10.6 GENERAL INCOME INFORMATION FOR MEDICAID COVERAGE GROUPS

The following sections contain income information about most Medicaid coverage groups. AD TBI and I/DD Waiver cases are included in Chapter 17, along with information about individuals receiving nursing home and ICF/MR services. Also not found in the following sections, is income information about children who receive Adoption Assistance or Foster Care payments. These cases are the responsibility of the Office of Social Services.

A. UNCOMPENSATED TRANSFERS OF INCOME

When any Medicaid recipient is receiving nursing home or ICF/MR services or is a member of an AD, TBI or I/DD Waiver AG (See Chapter 17), a penalty may be applied for an uncompensated transfer of resources, including income or a stream of income. The policy and procedures related to this process are explained in Chapter 17.

The policy applies only to uncompensated transfers which occurred on or after 8/11/93.

B. BUDGETING METHOD

NOTE: Treatment of the income of persons employed under an annual contract and of migrant farm workers with seasonal employment requires special instructions. Consult the Table of Contents for Special Situations for each Medicaid coverage group, for those employed under an annual contract. The SNAP requirements of migrant farm workers have no bearing on any Medicaid coverage group.

Unless information to the contrary is shown in the remaining sections of this Chapter, the following method is used to determine income for the certification period or period of consideration (POC).

Eligibility is determined on a monthly basis. Therefore, it is necessary to determine a monthly amount of income to count for the eligibility period. The following information applies to earned and unearned income.

For all cases, the Worker must determine the amount of income that can be reasonably anticipated for the AG. For all cases, income is projected*; past income is used only when it reflects the income the client reasonably expects to receive.

***NOTE:** There are two exceptions to this. They are found below in EXCEPTION: Use of Actual Income.

1. Methods For Reasonably Anticipating Income

   There are 2 methods for reasonably anticipating the income the client expects to receive. One method uses past income and the other method uses future income. Both methods may be used for the same AG for the same certification period because the method used varies with the circumstances of each source of income. The situations which prompt usage of one or the other method are listed below. More details are contained in the following items.

   Use past income only when both of the following conditions exist for a source of income:

   - Income from the source is expected to continue into the certification period or POC; and

   - The amount of income from the same source is expected to be more or less the same.

   NOTE: For these purposes, the same source of earned income means income from the same employer, not just the continued receipt of earned income.

   Use future income when either of the following conditions exist for a source of income:

   - Income from a new source is expected to be received in the certification period or POC; or

   - The rate of pay or the number of hours worked for an old source is expected to change during the certification period or POC.

NOTE: For these purposes, a new source of earned income means income from a different employer. Income that normally fluctuates does not require use of future income. Future income is used for old sources only when the hourly, weekly, monthly, etc. rate of pay changes or the number of hours worked during a pay period increases or decreases permanently.

EXAMPLE: The T family members have the following income: Mr. Thas earnings that fluctuate greatly from week to week. He expects no change in his earnings. Mrs. T was earning a substantial monthly salary, but was laid off last week. She will begin work next week at a job that pays $7.25/hr. She does not know how many hours she will work, but her employer has told her she will work a minimum of 20 hrs/wk. Mr. T's income is anticipated by using his past income as an indication of what he can expect to receive in the certification period. Mrs. T's income from an old source cannot be used because it will not be received in the upcoming certification period. Instead, the Worker must anticipate what her future earnings will be based on the best information available at the time. Mr. T's source of income meets the requirements for using past income to anticipate the future income, but Mrs. T's source is new and must be projected.

2. Consideration Of Past Income

It is necessary to consider information about the client's income sources before the Worker can decide which income to use. The Worker must follow the steps below for each old income source.

NOTE: When the amount of an anticipated income source is determined by use of an income tax return, it is not necessary to change the method by which that income source is anticipated at each redetermination prior to the next tax return, unless the anticipated income from that source for the upcoming certification period is expected to change.

NOTE: For the use of year-to-date amounts on pay stubs, see Section 4.2.

