

Department of Public Health
and Human Services

MEDICAL ASSISTANCE

Section:

HOME & COMMUNITY BASED
SERVICES/WAIVER

Subject:

Income Budgeting Process for
Waiver Spouses

Supersedes: MA 1002-2 (07/01/14)

References: 42 CFR 435.217; ARM 37.40.1401, .1406-.1408, 37.82.101

GENERAL RULE--Home & Community Based Services/Waiver applicants and recipients may be either categorically needy or medically needy eligible. The following budgeting policies are to be applied to individuals in the Physically Disabled waiver, Aged waiver, or any of the Developmental Disabilities waivers (0208, 0371 and 0667 waivers).

Income eligibility for a waiver spouse must be determined based on the waiver spouse's income only.

NOTE: HCBS waiver applicants and recipients enrolled in either the Severely Disabling Mental Illness (SDMI) or Psychiatric Residential Treatment Facility (PRTF) waivers must qualify for Medicaid through non-waiver policies in order to qualify for those waivers. Budgeting methods in this section of this manual do not apply to PRTF and SDMI eligibility; the 600 section of this manual apply to SDMI and PRTF waiver recipients.

CATEGORICALLY NEEDY ELIGIBILITY DETERMINATION

The categorically needy waiver spouse of a married couple will have no spend down. No community (non-waiver) spouse income maintenance or family income maintenance allowance will be calculated or allowed. This is because there is no spend down from which to deduct income maintenance allowances.

Use the following calculation to determine whether a waiver applicant or recipient is eligible for categorically needy coverage:

	Unearned income
-	Legally obligated child support/alimony
-	General income disregard (\$20 max.)
=	Countable unearned income

	Earned income
-	Legally obligated child support/alimony balance
-	General income disregard balance
-	Blind/disabled work expenses
-	Work expense disregard (\$65)

Section: HOME & COMMUNITY BASED
SERVICES/WAIVER

Subject: Income Budgeting Process for
Waiver Spouses

$$\begin{array}{r}
 = \text{Remainder} \\
 - \frac{1}{2} \text{Remainder} \\
 \hline
 = \text{Countable earned income} \\
 \\
 \text{Countable unearned income} \\
 + \text{Countable earned income} \\
 \hline
 = \text{Total countable income} \\
 - \text{Categorically needy income standard for one} \\
 \hline
 = \text{Balance}
 \end{array}$$

If balance is:

1. \$0 or less, client is eligible for categorically needy coverage; or
2. more than \$0, client must be reviewed for medically needy eligibility.

If the applicant/recipient is determined to be categorically needy and has a non-waiver spouse, no community (non-waiver) spouse income maintenance allowance or family income allowance will be calculated, because there is no remainder (spend down) from which to deduct the allowances.

MEDICALLY NEEDY ELIGIBILITY DETERMINATION

The medically needy waiver spouse of a married couple must apply his/her gross monthly income (minus allowable disregards) toward the Medicaid spend down.

Use the following calculation to determine whether a waiver spouse is eligible for medically needy coverage:

$$\begin{array}{r}
 \text{Unearned income} \\
 - \text{Legally obligated child support/alimony} \\
 - \text{General income disregard } (\$20 \text{ max.}) \\
 \hline
 = \text{Countable unearned income}
 \end{array}$$

$$\begin{array}{r}
 \text{Earned income} \\
 - \text{Legally obligated child support/alimony balance} \\
 - \text{General income disregard balance} \\
 - \text{Blind/disabled work expenses} \\
 - \text{Work expense disregard } (\$65) \\
 \hline
 = \text{Remainder} \\
 - \frac{1}{2} \text{Remainder} \\
 \hline
 = \text{Countable earned income}
 \end{array}$$

$$\begin{array}{r}
 \text{Countable unearned income} \\
 + \text{Countable earned income} \\
 \hline
 = \text{Total countable income}
 \end{array}$$

Section: HOME & COMMUNITY BASED
SERVICES/WAIVER

Subject: Income Budgeting Process for
Waiver Spouses

- Medically needy income level for one
- Medically needy income deduction (MA 002)
- = Balance
- Spousal income maintenance allowance
- Family allowance
- = Spend Down

NOTE: It is possible for a waiver spouse to be medically needy without a spend down if the spousal income maintenance allowance and/or family maintenance allowance(s) exceed the "balance" line, above.

Example: Waiver spouse's income is \$800 per month Social Security. \$800 - \$20 general income disregard = \$780 - \$525 MNIL - \$100 MN deduction = \$155. If the spousal income maintenance is calculated to be \$155 or more, this medically needy waiver spouse will have no spend down.

SPOUSAL INCOME MAINTENANCE ALLOWANCE

The spousal income maintenance allowance is allowed unless specifically refused by the waiver spouse. Funds must actually be transferred in order to be disregarded.

The non-waiver spouse income maintenance allowance is the lesser of:

1. \$2981 less the non-waiver spouse's own gross monthly income (see "Income Attribution" above); or

NOTE: A Tax Stimulus Rebate received by the non-waiver spouse is excluded as income in the spousal income maintenance allowance calculation.

