STATE OF IOWA DEPARTMENT OF
Health AND Human
SERVICES

Employees' Manual
Title 8, Chapter E

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Medicaid Income

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"Durable" medical equipment is medical equipment that:

- Can withstand repeated use.
- Is primarily used to serve a medical purpose.
- Is generally not useful to a person who does not have the illness or injury.

The following types of equipment are **not** deductible unless a physician verifies that the equipment is necessary to control the disabling condition:

- Portable room heater.
- Air conditioner.
- Humidifier or dehumidifier.
- Electric air cleaner.
- Posture chair.
- Physical fitness equipment, such as an exercise bicycle.

If the expense was incurred within 11 months before receiving the earned income (i.e., because of a different job) and has not already been deducted as an impairment-related work expense, the client can choose either to:

- Prorate the expense over 12 months after receiving earned income, or
- Use the deduction in the first month of earned income.

Modified Vehicles

Legal reference: 20 CFR 416.976(c)(6)

Deduct the cost of modifying an impaired person's vehicle. A physician must verify that the person is unable to use public transportation and requires the special modifications in order to get to and from work. Also, the person must pay the cost of the modification before it can be deducted.

Deduct the actual cost paid to make structural or operational modifications to a vehicle in order to drive it, or be driven in it, to work. Do not deduct the cost of the vehicle.

Deduct mileage allowance for operating costs based on the weight of the empty vehicle according to the chart below. Operating cost includes gas and oil, maintenance, parts, tires, tolls, parking, insurance, and state and federal taxes.

Cost of Owning and Operating Automobiles, Vans, and Light Trucks - 2001
Cents Per Mile *

Size	Cost **	Characteristics ***
Subcompact	32.2	4 cylinder, Avg MPG = 32
Compact	42.3	4 cylinder, Avg MPG = 23
Intermediate	46.9	6 cylinder, Avg MPG = 20
Full-Size Vehicle	51.1	6 cylinder, Avg MPG = 19
Compact Pickup	40.2	4 cylinder, Avg MPG = 18
Full-Size Pickup	47.7	8 cylinder, Avg MPG = 13
Compact Utility	45.6	4 cylinder, Avg MPG = 15
Intermediate Utility	51.4	6 cylinder, Avg MPG = 15
Full-size Utility	52.9	8 cylinder, Avg MPG = 13
Mini-Van	50.7	6 cylinder, Avg MPG = 17
Full-Size Van	52.0	6 cylinder, Avg MPG = 13

* Total costs over 5 years, based on 70,000 miles.
** Includes depreciation, financing, insurance, registration fees, taxes, fuel maintenance, and repairs.
*** Average MPG reflect city, excluding highway. Source: Federal Highway Administration estimates based on the 2001 editions of *The Complete Car Cost Guide* and *Complete Small Truck Guide* from Intellichoice, Inc., and sales figures from *Automotive News*.

Multiply the number of round trip miles to work by the rate per mile. Multiply that times the number of trips per month to determine the monthly deduction.

A person who uses a modified vehicle to get to work may be entitled to a mileage allowance and modification cost allowance even if the person is able to use public transportation to get to work.

Driver Assistance, Taxicab or Other Hired Vehicles

Legal reference: 20 CFR 416.976(c)(6)

If a person’s impairment requires the person to use driver assistance, taxicabs, or other hired vehicles in order to get to and from work, deduct the fee paid to the driver. If the impaired person’s own vehicle is used, allow a deduction for both the driver cost and the vehicle operating costs. Use the same mileage allowance rates for vehicles operating costs that are used for Modified Vehicles.

A deduction for driver assistance, taxicabs, or other hired vehicles is allowable only if:

- Public transportation is not available in the person’s community or if
- Public transportation is available but the person is unable to use it because of the person’s impairment.

> Ms. S is employed as a computer technician. She cannot take public transportation. The cost of a driver of $70 per month and the rate allowed for her type of vehicle are deducted. The rate is $.295 per mile because her car is a 1989 compact.
>
> The worker allows the charge for the driver and the mileage to and from Ms. S's home. The round-trip mileage is 5 miles per day. In a month with 20 working days, Ms. S is allowed $99.50 in transportation expenses [$70 for the driver and $29.50 for mileage ($.295 x 5 x 20)].