Step 1: Determine the amount of income received by all persons in the Income Group in the 30 calendar days prior to the application/redetermination date.

The appropriate time period is determined by counting back 30 days beginning with the calendar day prior to the date of application/redetermination. The income from this 30-day period is the minimum amount of income which must be considered. When, in the Worker's judgment, future income may be more reasonably anticipated by considering the income from a longer period of time, the Worker considers income for the time period he determines to be reasonable. Whether the Worker considers income from the prior 30 days, or from a longer period of time, all of the income received from that source during that time period must be considered. All pay periods during the appropriate time period must be considered and must be consecutive.

Step 2: Determine if the income from the previous 30 days is reasonably expected to continue into the new certification period or POC.

If it is not expected to continue, the income from this source is no longer considered for use in the new certification period or POC.

If it is expected to continue, determine if the amount is reasonably expected to be more or less the same. If so, the income source is used for the new certification period or POC and treated according to How To Use Past and Future Income below. If it is not expected to continue at more or less the same amount, the income source is used for the new certification period or POC and treated according to Consideration of Future Income below.

Step 3: Record the results of Step 2, including the amount of income, why the source is or is not being considered for the new certification period or POC, the client's statement about continuation of the income from this source, the time period used, and, if more than the previous 30 days, the reason additional income was considered.

Once the Worker has determined all of the old sources of income to consider and the time period for which they are considered, he must then determine if any source should be considered for future income.

3. Consideration Of Future Income

When the client reasonably expects to receive income from a new source during the new certification period or POC, or when the amount of income from an old source is expected to change, the Worker must consider the income which can be reasonably expected to be received.

NOTE: When the amount of income or the date of receipt cannot be reasonably anticipated, income from that source is not considered until the necessary information can be obtained. See Step 2 below.

Step 1: Determine if the Income Group expects to receive income from a new source, or expects a different amount from an old source, in the new certification period or POC.

If not, none of the following steps are necessary. However, the Worker must record the client's statement that he does not expected income from a new source.

Step 2: Determine the amount of income the client can be reasonably expected to receive from the new source, or the new amount from the old source.

If the amount of income cannot be reasonably anticipated, none of the following steps are necessary and income from this source is not considered for the new certification period or POC. The Worker must record the client's statement that he expects income from a new source or that the amount from an old source will change. In addition, the Worker must record why the amount of income cannot be reasonably anticipated and information about all the attempts made to determine the amount.

When it is possible to reasonably anticipate a range of income, the minimum amount that can be anticipated is used.

EXAMPLE: A client is scheduled to start work in February, the month following the month of application. He knows he will earn $8.50/hour, but is not sure how many hours he will work. The Worker verifies through the employer that he will work 30-40 hours/week. The Worker anticipates the income by using 30 hours, the minimum number of hours he is expected to work .

Step 3: Determine when the client can be reasonably expected to receive income from the new source or the changed amount from the old source.

If the date of receipt cannot be reasonably anticipated, income from this source is not considered. The Worker must record the client's statement that he expects income from a new source or a change in the amount from an old source. In addition, the Worker must record why the date of receipt cannot be anticipated and information about attempts made to determine the date of receipt.

Step 4: When the amount and date of receipt can be anticipated, the Worker treats the income according to How To Use Past and Future Income below.

The Worker must record how the amount and date of receipt were projected.

4. How To Use Past And Future Income

Once the Worker determines all of the income sources which are to be considered for use, the amount of monthly income is determined as follows, based on the frequency of receipt and whether the amount is stable or fluctuates.

NOTE: Some past income will never be used. When income from an old source is not expected to continue into the new certification period or POC, it will never be used. In addition, some future income will never be used. When income from a new source is received but could not have been anticipated, that income is not used.

