



COMBINED MEDICAID 502-1 Earned Income

Supersedes: CMA 502-1 (07/01/16)

Reference: ARM 37.82.101, .903; 42 CFR 435.601; 20 CFR 416 sub-part K

Overview: All earned income the filing unit receives is considered when determining Medicaid eligibility. All earned income, whether countable or excluded per policy is entered into the eligibility system.

ADVANCES ON WAGES:

Count advanced wages in the month the advance is expected. **NOTE:** Exclude the amount withheld from subsequent pay to repay the advance, even if the advance wasn't counted when received.

AMERICORPS/AMERICORPS VISTA:

ACA: Count AmeriCorps VISTA, AmeriCorps State and National and AmeriCorps NCCC payments.

ABD and Family Medically Needy: Exclude AmeriCorps VISTA, AmeriCorps State and National and AmeriCorps NCCC payments.

ATTENDANT CARE PAYMENT:

Count attendant care pay only to the person who earns it. **NOTE:** Exclude attendant care pay paid to the disabled/elderly household member receiving the care; it is considered a reimbursement.

BONUS PAY:

Count bonus pay that can be prospectively received in the month received.

CHILDREN'S EARNED INCOME:

ACA: Student status has no bearing on whether a child's earned income is counted or excluded. Count earned income of \$6,300 or more per year. Exclude earned income less than \$6,300 per year (for 2015 tax year).

Family Medically Needy: Exclude a dependent child's earned income when the child is attending school (any attendance at school qualifies the child as a student). Count the earnings if the child is not attending school.

ABD: Countable. If the child is a disabled student, refer to the following: Exclude a disabled student

under age 22's earnings of up to \$1820 per month up to a maximum of \$7350 per calendar year for 2018.

COMMISSION:

Count commissions that can be prospected. Count commissions received less often than monthly over period intended to cover). **NOTE:** Commissions are earned by and obligated to the wage earner; bonuses are not (see 'Bonus' caption).

CONTRACTUAL INCOME:

Count contractual income over the contract period.

ACA NOTE: When tax returns are the only verification provided, the amount is always averaged over 12 months.

EXAMPLE: A teacher's 12-month contract is paid in nine monthly payments; the income is averaged over 12 months. The income is averaged over 9 months if the contract is for 9 months, even if the income represents the household's only annual income.

DISPLACED HOMEMAKER:

Count State Displaced Homemaker program earnings.

DOMESTIC VOLUNTEER SERVICE ACT:

ACA: Count all Domestic Volunteer Service Act payments.

ABD and Family Medically Needy: Exclude the following payments:

- RSVP – Retired Senior Volunteer Program;
- Foster Grandparents Program;
- SCORE – Service Corps of Retired Executives;
- ACE – Active Corps of Executives;
- Senior Companion Program.

GARNISHMENTS DEDUCTED FROM WAGES:

ACA: Count the gross income amount.

ABD and Family Medically Needy: Count the gross wages when garnished for a debt. Count the net amount when wages are reduced for a previous advance.

ABD and Family Medically Needy: Payment of a legally obligated child support debt is an allowable expense. See CMA 602-1.

GOVERNMENT TRAINING ALLOWANCES:

ACA: Countable if taxed.

ABD and Family Medically Needy: Count or exclude based on the specific funding source.

INDIVIDUAL DEVELOPMENT ACCOUNTS:

Exclude funds withdrawn from a TANF-funded IDA. Exclude interest earned on an IDA.

IRREGULAR/INFREQUENT INCOME:

ACA: Count or exclude based on income type (e.g. gifts, contributions, etc.)

ABD and Family Medically Needy: Count any amount of income that can reasonably be prospected.

JURY DUTY:

ACA: Countable, unless the client verifies they gave the payment to their employer.

ABD and Family Medically Needy: Count jury duty paid over a period of days or weeks at a specific rate (e.g., \$15 per day) when it can be prospected.

Exclude jury duty pay when it meets the definition of either irregular/infrequent income or a reimbursement, and when the client verifies they gave the payment to their employer.

LUMP SUM PAYMENTS:

ACA: Count taxable lump sum payments.

ABD and Family Medically Needy: Count lump sum payments that can be prospected, unless received from an excluded source. Payments are countable income in the month received and a resource the following month, if retained.

