STATE OF IOWA DEPARTMENT OF
Health AND Human
SERVICES

March 8, 2024

GENERAL LETTER NO. 8-E-104

ISSUED BY: Iowa Medicaid

SUBJECT: Employees' Manual, Title 8, Chapter E, ***Medicaid Income***, Contents 1-3, revised; Contents 4, removed; 1, 6-8, 11, 32, 38-40, revised.

Summary

This chapter is revised to

- Add the 2024 Social Security cost-of-living adjustment (COLA) increase of 3.2 percent and update figures affected by the cost-of-living changes.
- Change the amount to exclude from a child student's earnings from $2,220 to $2,290 per month, not to exceed $9,230 per calendar year.

Effective Date

January 1, 2024.

Material Superseded

Remove the following pages from Employees' Manual, Title 8, Chapter E, and destroy them:

Page	Date
Contents 1-4	April 14, 2023
1, 6-8, 11, 32, 38-40	April 14, 2023

Additional Information

Refer questions about this general letter to your area income maintenance administrator.

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Overview

This chapter contains income policy information for both Non-MAGI-related and MAGI-related Medicaid coverage groups. General income policies regarding verification of income and income limits for Non-MAGI follow this overview.

Next, you will find the income policies for the Non-MAGI-related coverage groups. This section begins with an explanation of projecting income, joint ownership, and deeming.

The following section gives instructions on how to treat each type of income for Non-MAGI-related coverage groups, alphabetized by types. In-kind income, self-employment income, and veteran's affairs payments are described in separate sections because they are longer and more detailed. The last Non-MAGI-related section covers deductions.

The balance of the chapter contains the income policies for the MAGI-related coverage groups. This part begins with a section explaining the income limits and what income is considered. It also explains MAGI-related self-attested income, income exclusions, income verification, and budgeting procedures.

Verification of Income

Legal reference: 441 IAC 76 (Rules in Process)

For Non-MAGI-related Medicaid, any countable income received during the period of time for which income is being considered needs verified. See Projecting Future Income.

The client must provide requested verification. A client who provides a signed release to a specific individual or organization for specific information has met the requirement for supplying requested information or verification. The general release does not meet this requirement unless the client asks for help.

Verify all earned and unearned income. Require verification of income when it begins, changes, ends, is questionable, or when otherwise specifically required. A self-employed person must keep any records necessary to establish eligibility.

For MAGI-related Medicaid, refer to Income Verification under Income Policies for MAGI-Related Coverage Groups, later in this chapter.

Non-MAGI-Related Income Limits

Legal reference: 42 CFR 435, 20 CFR 416 Subpart D; 441 IAC 75 (Rules in Process)

The monthly countable income limits based on SSI are:

Single Person	Couple	300% of SSI Maximum Benefit
$943	$1,415	$2,829

The following sections explain:

- Deeming from an ineligible spouse.
- Deeming from an ineligible parent to an eligible child.

Deeming from an Ineligible Spouse

Legal reference: 20 CFR 416.1160, 20 CFR 416.1163

If the applicant's income is within program guidelines and an ineligible spouse lives in the same household, also consider the ineligible spouse's income to determine eligibility through the deeming process. An ineligible spouse is a spouse who is not eligible for SSI or Non-MAGI-related Medicaid, or State Supplementary Assistance.

When deeming income from an ineligible spouse:

1. Verify the ineligible spouse's unearned income. Subtract from the ineligible spouse's unearned income an allocation for each ineligible child. The allocation is $472 (the difference between the payment standard for a couple and the payment standard for one person), minus the child's income.

2. Verify the ineligible spouse's earned income. Subtract from the ineligible spouse's earned income any remaining balance of the ineligible child's allocation not subtracted from the ineligible spouse's unearned income.

3. Add the remaining unearned income and the remaining earned income of the ineligible spouse.

   If the total of the ineligible spouse's income is equal to or less than $472, there is no income available to be deemed to the applicant. Process as a one-person household.

   If the ineligible spouse's total remaining income is over $472, continue as follows.

4. Combine the applicant's unearned income and the ineligible spouse's remaining unearned income.

5. Combine the applicant's earned income and the ineligible spouse's remaining earned income.

6. If a $20 general income deduction is applicable to the coverage group being examined, subtract it first from the total countable unearned income. If the total countable unearned income is less than $20, subtract any unused portion of the $20 deduction from the total countable earned income, if any.