When the ***Frequency*** of Receipt is:	When the ***Amount*** is ***Stable***	When the ***Amount Fluctuates******
Monthly	Use ***Actual*** Monthly Amount	Use ***Average**** Monthly Amount
More Often than Monthly	***Convert*** Amount/period to Monthly Amount	Find ***Average****** Amount/period and ***Convert*** to Monthly Amount
Less Often than Monthly	***Prorate*** to Find Amount for Intended Period. If Not Monthly, ***Convert or Prorate*** Amount	***Prorate*** to Find Amount for Intended Period. If Not Monthly, ***Convert or Prorate*** Amount

***NOTE:** The purpose of finding an average amount of fluctuating income is to even out the highs and lows in the amount of income. The client is not, then, required to report fluctuating income each pay period and the Worker is not required to change income monthly. Should the client report fluctuations in the amount of income, the Worker is only required to recalculate the countable income when, in his judgment, the fluctuation will affect eligibility. All changes reported by the client must be considered, but not necessarily used. Reported changes must be recorded and the Worker must record why the reported income was or was not used.

Conversion of income to a monthly amount is accomplished by multiplying an actual or average amount as follows:

- Weekly amount x 4.3
- Bi-weekly amount (every 2 weeks) x 2.15
- Semi-monthly (twice/month) x 2

Proration of income to determine a monthly amount is accomplished by dividing the amount received by the number of time periods it is intended to cover as follows:

- Bi-monthly amount (2 months) ÷ 2
- Quarterly amount (3 months) ÷ 3
- Semi-annual amount (twice/year) ÷ 6
- Annual amount ÷ 12
- 6-week amount ÷ 6 and converted to monthly amount by using x 4.3
- 8-week amount ÷ 8 and converted to monthly amount by using x 4.3

EXAMPLE: A woman begins working on the 2nd Monday of a month. She earns $200/wk and is paid every Friday. Her average weekly pay is $200. For the 1st month she has earnings, she expects to be paid 3 times. Her income for the month is $200 x 3 = $600. A change must be made for the anticipated income from the 2nd month of her employment.

EXAMPLE: Family of 4. The man works and earns a monthly salary of $300. His wife works part-time and is paid weekly. She earns $7.25/hr., but the number of hours she works fluctuates each week. His mother receives $150 every 3 months from the mineral rights to some property she owns out of state. His son just received a disability insurance check in the amount of $420 for the past 6 weeks. Income is determined as follows:

Monthly Pay, Amount Stable = $300 Salary = Monthly Amount

More Often, Amount Fluctuates = $7.25/hr. x Average No. Hours/week x 4.3 Monthly Amount

Less Often = $150 ÷ 3 Mos. = Monthly Amount

Less Often = $420 ÷ 6 Wks. x 4.3 Wks. = Monthly Amount

5. **EXCEPTION:** Use Of Actual Income

There are two exceptions to the rules in items 1 - 4 above. It applies to both applicants and recipients and requires use of actual income instead of conversion or proration of it.

a. Applicants

(1) Terminated Income

When an income source terminates in the month of application or in the 30 days prior to the date of application, income from this source must not be converted to a monthly amount. Instead, the Worker must use the actual amount already received from the terminated source in the month of application plus the amount expected to be received from this source later in the month of application. This is the amount used as income for the month of application. Income from this source for the past 30 days or from the month of application must not be used to convert the terminated income to a monthly amount.

EXAMPLE: A client applies on September 10th. His job ended on August 31st. He was paid on that date, but still has another pay due him on September 15th. Because the income is from a terminated source, the income from this source cannot be converted. Instead, the amount already received in the month of application ($0) plus the amount expected to be received on September 15th are used to determine his eligibility for the month of application.

(2) Backdated Eligibility Requested

When backdated Medicaid eligibility is requested, the actual income received in the month(s) prior to the month of application is used to determine eligibility. Income for the month of application and any months thereafter is determined according to the policy in items 1 through 4 above.

b. Recipients

When:

- A client reports the beginning or ending of a source of income; and

- The client is not expected to receive a full month's income, i.e., the appropriate number of payments within the month, income from this source must not be converted to a monthly amount.