Own Unmodified Vehicles

Legal reference: 20 CFR 416.976(6)

Allow a deduction for vehicle operating costs if:

- The impaired person drives the person's own unmodified vehicles to and from work and
- Public transportation is unavailable in the person's community or the impaired person is unable to use public transportation because of the person's impairment.

Use the same mileage allowance rates for vehicle operating costs that are used for Modified Vehicles.

Deduction for Work Expenses for the Blind

Legal reference: 20 CFR 415.1112(c)(8)

A person who qualifies for SSI because of blindness is **not eligible** for the deduction for impairment-related expenses but may deduct the ordinary and necessary expenses of earning income. If the blind person's spouse is also eligible because of blindness, each spouse is eligible for this deduction.

Blind people who are 65 or over are **not** eligible for this exclusion unless they were either:

- Receiving SSI payments because of blindness in the month before they turned 65, or
- Converted to SSI from the Aid to the Blind program in effect in 1974.

Examples of ordinary and necessary work expenses include those related to:

- Transportation to and from work such as the actual cost of bus or cab fare, cane travel instructions, a seeing eye dog and the dog's expenses, or private automobile (15¢ per mile).
- Actual cost of job improvement training such as computer programming training.
- Job performance items such as:
  - Braille instruction and translation of material into Braille, readers.
  - Child care costs (if not otherwise provided).
  - Equipment needed on the job or tools used in the trade (e.g., for homebound work) due to blindness.
  - Instructions in grammar.

- Meals.
- Professional association dues that are work-related, licenses, union dues.
- Prostheses needed for work even though not related to blindness.
- Optical aids.
- Safety shoes and uniforms and the care of them.
- Income taxes (federal, state, local) and FICA self-employment taxes.
- A wheelchair if necessary due to other disabilities.

The amount deducted cannot be more than the amount of earned income for the period. Do not carry unused deductions over to another quarter.

The client must keep records of work expenses and verify the expenses. If transportation and meal expenses appear reasonable, accept them without verification.

Deduction for Plan for Achieving Self-Support

Legal reference: 20 CFR 416.1112, 20 CFR 416.1180, 20 CFR 416.1181,

Deduct the income of a blind or disabled client under the age of 65 if that income is needed to fulfill a Plan for Achieving Self-Support (PASS). People 65 or over get this deduction only if they were receiving SSI-related eligibility because of blindness or disability in the month before they turned 65.

Check the SDX when a client states that a plan for achieving self-support exists. When other clients have a plan, it is verified by the social worker.

Subtract the income deduction for a PASS from a client's countable income after all other applicable deductions, such as the $20 general income deduction and the $65 and 1/2 deduction.

Income Policies for MAGI-Related Coverage Groups

Legal reference: 42 CFR 435.603, 441 IAC 75 (Rules in Process)

Definitions

Legal reference: 441 IAC 75 (Rules in Process)

"Modified Adjusted Gross Income" means the tax-based methodology to determine income eligibility and household size for family-related and other coverage groups. It is also known under the acronym "MAGI."

"Reasonable Compatibility" means the standard by which the total attested countable income for each person's household size is compared with the total amount from available Electronic Data Sources used by DHS. In order for attested income to meet the standards for 'reasonable compatibility' it must meet one of three criteria:

- Both the total attested income and the total income from the Electronic Data Sources are above, at, or below the applicable income limit for Medicaid or HAWK-I, or
- The total attested income is within 10% of the total income from Electronic Data Sources, or
- The total attested income exceeds the total income from electronic data sources.

If the attested income meets any of the reasonable compatibility criteria, the income is considered to be verified. "Reasonably compatible" is another term used in place of "reasonable compatibility" and carries the same meaning as "reasonable compatibility".

