

Department of Public Health
and Human Services

Section:
ELIGIBILITY & BENEFIT
DETERMINATION

MEDICAL ASSISTANCE

Subject:
Income Computation for Individuals
and Couples

Supersedes: MA 603-1 (01/01/14)

References: 42 CFR 435.831; 20 CFR 416 Subpart K; ARM 37.82.101, .903, .1106
and .1107

GENERAL RULE--To determine whether an Aged/Blind/Disabled
Medicaid applicant is income eligible for:

1. Categorically needy coverage, the individual's or couple's total countable income is compared to the appropriate Categorically Needy Income Standard (MA 001); or

NOTE: Categorically needy eligible recipients do not have a spend down obligation.

2. Medically needy coverage, the individual or couple's total countable income is compared to the appropriate Medically Needy Income Level (MA 002).

**TOTAL
COUNTABLE
INCOME**

Total countable income is the gross amount of income received, or reasonably anticipated to be received, during the month, minus appropriate income disregards.

NOTE: To determine whether income is countable, refer to the "Income" sections of this manual.

**INCOME
DISREGARDS**

Reduce gross income by the following disregards as appropriate:

1. a \$20 general income disregard;

NOTE: The \$20 general income disregard is used to first reduce unearned income. When unearned income is less than \$20, the remaining portion must be applied toward earned income.

2. a \$65 work expense for each eligible or deemed wage earner;
3. one-half of the earned income remaining after the \$65 work expense(s) has been deducted;
4. court-ordered child support actually paid in the benefit month up to the full amount of the court-ordered obligation; and

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5. court-ordered alimony actually paid in the benefit month, up to the full amount of the court-ordered obligation.

**► INELIGIBLE
CHILD
ALLOCATION**

When deeming from spouse to spouse, the ineligible spouse receives an ineligible child allocation for each ineligible child residing in the couple's home. The ineligible child must be related to the ineligible spouse as a child or stepchild and must be under age 21. The ineligible child allocation is the difference between the SPA (see MA 011) for one and two, less the ineligible child's own income. However, the earnings of an ineligible child under age 18 or a dependent student between 18 and 21 will be reduced by up to \$1780 per month up to a maximum of \$7180 per calendar year prior to offsetting that child's ineligible child allocation. (See explanation of this process and definition of a student in MA 502-1, "Earned Income of Children".)

**INCOME
COMPUTATION
FOR AN
INDIVIDUAL**

Income eligibility for a single adult living in the community (non-institutionalized), a waiver spouse, or the eligible non-waiver spouse of a waiver recipient is determined as follows:

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|-----|---|---|
| 1. | | Unearned income |
| 2. | - | <u>General income disregard</u> |
| 3. | = | Countable unearned income |
| 4. | | Earned income |
| 5. | - | General income disregard balance (if any, from line 2) |
| 6. | - | <u>\$65 earned income disregard</u> |
| 7. | = | Remainder |
| 8. | - | <u>½ remainder</u> |
| 9. | = | Countable earned income |
| 10. | | Total countable income (Line 3 + 9) |
| 11. | - | <u>Standard Payment Amount for one (MA 011)</u> |
| 12. | = | If line 12 is more than \$0 , continue to line 13. |

If line 12 is \$0 or less, individual is categorically needy, and has no spend down. STOP.

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|-----|---|--|
| 13. | | Total countable income (Line 10) |
| 14. | - | MNIL for one (MA 002) |
| 15. | - | <u>Medically Needy Income Deduction (see MA 002)</u> |
| 16. | = | Spend down obligation |

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**INCOME
COMPUTATION
FOR AN ELIGIBLE
COUPLE**

Income eligibility for an eligible couple living in the community (non-institutionalized, neither on waiver) is determined as follows:

COMPUTATION FOR ELIGIBLE COUPLE

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|-----|---|---|
| 1. | | Unearned income of couple |
| 2. | - | <u>General income disregard</u> |
| 3. | = | Countable unearned income |
| 4. | | Earned income of eligible couple |
| 5. | - | General income disregard balance (if any, from line 2) |
| 6. | - | <u>\$65 earned income disregard for each wage earner</u> |
| 7. | = | Remainder |
| 8. | - | <u>½ remainder</u> |
| 9. | = | Countable earned income |
| 10. | | Total countable income (Line 3 + 9) |
| 11. | - | <u>Standard Payment Amount for two (MA 011)</u> |
| 12. | = | If line 12 is more than \$0 , continue to line 13. |

If line 12 is \$0 or less, couple is categorically needy and has no spend down. STOP.

