




Section 3

Module 3: Financial Rules



27

Eligibility: Who Makes the Call?

“Screening” for Eligibility	“Determining” Eligibility
<ul style="list-style-type: none">Seeing if someone <i>might</i> qualifyAnyone can do this	<ul style="list-style-type: none">Deciding if someone <i>does</i> qualifyONLY done by eligibility worker at Local Department of Social Services (LDSS)

28

Financial Rules: Resources

Section 3

29

Resources

- One of the key ways the ABD covered groups differ from the Modified Adjusted Gross Income (MAGI) covered groups (for children, pregnant individuals, and Medicaid Expansion adults) is that ABD groups include a **resource test**
- Screening someone for eligibility in an ABD category is complex, since it involves **assessing**:
 - **Situation** (e.g., institutionalization, Auxiliary Grant or SSI recipient, or former recipient), AND
 - **Resources**, AND
 - **Income**

Section 3

30

What is a Resource?

- **Anything that the applicant:**
 - Owns, AND
 - Has the ability to convert to cash, AND
 - Is not legally restricted from using.
- **This may include:**
 - Cash
 - Real Property (with many exceptions/exclusions)
 - Personal Property (with many exceptions/exclusions)
- Most resources are countable in the **month following the month in which they are received, and any months thereafter.**
- If an applicant is resource-eligible for **one day during a month**, s/he is resource-eligible for the whole month.

Section 3

31

Resource Examples

- **Cash**
- **Personal Property**
 - Checking, savings accounts, or Certificates of Deposit (CD)
 - Cash Value of Life Insurance
 - Burial Accounts
 - Annuities, stocks, or bonds
 - Deeds of trust or trust funds
 - Automobiles
 - Jewelry and personal effects
- **Real Property**
 - Home and/or Mobile Home
 - Land, and Water/Mineral/Timber rights
 - Undivided Estates
 - Life Interests
 - Cemetery Plots

Section 3

32

Whose Resources Count?

- ☛ Defining the “Assistance Unit” (AU) for ABD Resources can be tricky!
 - An applicant is part of an **AU of 1** if s/he is:
 - Single, OR
 - Married but separated, OR
 - Institutionalized (*Nursing Facility, Hospice, or Community-Based Care*)
 - An applicant is only looked at as an **AU of 2** if s/he is:
 - Married **and** living with his/her spouse, **and**
 - Not institutionalized (*including in hospice or receiving community-based care, or is becoming institutionalized*).
- ☛ An applicant can have a different AU size for Resources than s/he does for Income

Section 3

33

Resource Limits by Category: Full-Benefit Programs

Category	Countable Resource Limit	
	Individual	Couple
ABD ≤ 80% FPL	\$2,000	\$3,000
Individual Receiving SSI		
300% of SSI <i>(Nursing Home, Community Based Care, or Hospice)</i>		

Section 3; Handout

34

Resource Limits by Category: Medicare Savings Programs

MSP Category	Countable Resource Limit	
	Individual	Couple
Qualified Medicare Beneficiary (QMB)	\$9,090	\$13,630
Special Low-Income Medicare Beneficiary (SLMB)		
Qualified Individual (QI)	\$4,000	\$6,000
Qualified Disabled and Working Individual (QDWI)		

Section 3; Handout

35

Resources: Exclusions

- ⦿ Not all resources are countable, and some are only **partially** countable.
- ⦿ **Funds transferred** from one type of bank account to another do not get “double-counted” in the same month.
- ⦿ **Certain types of property that generate income** are excluded from being counted as resources.

Section 3; Handout

36

Resources: Applicant’s Home

- ⦿ In most cases, the applicant’s **home is not considered a countable resource**.
- ⦿ The **home may become a countable resource ONLY if**:
 - The applicant is **institutionalized** for 6 or more months, AND
 - The applicant **does not** plan to return home, AND
 - The applicant’s home **is not occupied** by a spouse or relative.
- ⦿ Contiguous property adjacent to the home is **not counted as a resource** in ABD≤80% FPL, and the MSPs (*QMB, QI, SLMB, and QDWI*).
 - Other categories all **exclude** \$5,000-worth of contiguous property.