MAGI-Related Income Limits

Legal reference: 441 IAC 75 (Rules in Process)

Effective January 1, 2014, the following income limits apply to the MAGI-related Medicaid coverage groups specified below, as identified by the legal references provided:

Coverage Group	Legal Reference	Household Size (persons)	Income Limit (per month)
Family Medical Assistance Program	441 IAC 75.3(1); 42 C.F.R. Part 435.110 and 435.118; Title XIX of the Social Security Act, Section 1931	1	$447
		2	$716
		3	$872
		4	$1,033
		5	$1,177
		6	$1,330
		7	$1,481
		8	$1,633
		9	$1,784
		10	$1,950
		over 10	$1,950 plus $178 for each additional person
Mothers and Children, for pregnant women and for infants under one year of age	441 IAC 75.3(2); 42 C.F.R. Part 435.116 and 435.118; Title XIX of the Social Security Act, Section 1902	375% of the federal poverty level for the household	
Mothers and Children, for children aged 1 through 18 year	441 IAC 75.3(2); 42 C.F.R. Part 435.118; Title XIX of the Social Security Act, Section 1902	167% of the federal poverty level for the household	

Coverage Group	Legal Reference	Household Size (persons)	Income Limit (per month)
Medicaid for Independent Young Adults	441 IAC 75.3(13); Title XIX of the Social Security Act, Section 1902(a)(10)(A)(ii)(VII)	254% of the federal poverty level for the household	
Iowa Health and Wellness Plan (IHAWP)	441 IAC 74.4	133 percent of the federal poverty level for the household size, as of the date of a decision on initial or ongoing eligibility	

Self-Attested Income

Legal reference: 42 CFR 435.603(h)(3), 42 CFR 435.945

Enter all self-attested income, earned and unearned, using the amount and frequency as reported by the client, unless otherwise directed.

Deductions that are not allowed:

- Add back the following income to determine countable income:
  - Non-taxable Social Security benefits
  - Tax-exempt interest
  - Foreign earned income & housing expenses for Americans living abroad

View the Income Verification Detail page to see if Title II income verification results were returned from EDS. The worker will need to enter the amount of Title II income returned from EDS, if different then the self-attested amount. The Title II income from EDS is considered verified. Title II income must be entered on a separate income record for each person receiving it. Do not combine multiple individual's Title II income amounts under one person. If one person receives more than one type of Title II income, they should be combined and entered on one income record.

For long term disability, the income that is equal to the percentage of the premium paid by the employer is countable for MAGI and Non-MAGI. The income equal to the percentage of the premium paid by the employee is not countable for MAGI but will be counted for Non- MAGI.

Income verification received that was not requested by the IM worker needs to be processed as a reported change.

After running EDBC for all available eligibility months and an over income denial is received for any applicant or household member for the month of application or the first month of a new review period, workers need to review the entered income for subsequent months. If eligibility may potentially occur due to a lower income amount, rescind the first month as ineligible and run EDBC.

When income verification is received in a frequency other than monthly, add all income in the time period being used together and divide by the number of pay periods in the time period

For both applications and reviews:

- If the client does not complete any part of an income section, assume there is no income of that type.
- When the client provides a monthly amount but the rest of this section is left blank, you can use this as the self-attested amount.
- When the client states they work a certain number of hours a week at a certain rate of pay, they have provided a self-attested amount.
- If the client leaves the income section blank and provides verification of that income type, you can use the verification provided as a self-attested amount.

When information provided at application, review or when a change is reported is not enough to reasonably determine a self–attested amount, clarification is needed. Clarification will need to be requested when:

- The client states they work a range of hours a week (e.g. 20-30 hours per week) and make a certain rate of pay per hour and does not provide a gross amount.
- The client states they work a certain number or a range of hours a week and the hourly rate varies based on job type (e.g. $7.50 an hour when hosting, $4.50 an hour when serving) and does not provide a gross amount.
- The client reports beginning employment and is unsure of the hours and rate of pay.
- The client provides the employers name and does not complete the rest of the income section.
- The client states they are receiving a type of unearned income (e.g. Unemployment, Social Security etc.) and does not list an amount.

When self-attested income cannot be determined based on information provided at application, review, or when a change is reported and the requested information is not provided, a non-compliance of 'failure to provide information' will be used to complete the negative action.

For clients attesting to Tips/Commissions via an e-App, assume the amount provided is consistent with the pay frequency listed for earnings, unless questionable.

When self-attested income is questionable and prudent person concept does not apply, reach out to the client for verification. Clearly document if prudent person was used.