Instead, the Worker must use the actual amount of income. If income from the source is ending, no income from the source is counted in future months. Income from this source for the past 30 days or from the current month must not be used to convert the terminated income to a monthly amount.

If the income from the source is beginning, the Worker must use income already received from the source plus the amount expected to be received from this source later in the month. This is the amount used as income for the month following the change. Income from this first month must not be used to convert the income to a monthly amount until the second month following the change.

6. Examples

The following are examples of methods to anticipate income, based on several different situations. The Worker must always base anticipated income on the individual situation, not solely on the information contained in the examples below.

EXAMPLE: An application is made on June 22nd. The client indicates that he is paid biweekly and he does not expect any change in his income. The Worker requests that the client provide information about pay received in the 30 days prior to June 22nd and uses this income to anticipate income for the certification period. The Worker records the client's statement about expecting no changes, as well as how the income was verified and the method used to convert the income to a monthly amount.

EXAMPLE: Same situation as previous example, except that the client indicates that his pay fluctuates each pay day and he expects this pattern to continue without any change in status, rate or source of income. After a discussion with the client, the Worker and client agree that 2 additional pay periods prior will provide enough information to reasonably anticipate income for the certification period. The Worker records the results of the discussion with the client, how the income was verified and the method used to convert the income to a monthly amount.

EXAMPLE: A redetermination is conducted on July 7th. The client indicates that he is paid weekly and his income fluctuates because his hours of work are unpredictable. He also states that beginning the following month, he will receive an increase in his hourly rate. The Worker requests that the client provide income for the 60 days prior to the redetermination date in order to anticipate the average number of hours the client works. He requests the information from the past 60 days because the Worker and the client agree that 60 days provides a good indication of the fluctuations in his income. The Worker uses the average number of hours the client works, based on the previous 60 days, but uses the new hourly pay rate to anticipate income for the new certification period or POC. The Worker records the client's statement about fluctuating hours, the new pay rate, how the number of hours was verified and calculated, how the new hourly rate was verified, why income from the previous 60 days was requested, and how the anticipated amount was calculated.

EXAMPLE: An application is made July 8th. The client indicates that he just began a new job 2 weeks prior to making application. He is paid weekly and has received 2 pays. He indicates that his employer has told him that, although his hourly rate will not increase in the near future, he can expect an increase in his hours after his training period is finished in 2 weeks. However, the increase in hours is dependent upon how much work is available and the increased number of hours is unpredictable. The Worker requests all income which the client has received from the new job prior to the date of application. This actual amount of income from the new source is counted for July, the month of application. Since the number of increased hours cannot be anticipated, the minimum number of hours, i.e., the amount he has worked each week for the first 2 weeks, is used to anticipate income for the certification period or POC. The Worker records how the income was verified and determined for the month of application, how the income was calculated for the months following the month of application.

EXAMPLE: An application is made June 26th and the client indicates that he began a new job the week prior to application. He is going to be paid biweekly and has not received a pay yet. He states that he will work 15 hours per week and receive $7.25 per hour. The client does not expect any changes in hours or rate of pay. The Worker requests a statement from the client's employer for the number of hours and hourly rate of pay and anticipates income for the certification period as follows:

$7.25	hourly rate
x30	hours for 2 weeks
$217.50	Anticipated biweekly pay
$217.50	
x2 .15	
$467.63	Anticipated monthly pay

The Worker records the client's statement about no expected changes in income and his lack of pay to date as well as how the income was verified and calculated.

EXAMPLE: An application is made September 13th and the client states that he is self-employed. He grows and sells Christmas trees. Most of his income for the year from the sale of trees is earned during the months of November and December. In addition, he sells the leftover trees to the local city government to use for mulch. He receives some income each month from the leftover trees and the amount fluctuates during the year. He states that he anticipates that his earnings will be less from Christmas sales this year because many of his trees were damaged in a fire last spring. He estimates he lost at least half of the trees which he planned to sell this year. He is unable to determine at this time if his sale of trees to the city will be affected after Christmas, but currently his income from this source has not changed. The Worker requests that the client provide income received in the previous year from his sales to the city and his Christmas tree sale earnings for the previous season.

