage. Depreciation costs are not recognized. Operating costs do not include Social Security and income tax deductions, child care costs, or transportation to and from work. Business equipment and supplies are considered assets.

**2660.0413.02 Computation of Farming Income (RAP)**

The amount of farm income budgeted is the total cash anticipated to be received minus operating costs.

**2660.0414.01 Budgeting Support Payments (RAP)**

The amount received or anticipated to be received, minus any additional collection fees charged by the court or another agency to collect the payments is considered unearned income.

**2660.0414.03 Court Ordered Support Payments (RAP)**

The amount to be disregarded after the adjustment of collection fees is the amount of court ordered support obligation received up to \$50 per AG. If the assistance group receives payment in excess of the amount of the court order, only the amount of the child support obligation up to \$50 can be disregarded.

**Example:** The court order stipulates a monthly obligation of \$40. The absent parent pays \$75. Only the \$40 court ordered amount is disregarded.