When an application from the FFM lists an income frequency as irregular or infrequent, the worker must contact the household to obtain a self-attested income.

When the client has filled out the income/employment section on an application or review, or has submitted a change report and has self-attested income that cannot be determined, attempt to call the client to resolve/clarify a self-attested income amount that is indicative of future months. Document in WISE the reason for the call and the outcome. If the self-attested income is not indicative of future income, the income may need to be flattened. (See Flattening Income later in this chapter.)

Income Considered

Legal reference: 441 IAC 75.70, 441 IAC 75 (Rules in Process)

Income eligibility under MAGI-related Medicaid shall be determined using "modified adjusted gross income" (MAGI) for a coverage group that is subject to MAGI methodology, including the imposition of any premiums or cost sharing.

The total countable earned and unearned income of the applicant or member household shall be considered when determining initial and ongoing Medicaid eligibility for coverage groups that are subject to MAGI methodology. For eligibility to exist, the total countable monthly income of the applicant's or member's household must be at or below the income limit for the applicable coverage group.

MAGI-Related Household Member Income Exclusions

Legal reference: 441 IAC 75 (Rules in Process)

The income of a household member that meets the requirements of paragraph (a) or (b) below is excluded from the household's total countable income.

a. Income of children under age 19.

   (1) The income of a child under age 19 who are:

   - Included in the household of his or her parent (natural, adopted or step), and
   - Not expected to be required to file a federal tax return for the taxable year in which Medicaid is being determined, whether or not the child files a tax return.

   (2) Income of a child under age 19 with income of less than the threshold determined annually by the Internal Revenue Service is considered not to be expected to file.

b. Income of tax dependent other than spouse or child.

   (1) The income of a tax dependent other than a spouse or a child (natural, adopted or step) who is not expected to be required to file a federal tax return for the taxable year in which Medicaid is being determined is not included whether or not the dependent files a tax return.

   (2) A dependent with income of less than the threshold determined annually by the Internal Revenue Service is considered not to be expected to file.

   (3) Any cash support provided to the claimed dependent by the tax-filer.

Countable Income Under MAGI

Legal reference: 441 IAC 75 (Rules in Process)

For the purpose of determining initial and ongoing MAGI-related Medicaid eligibility, countable income is the amount that remains after allowable expenses and deductions have been subtracted from gross countable income.

The worker will not make this calculation outside of the system. When the self-attested income, allowable expenses, and deductions are entered into the system, the system will calculate the countable income.

Gross Countable Income

Gross countable income under MAGI includes income types that are considered as gross income for federal tax purposes except as specified under Income Types Excluded from Gross Income below. Gross income for the purpose of Medicaid eligibility under MAGI includes but is not limited to the following income types:

- Earned income, including salaries, wages, tips and other compensation for services, including fees, bonuses, commissions, fringe benefits such as sick pay, vacation pay, severance pay, and similar items. Also includes AmeriCorps income used for living expenses*, census earnings, child student earnings*, foreign earned income and housing expenses of a U.S. citizen or resident who lives abroad even though these types of income may not be taxable.
- Gross profit derived from a self-employment trade or business;
- Capital gains derived from dealings in assets or property;
- Interest (taxable and non-taxable);
- Rental income*, including room and board;
- Royalties, residuals;
- Taxable Dividends;
- Alimony and separate maintenance payments;
- Taxable annuities, pensions*, IRA distributions or withdrawals;
- Income from life insurance and endowment contracts;
- Retirement – Military, IPERS;
- Income from discharge of indebtedness;
- Distributive share of partnership or S-corporation gross income;
- Income in respect of a deceased person;
- Income from an interest in an estate or trust;
- Deemed sponsor income;
- Social security benefits (taxable and non-taxable);
- Disability payments, including government, private, temporary and permanent payments;
- Unemployment Insurance Benefits (UIB);
- Gambling winnings;
- Survivor's benefits;
- Strike pay;
- Blood/Plasma;

- Educational assistance used for general living expenses;
- Deferred comp;
- Court awards;
- Job Corps;
- Jury duty;
- Railroad retirement, disability, or survivors benefits;
- Senior Community Service Employment Program (SCSEP);
- Tribal gaming distributions;
- College work study;
- Youth Corps;
- Civil Service annuity or pension.*

*Refer to NJA0094, Income for additional process information.