2. A combination of:

- ▶ a. Shelter expenses for the non-waiver spouse's principal residence which exceed the basic shelter allowance of \$598 (when both spouses live in the home, see "SHELTER EXPENSES" in this section), **plus**
- ▶ b. The basic needs standard of \$1992 **less**
- c. The non-waiver spouse's own gross income (see "Income Attribution" in MA 500).

Section: HOME & COMMUNITY BASED
SERVICES/WAIVERSubject: Income Budgeting Process for
Waiver Spouses

NOTE: The waiver spouse or representative is required to report changes to the non-waiver spouse's income within ten (10) days.

Example: The non-waiver spouse's gross income is \$600, the mortgage payment is \$450 (including taxes and insurance), plus there are heating expenses.

Calculation 1:

Maximum spousal standard	\$ 2981
Spouse's gross income	- 600
Maximum spousal allowance	\$ 2381

Calculation 2:

▶ (10/01/15)	Shelter expenses	\$ 450 (mortgage)
		+ 517 (utilities)
	Basic shelter allowance	- 590
	Excess shelter expense	377
▶	Basic needs standard	+1992
	Non-waiver Spouse	
	Maintenance needs	\$ 2369
	Gross income	- 600
	Spousal allowance	\$ 1769

Since the spousal allowance in Calculation 2 (\$1769) is less than the spousal allowance in Calculation 1 (\$2381), the community spouse is entitled to \$1725 per month in spousal income maintenance allowance.

SHELTER EXPENSES

Allowable shelter expenses (see "Spousal Income Maintenance Allowance" above) include:

1. Rent or mortgage (including principal and interest) payments.
2. Real estate taxes and homeowners insurance.

NOTE: Real estate taxes and homeowners insurance may be prorated on a monthly basis. If prorated, this information must be included on the letter of notification.

3. Maintenance charges for a condominium, cooperative or homeowners association fees. And,

Section: HOME & COMMUNITY BASED
SERVICES/WAIVER

Subject: Income Budgeting Process for
Waiver Spouses

4. Utilities (if paid separately).

When the waiver spouse and non-waiver spouse reside together in the community, one-half of the shelter expenses will be allocated to each spouse for purposes of calculating shelter expenses for the Spousal Income Maintenance Allowance. The system will calculate half to each spouse based on information entered into the system.

NOTE: When a waiver spouse and a non-waiver spouse reside together in an assisted living facility, the non-waiver spouse's individual expenses (room, board, personal care, etc.) must be itemized by the assisted living facility and only the shelter ('room') charges are considered shelter expenses. Board (food), personal assistance, cable TV, etc., are not shelter expenses.

**UTILITY
EXPENSES**

When the non-waiver spouse is responsible for major heating/cooling costs, allow the same standard utility allowance (SUA) as used for the SNAP Program (see MA 005) for 2013. The SUA is an allowance for all utilities, including garbage, phone, water, lighting, heating, cooling, etc. The system will divide the expense appropriately.

If the non-waiver spouse is not responsible for a major heating/cooling cost, but does have a telephone, the SNAP telephone standard allowance from 2011 may be used (see MA 005).

Actual utility expenses cannot be used in any case, regardless of whether the non-waiver spouse is or is not responsible for a major heating/cooling cost. If, for example, the non-waiver spouse is responsible for electric (not related heating or cooling) and water, but not for heating/cooling or telephone, there is no utility expense allowed.

**► FAMILY
ALLOWANCE**

The maximum maintenance needs allowance for each additional dependent family member is equal to one-third of the difference between the basic needs standard of **\$1992** and the family member's gross income.

Dependent family members who are potentially eligible for family maintenance allowance are limited to children, parents or siblings of the institutionalized spouse or the community spouse who continue to reside with the community spouse and can be claimed as dependents for tax purposes. Family maintenance allowance

Section: HOME & COMMUNITY BASED
SERVICES/WAIVER

Subject: Income Budgeting Process for
Waiver Spouses

cannot be allowed for family members who are receiving Medicaid HCBS waiver services or are institutionalized.



Example: The non-waiver spouse's dependent mother has gross income of \$600 per month.

Basic needs standard	\$ 1992
Income	- 600
	<u>\$ 1392</u>

Calculation	\$ 1392
	<u>÷ 3</u>
	\$ 464

The family income maintenance allowance is \$464. The system will automatically calculate the family maintenance based on data entered into the system.

NOTICE

The husband and wife must each receive notice of the waiver spouse's applicable disregards. Each spouse has the right to appeal the disregard determination.

FAMILY CONTRIBUTION TO ASSISTED LIVING FACILITY OR GROUP HOME

If a Medicaid applicant/recipient's family (or anyone else) pays an additional amount directly to the facility to upgrade the person from a semi-private to a private room, for a "nicer" room, or for additional food (as examples), the additional charge is considered in-kind income for shelter or food. Assisted living facilities and group homes are not residential medical facilities. (Room and board charges paid to residential medical facilities, such as nursing homes, are considered to be medical expenses.)

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