Section 3

37

Resources: Other Exclusions

- ⦿ **Jewelry** and **household goods** are considered “personal effects” and are **not counted** as a resource.
- ⦿ **Burial spaces or plots** held for an applicant or family member are **not counted**.
- ⦿ Certain **real property may be excluded so long as**:
 - It cannot be sold without undue hardship on other owners, OR
 - An ongoing reasonable efforts are being made to sell it
- ⦿ Certain **federal compensation payments** (*for example: due to exposure to radiation and/or Agent Orange*) are excluded from someone’s countable resources. They are also excluded from income.

Section 3

38

Personal Property: Bank Accounts

Bank Accounts

- Owned by **one person**: **ALL** funds in the account count
- Owned by **more than one person (joint)**: funds in the account are **divided evenly across owners if all are applying (e.g., spouses)**.
 - If only **one** owner is applying, **ALL** funds in the account count unless applicant specifies they are unavailable to him/her.



Countable Value of a Bank Account

- The **LOWER** of:
 - Balance **before** any income is deposited during the month, **OR**
 - The **ending balance**, minus any income deposited during the month.

Section 3

39

Personal Property: Life Insurance

Life Insurance is counted as a resource ONLY if:

- The insured person is 21 years old or older, AND
- The face value of the policy(*ies*) insuring that person is >\$1,500, AND
- The applicant is the owner of the policy

If all of the above are true, THEN the cash-surrender value of the life insurance (*value during insured's lifetime*) is counted.

Note: Term life insurance has no cash-surrender value, so would not be a countable resource.

If a portion of cash-surrender value is held as a burial trust or fund, \$3,500 of that portion is not a countable resource.

Section 3

40

Personal Property: Motor Vehicles

Vehicles include cars, trucks, boats, and even animals if they are used primarily for transportation

One vehicle per household is excluded from being counted as a resource.

If the applicant owns 2+ vehicles, the vehicle with the highest equity value is excluded.

For all other vehicles, the equity value is the countable value: equity value = current market value – amount owed.

Section 3

41

Financial Rules: Income

Section 3

42

What is Income?

- Eligibility is based on **monthly income**. **Income** is either cash, or cash-related items, including:
 - Checks
 - Money orders
 - Electronic fund transfers
- The following are **not considered income**:
 - Medical, personal, and social services
 - Capital gains
 - Rebates/refunds
 - Proceeds on a loan
 - Income tax refunds and credits
 - Bills paid by a third party
 - Erroneous payments (*if refunded in the same or following month*)
 - Employer contributions that are not wages (*example: employer contribution to a retirement plan*)

Section 3

43

What Income is Counted?

- **Certain items that are not counted in MAGI Medicaid categories may count as income for ABD eligibility:**
 - Worker’s compensation
 - Certain Veteran’s Administration Benefits
 - Child support received
 - Gifts and inheritances
 - Life insurance proceeds
- **\$20 “disregard” applies**
- **Income is broken into 2 types: earned and unearned**
- **Certain income exclusions apply to MSPs, ABD ≤80% FPL, MEDICAIDWORKS, and Protected Cases that do not apply to the 300% of SSI groups.**

Section 3

44

Earned Income

☛ Includes income earned directly from a business or employment:

- Wages
- Net earnings from self-employment (*NESE*)
- Earnings from work in a sheltered workshop
- Royalties earned in connection with work
- Honoraria (*payment, reward, or donation in consideration of services rendered, when no payment can be enforced*)

☛ A significant portion of earned income is **automatically excluded** from the income eligibility calculation for ABD \leq 80% FPL and the Medicare Savings Plans:

- Subtract **\$65**
- Divide the remainder in half
- If any portion of earned income is either infrequent or irregular, subtract **\$10** from it.

Section 3

45

Determining Monthly Job Income

Apply conversion factors based on pay frequency to calculate monthly income figures.