Income Types Excluded From Gross Income

Income that meets the following criteria is not considered when determining countable gross income under MAGI-related Medicaid despite the fact that the income may be considered for federal tax purposes.

- An amount received as a non-recurring lump sum from a source that is considered in determining adjusted gross income for federal tax purposes (See **Countable Gross Income** above) is counted only in the month received for determining MAGI-related Medicaid eligibility. A non-recurring lump sum received from a source that is not considered in determining adjusted gross income for federal tax purposes is entirely excluded.
- Scholarships, awards, or fellowship grants used for education purposes and not for living expenses are excluded from income.
- American Indian/Alaska Native distributions.
- Student financial assistance provided under the Bureau of Indian Affairs education programs are excluded from income.
- Any other type of income that is not identified as countable (See Gross Countable Income above) and is not otherwise included in "adjusted gross income" for federal tax purposes.

Allowable Expenses

Expenses that are allowed as deductions from gross income when determining a person's adjusted gross income for federal tax purposes are subtracted from gross income as defined in Gross Countable Income and Income Types Excluded From Gross Income when determining countable income under MAGI-related Medicaid. These expenses can be claimed by individuals whether or not they plan to file a tax return.

Allowable expenses include:

- Educator expenses;
- Certain business expenses of reservists, performing artists, and fee-based government officials;
- Health savings account contributions;
- Moving expenses;
- Deductible part of self-employment tax;
- Contributions to self-employed Simplified Employee Pension (SEP), Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) and Qualified Plans;
- Self-employed health insurance contributions;
- Amount of penalty for early withdrawal of savings;
- Alimony payments;
- Certain Individual Retirement Account (IRA) contributions;
- Student loan interest expense;
- Qualified domestic production activities deduction;
- Expenses directly related with the conduct of a self-employment trade or business, including but not limited to depreciation and capital losses;
- Pre-tax contributions.

MAGI Income Deduction

An amount equal to 5 percent of the federal poverty level for the applicable household size shall be subtracted from the total monthly countable MAGI income amount when:

- An applicant's monthly MAGI income exceeds the highest income limit of all of the MAGI-related Medicaid coverage groups for which the applicant meets the categorical requirements, **and**
- Deducting the 5 percent results in the applicant's income being within the income limit of this MAGI-related Medicaid coverage group.

MAGI-Related Self-Employment

A person is considered self-employed if:

- The person carries on a trade or business with the goal of making a profit and the person is the sole proprietor of the trade or business, or
- The person is an independent contractor and the person paying for the work has the right to control or to direct only the result of the work and not how the work will be done.

Reported income losses allowable by the IRS must be subtracted from other income if indicative of current income. These losses can be used to offset any other type of income such as wages or pensions. Self-employment losses are allowable for both tax filers and non-filers.

ELIAS will not accept a negative amount on the Income page. If there is a loss, enter the self-employment amount as zero on the Income page and enter the loss on the Expense page as MAGI Moving Expenses. Make a Journal entry stating that the client has an allowable income loss of $XX.XX from (allowable type of loss).

If tax forms are provided, enter the business income or loss found on the tax form. **Note**: Also consider capital gains or losses and other gains or losses. If using ledgers to determine the business income or loss, use the net amount of income or losses provided.

If the self-employment has been in existence for less than a year, the net profit shall be averaged over the period of time the self-employment has been in existence and the monthly amount projected for ongoing eligibility.

If the self-employment has been in existence for such a short time that there is very little income information, the worker shall work with the household to establish a reasonable estimate that will be projected for ongoing eligibility.

When there is a change in the nature of the self-employment business or a permanent change in operating expenses, net profit must be recalculated based on the change.

Income Verification

Legal reference: 441 IAC 75 (Rules in Process)

The department shall consider an applicant's or member's attestation of their income as verified and use the attested income to determine eligibility when the attested amount is reasonably compatible with electronic data sources.

The department will not require the applicant or member to provide verification when attested income is reasonably compatible with electronic data sources or verification is available to the department from other sources.