Anticipated income is based on an average of monthly sales to the city and ½ of the previous year's Christmas tree sales. The Worker records the client's situation in detail, how past income was verified and the method used to anticipate income for the new certification period.

EXAMPLE: A woman applies on March 2nd. She does not work and her only source of income is child support from 3 absent parents. Income from Absent Parent A is regularly received, but the amount varies. Income from Absent Parent B is always the same amount, but she never knows when she will receive it. Absent Parent C pays regularly and the amount is more or less the same. The Worker requests verification as follows: A's payments for the last 6 months; B's payments for the last 6 months; C's payments for the last 3 months. She reports and verifies the following income from the 3 sources:

Parent A:	March 1st	$100.00
	February 1st	$ 75.00
	January 1st	$123.00
	December 1st	$100.00
	November 1st	$100.00
	October 1st	$100.00
Parent B:	February 14th	$ 45.00
	January 10th	$ 35.00
	November 20th	$ 50.00
Parent C:	February 20th	$ 75.00
	January 20th	$ 75.00
	December 20th	$ 75.00

The Worker finds the average monthly payment made by Parent A and projects the income to continue. The Worker and the client cannot reasonably anticipate that any payments will be received in the new certification period or POC from Parent B, so no income is counted from this source. Parent C pays the same amount at the same time, so $75/mo. is counted from Parent C.

The Worker records details about payments and payment dates from each of the absent parents, how the payments were verified, whether or not any income was counted from each source and, if so, how the amount was determined.

EXAMPLE: A waitress, Mrs. Doubtfire, applies on December 7th. She is paid twice a month and provides pay stubs with the following information:

September 15th	20 hrs.	$145.00 wages	$40.00 tips
September 30th	25 hrs.	$181.65 wages	$52.00 tips
October 15th	17 hrs.	$123.25 wages	$35.00 tips
October 30th	20 hrs.	$145.00 wages	$42.00 tips
November 15th	7 hrs.	$50.75 wages	$7.00 tips
November 30th	25 hrs.	$181.25 wages	$60.00 tips

Ms. Doubtfire provides the following additional information: She earns $7.25/hr. She does get some tips, but rarely the amount shown on her pay stubs. She says that the employer determines the amount shown as tips by some formula that she does not understand because he is required by IRS to report them. She does not have to share her tips with any other employee and they do not share tips with her. She says that during a "good" week she makes about $20 in tips. The employer never sees her tips, she does not report the amount to him and is not required to do so. The Worker pends the case for verification of the way the employer determines the amount of tips shown on her pay stubs and reported to the IRS. The client provides the following note from the employer:

To Whom It May Concern:

Ms. Doubtfire works for me at the Dew Drop Inn as a waitress. I pay her $7.25 for every hour she works. She does make some in tips, but I don't know how much. The IRS makes me figure her tips so I do it according to how much food she sells. I don't think she really gets that much. None of my waitresses do, but the IRS makes me do it.

Very truly yours,
Big Pat Holcomb

There is no 3rd-party, independent verification available for the amount of Ms. Doubtfire's tips. However, she does state that she receives tips, so income from the tips cannot be disregarded. The only way to verify the amount of tips is to accept her statement as to the amount. There is no other source of verification available, so the Worker must accept her statement. The Worker must record that the employer confirmed that the tips shown on the pay stubs do not necessarily reflect the amount she actually receives, that this is the best information that can be provided to verify the situation and that the client's statement is accepted as verification.

C. CATEGORICAL ELIGIBILITY, EXPEDITED SERVICE, DESTITUTE AG's AND MIGRANT FARM WORKERS

SNAP Categorical Eligibility includes recipients of WV WORKS and SSI. Categorical Eligibility has no bearing on any other Medicaid coverage group.

The SNAP requirements of Expedited Service, Destitute AG's and Migrant Farm Workers have no bearing on any Medicaid coverage group.