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|-----|---|--|
| 13. | | Total countable income (Line 10) |
| 14. | - | MNIL for two (MA 002) |
| 15. | - | <u>Medically Needy Income Deduction (see MA 002)</u> |
| 16. | = | Spend down obligation |

If one member of the couple is receiving SSI cash benefits and neither is a HCBS waiver recipient or nursing home resident, the non-SSI spouse should not have a spend down. If one spouse is receiving HCBS or residing in a nursing home, the community spouse may have a spend down if not receiving SSI him/herself. CHIMES will handle this situation correctly with no manipulation or 'special processing' by the eligibility case manager.

NOTE: When one member of a couple is receiving Medicaid due to 1619b eligibility, and the non-1619b spouse is also applying for Medicaid, the 1619b spouse will be open as an SSI recipient. The non-1619b spouse may have a spend down.

**INCOME
COMPUTATION
FOR AN ELIGIBLE
SPOUSE**

Income eligibility for an eligible spouse living in the community (non-institutionalized, non-waiver) with his/her ineligible spouse is determined as follows:

Calculation to determine whether to deem income from the ineligible spouse:

1. Gross unearned income of ineligible spouse
2. - Ineligible child(ren) allocation (see caption above)
3. = Countable unearned income of ineligible spouse

**The allocation for each ineligible child is equal to the difference between the SPA (see MA 011) for one and two people living in the community minus the child's own gross income. No allocation is allowed for children receiving public assistance benefits, such as TANF cash assistance, SSI or BIA GA.

4. Gross earned income of ineligible spouse
5. - Remaining ineligible child(ren) allocation not offset by unearned income
6. = Countable earned income of ineligible spouse
7. Countable unearned income of ineligible spouse (line 3)
8. + Countable earned income of ineligible spouse (line 6)
9. = Total countable income of ineligible spouse
10. - The difference between the SPA for a couple and an individual
11. = **If line 11 is more than \$0, proceed to line 31.**

If line #11 is \$0 or less, there is no countable deemed income from the ineligible spouse to the eligible spouse. Proceed to line **12**.

Calculation of eligibility for eligible spouse with no deeming

If line #11 was \$0 or less, and no income is deemed from the ineligible spouse to the eligible spouse:

12. Gross unearned income of the eligible spouse
13. - \$20 general income disregard
14. = Countable unearned income of eligible spouse
15. Gross earned income of the eligible spouse
16. - General income disregard balance (if any, from line 13)
17. - \$65 earned income disregard
18. = Remainder
19. - ½ remainder
20. = Countable earned income of eligible spouse

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21. Countable unearned income of eligible spouse (line 14)
 22. + Countable earned income of eligible spouse (line 20)
 23. = Total countable income of eligible spouse

24. Total countable income of eligible spouse
 25. - Categorically Needy Standard for one (MA 001)
 26. = **If line 26 is more than \$0, continue to line 27.**

If line 26 is \$0 or less, the eligible spouse is categorically needy and has no spend down. STOP.

27. Total countable income (Line 10)
 28. - MNIL for one (MA 002)
 29. - Medically Needy Income Deduction (see MA 002)
 30. = Spend down obligation
 Only medical expenses of the eligible spouse can be used to meet the spend down obligation. STOP.

Calculation of eligibility for eligible spouse with deeming from ineligible spouse:

31. Gross unearned income of eligible spouse
 32. Countable unearned income of ineligible spouse (line 3)
 33. - \$20 general income disregard
 34. = Countable unearned income of couple

35. Gross earned income of eligible spouse
 36. + Countable earned income of ineligible spouse (line 6)
 37. - General income disregard balance (if any, from line 32)
 38. - \$65 earned income disregard for each wage earner
 39. = Remainder
 40. - $\frac{1}{2}$ remainder

41. = Countable earned income of couple
 42. Countable unearned income of couple (line 33)
 43. + Countable earned income of couple (line 40)
 44. = Total countable income of couple

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45. Total countable income of couple
 46. - Categorically Needy Standard for two (MA 001)
 47. = **If line 46 is more than \$0, continue to line 47.**

If line 46 is \$0 or less, eligible spouse is categorically needy and has no spend down. STOP.

48. Total countable income of couple (line 44)
 49. - MNIL for a couple (M002)

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50. - Medically Needy Income Deduction (see MA 002)
51. = Spend down obligation

Medical expenses of both spouses can be used to meet the spend down obligation.

**INCOME
ELIGIBILITY
COMPUTATION
LIVING IN AN
INSTITUTION**

Processing guidelines for institutionalized individuals and spouses are found in the MA 900 section, based on the appropriate institutional setting.

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