When attested income is not reasonably compatible with electronic data sources, the applicant or member must provide verification of the income or provide a statement that reasonably explains the discrepancy between the attested income and electronic data sources.

Whether the income is self-employment or another income source, an attempt to verify self-attested through Electronic Data Sources is always done before using documentation provided by the applicant/member to verify income.

When Eligibility Determination and Benefits Calculation (EDBC) results require verification of income or expenses follow the applicable income verification process:

- No aid code verifications means the individual's self-attested income did not result in eligibility when running EDBC. The income must be worker verified.
- Deferred verifications means the individuals reported change in income or expenses did not result in eligibility when running EDBC. The income must be worker verified.

- When EDBC results in all household members being 'Denied Over Income' and there are **NO** expenses with a Not Verified status, accept the EDBC results and Save & Continue.
- When EDBC results in all household members being 'Denied Over Income' and there are expenses with a Not Verified Status, **do not** accept the EDBC results and cancel out prior to attempting to verify the expenses.
- Complete WAGE/DBRO/WISE Look Ups to assist you in determining what income sources require verification when an individual on the case is denied/discontinued for No Aid Code - Verification or Deferred Verifications. A look up is not to be completed before EDS and EDBC is completed.
- Electronic Data Look Up functionality available in ELIAS is only to be used as listed below under WAGE, DBRO, and WISE-SSA/SSI benefits when attempting to verify income for Medicaid ONLY.
- When an individual self-attests to zero income and income is found when completing WAGE/DBRO/WISE Look Ups, follow up with the individual to clear up the discrepancy. If the individual continues to self-attest to zero income the worker must verify and run EDBC. If the individual self-attests to an amount other than zero income, attempt to verify the new amount by running electronic data sources (EDS).
- When requesting self-employment income information, provide the client with examples of acceptable types of verification. Some examples are ledgers or income statements. A Federal Tax Return may be suggested along with another type of acceptable verification. Since providing a Federal Tax Return is only a suggestion, a client **cannot** be denied or discontinued if the form is not returned.
- When EDBC results require verification of income or expenses, complete the following look ups to complete the MAGI Income Verification process:
- WAGE – earned income. WAGE provides gross wages for an individual. The information found on this screen is not considered verified information. The information should be used only as an indicator that an individual may have wages that may require verification.
- DBRO – unemployment insurance benefits (UIB). DBRO provides information on unemployment insurance benefits. The information found on this screen is considered verified information. The countable monthly amount is determined by taking the remaining balance as of the 1st day of the month of application and new certification period or the first day of the month that the change can be acted on, if reported timely and acted on timely, and dividing by 12.

  When UIB is received in retroactive months, the remaining balance as of the first month of application is considered indicative for all months when UIB is received. Use it as of the month UIB began if in the retroactive period. Request actual income for retroactive months where UIB was not received.

  Review payments to determine issued UIB payments that should be included in the remaining balance. To determine the date of receipt of a UIB payment for the individual, if the Pay Code column displays an issuance code of:

  - W – Warrant; add 2 workdays to the number of calendar days listed in the 'P'
  - D – Direct Deposit; add 4 workdays to the Issue Date
  - DC – Debit Card; add 3 workdays to the Issue Date

When UIB ends in the month of application, the first month of a new certification period, or in the month of change, use the balance divided by 12 for the first month of the application, new certification period, or the month the change becomes effective (i.e. The first month change can be acted on if reported timely and acted on timely) and $0 UIB for ongoing months.

- WISE – SSA/SSI benefits. Completing a look up in WISE provides SSA/SSI information, if available, for an individual and includes the amount of disability or retirement benefits or Supplemental Security Income. The SSA/SSI benefit amount information returned from a WISE look up is considered verified.

  Refer to the WISE User Guide found on the Field IM SharePoint for more information on completing look ups.

UIB or SSA/SSI

Use this option when UIB or SSA/SSI has been worker verified using DBRO or completing a WISE look up.

Client Self-Attests to Zero Income

Use this option whenever zero income is self-attested.

Other Income – Options 1-4

Other Income – Option 1

Use this option only if acceptable income verification is submitted with the application, review, or change report.