- ☛ If income is **weekly**, multiply the average weekly income by **4.3**
- ☛ If income is **bi-weekly** (every two weeks), multiply the average bi-weekly income by **2.15**
- ☛ If income is **twice monthly** (on 1st and 15th), multiply the average semi-monthly income by **2**
- ☛ If income is **monthly**, use the figure reported
- ☛ If income is irregular, use average income over a 3-month period

Section 3

46

Unearned Income

☛ Includes any countable income that is not considered "earned" income, including:

- Pensions
- Annuities
- Retirement
- Disability payments
- Alimony and support payments
- Dividends and interest
- Rents received

☛ A **\$20 "disregard"** is excluded from the income eligibility calculation. If there is both earned and unearned income, this disregard applies to the unearned income.

Section 3

47

Income Exclusions & Deductions (except for 300% of SSI Groups)

Excluded:

- Supplemental Security Income (SSI) lump sums and monthly payments
- Auxiliary Grant (AG) payments
- Temporary Assistance for Needy Families (TANF) payments
- Foster Care Maintenance payments
- Virginia Fuel Assistance Program payments
- Income Tax Refunds
- Earned Income Tax Credit (EITC)

Deducted:

- Blind Work Expenses (BWE)
- Impairment-Related Work Expenses (IRWE)
- Income used to fulfill an approved Plan to Achieve Self-Support (PASS)

Section 3; Handout

48

Income Eligibility Limits for Full-Benefit Covered Groups

Category	Countable Income Limit	
	Individual	Couple
ABD ≤ 80% FPL	\$972	\$1,315
Individual Receiving SSI or Auxiliary Grant	*Automatically income-qualified*	
"Protected Cases" (includes former SSI recipients, etc.)	\$914*	\$1,371*
300% of SSI (Nursing Home, Community Based Care, or Hospice)	\$2,742	N/A

Section 3

49


Income Eligibility Limits for Medicare Savings Plans

MSP Category	Countable Income Limit*	
	Individual	Couple
Qualified Medicare Beneficiary (QMB)	\$1,215	\$1,644
Special Low-Income Medicare Beneficiary (SLMB)	\$1,458	\$1,972
Qualified Individual (QI)	\$1,641	\$2,219
Qualified Disabled and Working Individual (QDWI)	\$2,430	\$3,287

Section 3; Handout

50

Income Example: Jeffrey




Jeffrey, who is blind, receives **\$336 per month in unearned income**. He works part-time and is paid around **\$150 per week**, on average.

He has a service animal, and this animal's expenses, plus his other **Blind Work Expenses total \$100 per month**.

Jeffrey is **not institutionalized, and is not in hospice or receiving Community Based Care**.

51

Income Example: Jeffrey



Jeffrey, who is blind, receives **\$336 per month in unearned income**.


This unearned income, unless it is listed in the income exclusions in M0815, is countable, **minus** a \$20 disregard.

So, Jeffrey's countable unearned income is...

\$316/month

52

Income Example: Jeffrey



He works part-time and is paid around **\$150 per week**, on average.

We need to convert Jeffrey's weekly average income to a monthly figure. To do this, we multiply it by 4.3. This gives Jeffrey a monthly earned income of \$645 before deductions.

BUT WAIT! We need to apply earned income disregards!	\$65 Earned Income Disregard: \$580, halved
	\$290 in earned income

53

Income Example: Jeffrey



He has a service animal, and this animal's expenses, plus his other **Blind Work Expenses** total **\$100 per month**.

\$290 in earned income, minus \$100 BWE

\$190/month in countable earned income + \$316 in countable unearned income

TOTAL COUNTABLE INCOME: \$506

54

Resource Example: Janet and Bob

Janet and Bob have been happily married for 50 years(!). **Neither is institutionalized, in hospice, or receiving Community-Based Care.**

They both live in their home, **valued at \$300,000**. They have **2 vehicles: one with an equity value of \$15,000, and the other with equity value of \$800.**

They have one bank account, **whose countable resource value is \$500**. They also have term life insurance policies, each of which has a **face-value of \$2,000**.



55