7. From the remaining earned income, subtract the impairment-related work expenses, the $65 work expense, and one-half of the remainder.

8. Add the earned and unearned income together to get the total countable income.

If the total countable income is less than the payment standard for a couple when at home, the applicant is eligible.

The applicant's SSI benefit will be the lesser of:

- The SSI benefit rate for an individual minus the applicant's own income, or
- The SSI benefit rate for a couple minus the couple's income.

> Mr. M has applied for Medicaid. He receives $1,000 in Social Security disability benefits and Medicare. Mrs. M receives a Social Security benefit of $400. They have two children, Y and Z. Each child receives $150 Social Security benefits.
>
> If Mr. M's own income makes him ineligible for SSI, it's not necessary to consider Mrs. M's income, except for Medically Needy, QMB, SLMB, E-SLMB, or QDWP.
>
> | | |
> |---|---|
> | $ 1,000.00 | Mr. M's unearned income |
> | - 20.00 | General income deduction |
> | $ 980.00 | |
>
> | | |
> |---|---|
> | $ 943.00 | SSI benefit for one person |
> | - 980.00 | Mr. M's countable income |
> | $ .00 | |
>
> Mr. M's income creates ineligibility for SSI. The worker moves to the deeming process for SSI-related Medically Needy:
>
> | | |
> |---|---|
> | $ 400.00 | Mrs. M's unearned income |
> | - 322.00 | Allocation for ineligible child X ($472 - $150 = $322) |
> | - 322.00 | Allocation for ineligible child Y ($472 - $150 = $322) |
> | $ .00 | Mrs. M's countable unearned income |
>
> $0 does not exceed $472. There is no income available to deem to Mr. M.
>
> Mr. M's countable income of $980 ($1,000 - 20) is compared to the Medically Needy income level (MNIL) for a household size of one to determine the spenddown amount, and to 100% of the federal poverty level for a household size of one to determine QMB eligibility.

Deeming from an Ineligible Parent to an Eligible Child

Legal reference: 20 CFR 416.1160, 20 CFR 416.1165

When a child applicant is living in the same household with an ineligible parent, deem the ineligible parent's income when determining eligibility. Deem a stepparent's income to the child if the natural parent lives in the house with the stepparent and child.

If the child lives with a stepparent only, do not deem the stepparent's income to the child, but consider any food and shelter the stepparent provides to the child as in-kind support and maintenance. See In-Kind Support and Maintenance (ISM).

When deeming income from an ineligible parent or the spouse of an ineligible parent to a child:

1. Verify the ineligible person's unearned income. Subtract from the ineligible person's unearned income an allocation for each ineligible child. The allocation is $472 (the difference between the payment standard for a couple and the payment standard for one person), minus the child's income.
2. Subtract the $20 general income deduction from the unearned income.

3. Verify the ineligible person's earned income. Subtract from the ineligible person's earned income any remaining portion of the ineligible child's allocation that was not used to offset the ineligible person's unearned income.
4. Subtract from the earned income any balance of the $20 general income deduction that was not used to offset the unearned income.
5. Subtract the $65 standard work expense deduction and one-half of the remainder from the balance.
6. Combine the remaining earned income with the remaining unearned income.
7. Subtract an allocation for the ineligible parents or stepparent in the household. The remaining amount is the income available for deeming to the child.
   - For one ineligible parent, the allocation is equal to the SSI payment standard for one person.
   - For two ineligible parents or an ineligible parent with a spouse, the allocation is equal to the SSI payment standard for a couple.
8. Treat the income as unearned income for the child and, if applicable to the coverage group being examined, apply the $20 general income deduction.
9. Add any remaining countable earned income of the child.
10. Compare this amount with the payment standard for an individual to determine eligibility for the child.

NOTE: If there is more than one applicant child in the household, divide the parental income to be deemed equally among the children.

Client S, age 17, was living with her parents and two brothers before entering an RCF. She has no income of her own. Her father has earnings of $1,270 per month. Her brothers and mother have no income. The computation is as follows:

$ 1,270.00	Father's earned income
- 944.00	Allocation for ineligible children (2 x 472)
$ 326.00	
- 20.00	General income deduction
$ 306.00	
- 65.00	Work expense deduction
$ 241.00	
- 120.50	1/2 remainder
$ 120.50	
- 1,415.00	Parental exclusion
$ .00	Deemed income to Client S

Countable income of zero is less than the SSI payment standard for one person. As Client S has no income of her own, income eligibility exists for the retroactive period if she meets a category of eligibility for the retroactive period, as defined in 8-A, *Definitions*.