- "Acceptable" means it is consistent with other information provided by the client and indicative of future income.
- Use the prudent person concept to determine if the verification is acceptable.

Other Income – Option 2

Use this option only if income verification is not submitted with the application, review, or change report or is not acceptable and a Generic Release is on file.

NOTE: The Generic Release is not required when completing an Electronic Data Look Up in WISE.

If the Generic Release is not on file, see **Other Income - Option 3**.

Other Income – Option 3

Use this option only if income verification is not submitted with the application, review, or change report, or submitted information is not acceptable, or a Generic Release is not on file, or Electronic Data Look Up was not successful, or 3rd party did not verify.

Other Income – Option 4

If none of the three previous Other Income options result in verification of income or apply to your situation, as a last resort, request income verification from the individual as follows:

- Create and send a request for information using WISE Forms. Prior to creating the request for information, determine if expenses need to be included in the request.
- Upload the request for information to catalog.
- Narrate and track in WISE.
- Reassign case in ELIAS, if applicable.
- Upload and catalog any documents.
- End.

Refer to NJA0069, Verifying Income and Expenses for the steps on how to enter each source of Other Income.

MAGI-Related Budgeting Procedures for Determining Financial Eligibility

Legal reference: 441 IAC 75 (Rules in Process)

Initial and ongoing financial eligibility under MAGI-related Medicaid is based on current monthly household income and family size with consideration given to any anticipated changes or fluctuation in income or expenses. Total countable earned and unearned income of all persons in the applicant or member household after applicable expenses and deductions is considered in determining financial eligibility under MAGI-related Medicaid.

Current Monthly Household Income

Both initial and ongoing eligibility shall be based on current monthly income when current income and any applicable expenses is a good indicator of future income except when the income is unemployment insurance benefits as described below.

Change in Current Month's income

If the household indicates that current countable income is not indicative of future income due to a change that is reasonably expected to occur in the current or next month, the amount of monthly income used for initial and ongoing eligibility shall be calculated based on the change. When the anticipated change is with unemployment insurance benefits, income shall be budgeted as described below.

Unemployment Insurance Benefits (UIB)

When current income includes unemployment insurance benefits (UIB), the monthly amount of UIB income used for initial and ongoing eligibility shall be determined by annualizing the remaining balance according to the applicable item below:

- For applicants, the monthly amount is determined by using the remaining balance as of the 1st day of the month in which the application was filed and dividing the balance by 12. If the UIB will end in the application month, the annualized amount will be used for the application month only and no UIB income will be used for months thereafter.
- For members in the review process, the monthly amount is determined by using the remaining balance as of the 1st day of the month of the new certification period and dividing the balance by 12. If the UIB will end in the first month of the new certification period, the annualized amount will be used for the first month and no UIB income will be used for months thereafter.
- For members reporting a change and not due for review, the monthly amount is determined by using the remaining balance as of the 1st day of the month in which the change can be acted upon.

Recurring Lump-Sum Income

Recurring lump-sum earned and unearned income, except for the income of the self-employed, shall be prorated over the number of months for which the income was received and applied to the eligibility determination for the same number of months.

- Income received by an individual employed under a contract shall be prorated over the period of the contract.
- Income received at periodic intervals or intermittently shall be prorated over the period covered by the income and applied to the eligibility determination for the same number of months. EXCEPTION: Periodic or intermittent income from self-employment shall be treated as described in **Self-employment income** below.
- Applicable expenses and deductions shall be applied to the monthly prorated income. Income is prorated when a recurring lump sum is received at any time.

Projecting Future Income

When income received weekly or biweekly (once every two weeks) is projected for future months, it shall be projected by adding all income received in the time period being used and dividing the result by the number of instances of income received in that time period. The result shall be multiplied by four if the income is received weekly, or by two if the income is received biweekly, regardless of the number of weekly or biweekly payments to be made in future months.

Change in Circumstances

When a change in circumstances that is required to be timely reported by the client is not reported as required, eligibility shall be re-determined beginning with the month following the month in which the change occurred. All other changes shall be acted upon when they are reported or otherwise become known to the department, allowing for a ten-day notice of adverse action, if required.