Examples of lump sum payments include:

- Severance pay or sick leave; (see sections 501-1 and 502-1)
- Income tax refunds;
- Rebates or credit refunds;
- Crop insurance proceeds; (see section 503-1)
- Retroactive Social Security, retroactive SSI, retroactive TANF or Tribal TANF, retroactive Railroad Retirement or insurance settlements;
- One-time or installment lottery payments;
- Windfall or other one-time payments.

MILITARY PAY:

ACA: Exclude Combat Pay; count other earned military pay.

ABD and Family Medically Needy: Count earned military pay. See section CMA 501-1 for Veteran's Benefits and Military Allowances.

OLDER AMERICANS ACT:

Count income earned under Title V of the Older Americans Act of 1987, including:

- Experience Works aka Green Thumb;
- Forest Service;
- American Association of Retired People (AARP);
- National Council on Aging; and
- National Council of Senior Citizens.

PLAN FOR ACHIEVING SELF-SUPPORT (PASS):

Exclude income paid to an SSI recipient under a PASS during the period the PASS is effective.

ROYALTY INCOME:

Countable. Royalties received as part of a trade or business, or as the result of an individual's work being published is countable earned income. All other royalties are countable unearned income. Expenses can only be deducted from earned royalties when the income is derived from a current self-employment business. Royalty income is counted when received; recurrent payments may be averaged to prospect future payments.

SALE OF BODILY FLUIDS:

ACA: Excluded

ABD and Family Medically Needy: Count earned income received from the sale of blood, blood plasma or other bodily fluids.

SEVERENCE PAY:

Counted in the month received.

SICK LEAVE/ VACATION PAY:

ACA: Sick leave or vacation paid after job termination is severance pay (earned income).

ABD and Family Medically Needy: Sick leave paid out more than six months after job termination is countable unearned income. Sick leave paid out within six months of job termination is countable earned income in the month received.

All Medicaid Programs: Sick leave or vacation pay received while still employed is wages.

ABD and Family Medically Needy: Vacation paid after job termination is severance pay (earned income).

TAX REFUND OR CREDIT:

ACA: Exclude Federal Income Tax refunds and Earned Income Tax Credit payments; Count State Income Tax refunds included on State Income Tax returns.

ABD and Family Medically Needy: Exclude State and Federal income tax refunds and Earned Income Tax Credit payments.

TIPS:

Countable.

VENDOR PAYMENTS (AKA IN-KIND):

See 'Vendor Payments' in Section 501-1 for additional information. See 'Bartering' in Section 503-1 for policy regarding in-kind services exchanged between two or more self-employment businesses.

ACA: Exclude vendor payments/in-kind income, unless it is taxable. Count taxable vendor/in-kind income. **ACA Exception:** Special rules apply to clergy; exclude income designated for housing that is included in their pay.

ABD: Count as vendor payments/in-kind income only those vendor payment/in-kind benefits received in the form of food or shelter or as something that can be used to get food or shelter (e.g. Walmart or other prepaid card that can be used to buy food).

ABD: Earned Vendor/In-kind benefits (food or shelter) are those benefits provided to an employee who has the option of either receiving in-kind benefits or increased wages.

ABD Vendor/In-kind Benefit Value – see 'Vendor Payments' in 501-1 for how to value vendor/in-kind benefits.

ABD and Family Medically Needy: Vendor/in-kind income is not included in any deeming process.

Count earnings owed or otherwise payable to the household when diverted to a third party for a household expense (e.g., employer diverts \$200 of wages to employee's landlord for rent).

WAGES:

Count gross wages, including salary and commission.

WORK STUDY INCOME:

ACA: Countable.

ABD and Family Medically Needy: Exclude all educational income, including work study, when directly related to attendance at an institution of higher education.

WORKFORCE INNOVATION AND OPPORTUNITY ACT (WIOA):

The Workforce Innovation and Opportunity Act (WIOA) replaced the Workforce Investment ACT (WIA).

ACA: Countable.

ABD and Family Medically Needy: Exclude all Workforce Innovation and Opportunity Act (WIOA) payments, including Work Experience (WEX) and On-the-Job Training (OJT).

Count wages a client receives under OJT; WIOA OJT payments reimburse the employer for the client's wages, but do not actually pay the wages.

Effective Date: January 01, 2018