Child Student's Earnings
20 CFR 416.1112(c)(3), 20 CFR 416.1861

Exclude up to $2,290 per month of a student child's earnings, but not more than $9,230 per calendar year. When the income exceeds $2,290 per month or $9,230 per calendar year, count the excess, subject to the work expense deduction of $65 + 1/2.

See $65 Plus One-Half Deduction for coverage groups that do not receive the work expense deduction.

To qualify, the student must meet all of the following criteria:

- Under age 22.
- Not married.
- Not the head of the household.
- Regularly attending a school, college, or university or taking a course of technical training designed to prepare the student for employment. "Regularly attending school" means:
    - 12 hours a week for grades 7-12.
    - 8 hours a week for college or university studies.
    - 12 hours a week for technical training courses.
    - 15 hours a week for technical training courses with shop practice.

    A child can attend school less than the amount of time indicated above if reasons beyond the child's control justify the child's reduced credit load or attendance.

> Client M, a disabled child, is forced to limit vocational school attendance to one day a week due to the unavailability of transportation. Although he is enrolled for attendance of less than 12 hours per week, Client M qualifies as regularly attending school because the lack of transportation is a circumstance beyond his control.

Consider that a child who is a homebound student because of a disability is regularly attending school if the child is studying a course or courses given by a school (grades 7-12), college, university, or government agency at home, and a home visitor or tutor directs the studies.

Consider a child to be attending school during periods when school is not in session (such as summer vacation) when the child was regularly attending school before the break and intends on regularly attending when classes resume.

Count payments from Neighborhood Youth Corps, work-study, and similar programs as earned income.

Note: Refer to NJA0094, Income for the process to enter this type of income in ELIAS.

Sick Pay
20 CFR 416.1110

Sick pay is payment made to an employee by an employer or third party for sickness or accident disability. (Payments to an employee under a workers' compensation law are not sick pay.)

Verify the period of time that sick pay has been paid.

Count sick pay as earned income in the first six months of receipt unless the employer considers the income as unearned income. Contact the employer to determine how to consider sick pay. After six months, count sick pay as unearned income.

Social Security Payments

Count the gross amount of Social Security as unearned income.

If the person is paying for Medicare Part B, the gross amount of the Social Security payment has been adjusted to allow for an even dollar net amount.

For eligibility, count the gross amount of the Social Security that will be received when Medicare buy-in takes place. Round up to the next dollar amount only when buy-in would affect eligibility for a program.

For client participation, Medically Needy spenddown calculation, and MEPD premium calculations, count the gross amount of the Social Security as verified by the Social Security Administration. (Do not round.)

> Mr. A is an applicant for Medicaid. His gross Social Security benefit is $1,182.00. His Medicare premium is $174.70, so Mr. A's net check is $1,007.30.
>
> If Mr. A is approved, the state will "buy in" and pay his Medicare premium. Once buy-in occurs, Mr. A's check will increase to $1,182. ($1,007.30 + $174.70 = $1,182.00).
>
> In determining Medicaid eligibility for Mr. A, the worker considers income of $1,182, so that Mr. A's eligibility is determined based on the amount of income he will receive once buy-in occurs.
>
> In determining client participation, Medically Needy spenddown, or an MEPD premium, the worker uses Mr. A's income of $1,182.00 to calculate his benefits until after buy-in takes place.

The pro rata share of household operating expenses is the average monthly household operating expenses (based on a reasonable estimate, if exact figures are not available) divided by the number of people in the household, regardless of age.

The household operating expenses are the total monthly expenditures for food, rent, mortgage, property taxes, heating fuel, gas, electricity, water, sewage, and garbage collection service.

If the client receives ISM only in the form of food, use only the household's food expenses in calculating the client's pro rata share of household expenses. If the client eats meals separately from the household, use only the household's shelter expenses in calculating the client's pro rata share of household expenses.

When to Apply the Value of One-Third Reduction (VTR) Rule

Legal reference: 20 CFR 416.1131

Apply the "value of one-third reduction" (VTR) rule to in-kind support and maintenance received when a client lives the whole month in another person's household and receives **both** food and shelter from that person. If the client is living in the client's own household, use the "presumed maximum value rule."