Adding/Removing a Person

In any month for which a person is determined eligible to be added to a currently active MAGI-related Medicaid household, the person's needs and income shall be considered as of the date the change is reported. When it is reported that a person is anticipated to enter the home, the date to add the person shall be no earlier than the date the person actually begins to live in the household or the date of report, whichever is later.

A person who is a member of a Medicaid household and who is determined to be ineligible for Medicaid shall be discontinued prospectively effective the first of the next month in which the timely notice requirements can be met.

Self-Employment Income

Countable self-employment income is the gross income less allowable expenses. Apply the policies in the following paragraphs when self-employment income is received before the month of decision and is expected to continue after Medical assistance is approved. Countable income from self-employment not received on a regular weekly, biweekly, semimonthly or monthly basis that represents a person's annual income shall be annualized to arrive at the monthly amount to be used to determine eligibility. Countable self-employment income is the gross income less allowable expenses.

When a self-employment enterprise which does not produce a regular weekly, biweekly, semimonthly or monthly income has been in existence for less than a year, income shall be averaged over the period of time the enterprise has been in existence to arrive at a projected monthly amount to be used to determine eligibility. If the enterprise has been in existence for such a short time that there is very little income information or income in the period of time is not a good indicator of future income, the worker shall establish, with the cooperation of the applicant or member, a reasonable estimate of the projected monthly income to be used for eligibility.

Self-employment income and/or the cost of producing self-employment income (expenses) may change. A change in self-employment income and expenses are defined as follows:

- Change in self-employment income is a change that will result in a significant change in the person's annual income.
- Change in self-employment expenses is an established, permanent, ongoing change in the operating expenses of a self-employment enterprise that will result in a significant change in the person's annual net income.

When an applicant or member reports that a change in self-employment income or expenses has occurred and the person's self-employment income has been annualized, the department shall recalculate the countable self-employment income on the basis of the change.

A change in operating expenses or income that occurs as a result of seasonal business fluctuations is not considered a change for this purpose.

Rounding Procedures

The following rounding procedures apply when determining countable MAGI income.

- In any calculation of income, drop to the nearest cent.
- When the monthly countable income is converted to a percentage of the federal poverty level and the resulting percentage is not a whole number, the federal poverty level percentage is always rounded up to the nearest percentage if the remainder is greater than zero.

Shared Living Arrangements

When an applicant or member shares living arrangements with another family or person, funds combined to meet mutual obligations for shelter and other basic needs are not income. Funds made available to the applicant or member exclusively for the applicant's or member's needs are considered income except any cash support provided to the claimed dependent by the tax-filer.

Flattening Income

When point-in-time income is not a good indicator of future income due to fluctuations in income or expenses, adjust the monthly self-attested income to a flattened/annualized amount.

This would include any countable income such as self-employment, wages, etc. Handle fluctuating income and expenses as follows:

- Annual income shall be prorated over 12 months.
- Income that fluctuates, such as income that is seasonal, shall be flattened by averaging the anticipated annual amount over 12 months.
- Self-employment income may be annualized using the flattening income process.
- In order to use an anticipated tax expense for self-employment to determine MAGI countable income, the applicant/participant will need to provide verification of the anticipated expense. Prudent person can be used to determine if the verification is sufficient. Tax expenses can be claimed by individuals whether or not they plan to file a tax return.
  - Allowable tax expenses include:
    - Car and truck expenses (for travel during workday, not commuting)
    - Depreciation
    - Employee wage and fringe benefits
    - Property, liability, or business interruption insurance
    - Interest (including mortgage paid to bank, etc.)

- Legal and professional services
- Rent or lease of business property or utilities
- Commissions, licenses, taxes, and fees
- Advertising
- Contract labor
- Repairs and maintenance
- Certain business travel and meals
- Deductible self-employment taxes
- Cost of self-employed health insurance
- Contributions to self-employed SEP, SIMPLE, or qualified retirement plan

Give the client the opportunity to clarify why income is not a good indicator of future income. Document in WISE the reason for the call and the response. Send a request for information if no response from the client. The request should also inform the client that they may also provide verification of anticipated income. However, verification cannot be required at this point.

If clarification of income is requested but not provided a non-compliance of 'failure to provide information' will be used to complete the negative action.