

Department of Public Health
and Human Services

Section:
ELIGIBILITY & BENEFIT
DETERMINATION

MEDICAL ASSISTANCE

Subject:
Income Computation for a Child with
Parent(s)

Supersedes: MA 603-2 (01/01/14)

References: 42 CFR 435.822; ARM 37.82.101, .903, .1107; 20 CFR 416.1160, .1165, .1166, and .1168

GENERAL RULE--When a blind or disabled child (not receiving an SSI cash payment) is living with his/her parent(s), a portion of the parents' income may be deemed available to the child, and counted as unearned income to the child in determining eligibility.

To determine whether the child is income eligible for:

1. Categorically needy coverage, the child's total countable income is compared to the Standard Payment Amount (See MA 011) for one person; or

NOTE: Categorically needy eligible clients do not have a spend down obligation.
2. Medically needy coverage, the child's total countable income is compared to the Medically Needy Income Level (MNIL) for one person.

NOTE: Medically needy coverage will begin after the client has satisfied the spend down obligation.

A parent is a natural, adoptive or step-parent.

**INELIGIBLE
CHILD
ALLOCATION**



When deeming from parent to child, the parent receives an ineligible child allocation for each ineligible child residing in the parent's home. The ineligible child must be related to the ineligible deemed parent 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".)

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Parent(s)**CHILD WITH
INELIGIBLE
PARENT(S)
STEP I:**

Compute the income eligibility for a disabled child with an ineligible parent(s) as follows:

PARENT'S UNEARNED INCOME

1. + Parent(s)' gross unearned income
2. - Ineligible child(ren) allocation
3. = Remaining unearned income

NOTE: See "Ineligible Child Allocation" caption above.

STEP II:**PARENT'S EARNED INCOME**

4. Parent(s)' earned income
5. - Remaining allocation from #2 not offset by parent(s)'
unearned income
6. = Remaining earned income

STEP III:**PARENT'S INCOME TO BE DEEMED TO CHILD**

7. Remaining unearned income (#3 above)
8. - General income disregard (\$20 max.)
9. Countable Unearned Income
10. Remaining earned income (#6 above)
11. - Balance of general income disregard (if any)
12. - Earned income disregard (\$65 max. per parent wage earner)
13. = Subtotal
14. - One-half (1/2) of subtotal
15. = Countable earned income
16. Total countable income (line 9 + 15)
17. - Living allowance for ineligible parents (1 parent = SPA for
an individual; 2 parents = SPA for a couple)
18. = Income to be deemed
19. ÷ Divide by number of **eligible** (disabled minor) children
20. = Parental income deemed to each eligible child.

NOTE: If income is deemed from a parent to a disabled child, that parent's medical expenses are also allowable to offset a medically needy spend down for that child. If parent's income deems to more than one child, the medical bills of that parent must also be disbursed among the children; the same medical expense for that parent cannot be used to offset each spend down (in other words, the same bill cannot be used more than once).

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STEP IV: ELIGIBLE CHILD'S COUNTABLE INCOME

21.		Income deemed from parent(s) (line 20)
22.	+	<u>Child's gross unearned income</u>
23.	=	Total unearned income
24.	-	<u>General income disregard (\$20 Max.)</u>
25.	=	Countable unearned income
26.		Child's gross earned income
27.	-	Disregard for earned income of a student (if applicable)
28.	-	Balance of general income disregard
29.	-	<u>Earned income disregard (\$65 Max.)</u>
30.	=	Subtotal
31.	-	<u>One-half (1/2) of subtotal</u>
32.	=	Countable earned income
33.		Countable unearned income (line 25)
34.	+	<u>Countable earned income (line 32)</u>
35.	=	Total countable income

STEP V: CATEGORICALLY NEEDY ELIGIBILITY

36.		Total countable income (line 35)
37.	-	<u>Categorically Need Standard for one (MA 001)</u>
38.	=	If line 38 is \$0 or less, child is categorically needy. STOP.

If line 38 is more than \$0, continue to Step VI.

STEP VI: MEDICALLY NEEDY ELIGIBILITY

39.		Total countable income (line 35)
41.	-	MNIL for 1 person (MA 002)
40.	-	<u>Medically Needy Income Deduction (see MA 002)</u>
42.	=	Spend Down obligation

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