Under the VTR rule, the value of in-kind support and maintenance is one-third of the SSI benefit rate (currently $314.33). If a married couple lives in another person's household, use one-third of the SSI benefit rate for a couple ($471.66).

The VTR amount always applies in full. Count this amount in the same way as if it were unearned income received in cash. Do not apply the $20 general income exclusion to in-kind support and maintenance valued according to the VTR rule.

An SSI recipient who receives in-kind support and maintenance valued according to the VTR method will have that income reflected on the SDX as income type "J."

1. Mr. G, a Medicaid member, lives with his friend, Mr. F, in a home owned by Mr. F. Mr. G has Social Security income of $500 but does not contribute any of his income towards the household's operating expenses. Mr. F provides Mr. G with both food and shelter.

   Because Mr. G is living in the home of another (Mr. F) and receives both food and shelter from Mr. F, he is receiving ISM income that should be valued according to the VTR method. The IM worker determines that Mr. G has countable in-kind support and maintenance income of $314.33 (one-third of the SSI benefit rate).

2. Mr. S, a Medicaid member, lives with his adult son in a home owned by his son. His son also provides Mr. S's meals. Mr. S's pro rata share of the household's operating expenses is $200. However, Mr. S contributes only $100 per month towards the household's operating expenses.

   Although Mr. S is contributing towards the household expenses, he is not paying a pro rata share. Therefore, he is considered to be living in another person's household. His son provides him both food and shelter.

   Mr. S is receiving the in-kind support and maintenance that is valued according to the VTR method. This means that he has countable in-kind support and maintenance income of $314.33.

3. Same as Example 2, except that Mr. S receives food assistance. Because his son is not providing both shelter and food, the VTR method does not apply. Mr. S's in-kind support and maintenance is valued according to the PMV method.

When to Apply the Presumed Maximum Value Rule (PMV)

Legal reference: 20 CFR 416.1140

Whenever a person receives in-kind support and maintenance that must be counted, but the one-third-reduction rule does not apply, use the presumed maximum value (PMV) rule. Under the PMV method, the maximum in-kind support and maintenance amount is presumed to be $334.33 (one-third of the SSI benefit rate plus $20).

Situations in which the PMV method is used include:

- A client living in another person's household, but not receiving both food and shelter.
- A client living in the client's own household and receiving in-kind support and maintenance.

Give clients an opportunity to show that the actual market value of their support and maintenance is less than the presumed maximum value. The actual market value is the client's pro rata share of household expenses minus the client's actual contribution. If the client verifies that the actual market value is less than $334.33, use the actual market value as the monthly income.

In-kind support and maintenance received by an SSI recipient that is valued according to the PMV rule is reflected under unearned income as income type “H.”

1. Mr. G, a Medicaid member, lives with his friend, Mr. F. Mr. G has Social Security income of $700 but does not contribute any of his income towards the household’s operating expenses. Mr. F provides Mr. G with shelter, but Mr. G provides his own food. The household’s expenses, other than food, total $700.

   Because Mr. G does not receive both food and shelter from Mr. F, the in-kind support and maintenance income received is valued according to the PMV method and not the VTR method. (Mr. G’s pro rata share of the household’s operating expenses (not including food) is $350.)

   The difference between Mr. G’s pro rata share ($350) and his contribution ($0) is greater than the presumed maximum value amount of $334.33. The IM worker uses countable in-kind support and maintenance income of $334.33 (one-third of the SSI benefit rate + $20) to determine Mr. G’s Medicaid eligibility.

2. Mr. S, a Medicaid member, lives with his adult son in a home owned by his son. Mr. S purchases and eats his meals separately from his son. Mr. S’s pro rata share of the household’s $400 operating expenses (not including food) is $200. Mr. S’s actual contribution towards the household’s operating expenses is $75 per month.

   Although Mr. S is not paying a pro rata share of the household expenses, he is not receiving both food and shelter from his son. Therefore, Mr. S’s ISM is valued according to the PMV method. The actual value of Mr. S’s ISM is $125 ($200 minus $75). Because this is less than the presumed maximum value, the countable ISM income is $125.

3. Ms. L, a Medicaid member, lives alone in her own home. Her father helps her by paying her gas and electric bill of $80 per month. (Payments are made directly to the utility company.)

   Because Ms. L lives in her own home, the PMV method of determining in-kind income (for the payment of utilities) is used. Because the actual value of the in-kind support and maintenance received is less than the presumed maximum value, the countable in-kind support and maintenance income is $80.