The Impact of Earned Income on Medicaid Eligibility

September 23, 2011
To provide an overview of how earned income impacts Medicaid eligibility for people who:

- Receive Medicaid as a result of Supplemental Security Income Income (SSI),
- Community Medicaid through DCF/ACCESS, or
- Home and Community Based Services Medicaid “Waiver” through DCF/ACCESS
Purpose

Factors to consider:

• What is earned income?

• Why do we distinguish between earned and unearned income?

• How is monthly income calculated?

• Whose income counts?

• What happens if you have too much income?
Earned Income

Earned income is:

• Payment for work performed

There are two ways to get earned income:

• You work for someone who pays you, or
• You work in a business you own
Why do we distinguish between earned and unearned income?

- Earned income receives more deductions in most public assistance budgets than unearned income does.
What is Monthly Income

How is monthly income calculated?

• SSI considers actual gross* income earned in a particular month

• DCF/ACCESS averages the last four weeks of gross* pay if the last four weeks are representative of what you can expect to earn in the future

* Gross = before any deductions
Whose Income Counts

**SSI counts the income of the:**
- individual,
- the individual’s spouse, if married
- parents of a minor child (under 18)

**DCF/ACCESS; Community Medicaid:**
- individual,
- the individual’s spouse, if married
- parents of a minor child (under 18)

**DCF/ACCESS; HCBS Waiver Medicaid:**
- individual only (even if married or a minor child)
**SSI Example with No Other Income**

**STEP 1**

- **Other Income**: $0
- **Standard Deduction**: $-20
- **COUNTABLE INCOME**: $0

**STEP 2**

- **FEDERAL BENEFIT RATE (FBR)**: $674
- **COUNTABLE INCOME**: $0
- **SSI Payment Amount**: $674
SSI Example with Unearned Income

$365  Social Security Disability  **STEP 1**
- 20  Standard Deduction
$345  COUNTABLE INCOME

------------------------------------------------------------------

$674  FEDERAL BENEFIT RATE (FBR)
- 345  COUNTABLE INCOME  **STEP 2**
$329  SSI Payment Amount

$365  Social Security Disability
+ $329  SSI Payment Amount
$694  TOTAL INCOME
## SSI Example with Earned Income

**STEP 1**

<table>
<thead>
<tr>
<th>Line 1</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$1085</td>
<td>Earned Income</td>
</tr>
<tr>
<td>2</td>
<td>$1065</td>
<td>Remainer</td>
</tr>
<tr>
<td>3</td>
<td>$1000/2</td>
<td>Countable Earned Income</td>
</tr>
</tbody>
</table>

**STEP 2**

<table>
<thead>
<tr>
<th>Line 1</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>$674</td>
<td>Federal Benefit Rate (FBR)</td>
</tr>
<tr>
<td>5</td>
<td>$174</td>
<td>SSI Payment Amount</td>
</tr>
</tbody>
</table>

\[ \text{TOTAL INCOME} = \$174 + \$1085 = \$1259 \]
SSI Example with More Earned Income

$2085 Earned Income

- 20 Standard Deduction

$2065 Remainder

- 65 Earned Income Deduction

$2000/2 = $1000 COUNTABLE EARNED INCOME

$674 FEDERAL BENEFIT RATE (FBR)

- $1000 COUNTABLE EARNED INCOME

$0000 SSI Payment Amount

$2085 TOTAL INCOME
SSI, Medicaid and the 1619(b) Provision

Section 1619(b) of the Social Security Act provides continuing Medicaid coverage for working individuals who:

- lose their SSI cash payment because their income from earnings is too high*; but
- don’t earn enough to offset the loss of Medicaid.

*$28,753 is the 2011 annual limit in Florida

NOTE: This does not apply to applications for SSI!!
DCF Community Medicaid Example with No Income

**STEP 1**

$0 Income

- 20 Standard Deduction

$0 COUNTABLE INCOME

**STEP 2**

$799 MEDICAID INCOME LIMIT

0 COUNTABLE INCOME

$799 > $0 so WITHIN THE INCOME LIMIT
DCF Community Medicaid Example with Unearned Income

$365 Social Security Disability  \text{STEP 1}
- 20 Standard Deduction
$345 COUNTABLE INCOME

$799 MEDICAID INCOME LIMIT  \text{STEP 2}
$345 COUNTABLE INCOME

$799 >$345 so WITHIN THE INCOME LIMIT
DCF Community Medicaid Example with Earned Income

$1085 Earned Income  
- 20 Standard Deduction  
$1065 Remainder  
- 65 Earned Income Deduction  
$1000/2 = $500 COUNTABLE EARNED INCOME

$799 MEDICAID INCOME LIMIT  
$500 COUNTABLE EARNED INCOME

$799 > $500 so WITHIN THE INCOME LIMIT
DCF Community Medicaid Example with More Earned Income

$1683.02 Earned Income  
- 20 Standard Deduction  
$1663.02 Remainer  
- 65 Earned Income Deduction  
$1598.02/2 = $799.01 COUNTABLE EARNED

$799 MEDICAID INCOME LIMIT

$799.01 COUNTABLE EARNED INCOME

$799 < $799.01 so OVER THE INCOME LIMIT 😞
DCF Medically Needy Example with More Earned Income

$1683.02 Earned Income
-  20 Standard Deduction
  $1663.02 Remainer
-  65 Earned Income Deduction
  $1598.02/2 = $799.01 COUNTABLE EARNED

$799 MEDICAID INCOME LIMIT

$799.01 OVER THE INCOME LIMIT 😞

$799.01 COUNTABLE INCOME
- $180 Medically Needy Income Level (MNIL)
  $619.01 SHARE of COST
DCF HCBS Waiver Example with No Other Income

$0 Other Income  \text{STEP 1}
(NO DEDUCTIONS)

$0 COUNTABLE INCOME

$2022 HCBS MEDICAID INCOME LIMIT

0 COUNTABLE INCOME

$2022 > $0 so WITHIN THE INCOME LIMIT
DCF HCBS Waiver Example with Unearned Income

$365 Social Security Disability  
**STEP 1**(NO DEDUCTIONS)

$365 COUNTABLE INCOME

--------------------------------------------------

**STEP 2**

$2022 HCBS MEDICAID INCOME LIMIT

$ 365 COUNTABLE INCOME

$2022 >$365 so WITHIN THE INCOME LIMIT
DCF HCBS Waiver Example with Earned Income

$1085 Earned Income  
(NO DEDUCTIONS)

$1085 COUNTABLE INCOME

$2022 HCBS MEDICAID INCOME LIMIT

$1085 COUNTABLE INCOME

$2022 >$1085 so WITHIN THE INCOME LIMIT
DCF HCBS Waiver Example with More Earned Income

$2022.01 Earned Income  
**STEP 1**  
(NO DEDUCTIONS)

$2022.01 COUNTABLE INCOME

$2022 > $2022.01 so OVER THE INCOME LIMIT

$2022 HCBS MEDICAID INCOME LIMIT

$2022.01 COUNTABLE INCOME
What is a Qualified Income Trust?

- A written legal agreement tying two people to a course of action
- The trust is irrevocable
- Requires that upon your death, the State will receive all funds remaining in the trust (up to the amount of Medicaid benefits paid on your behalf)
- The trust consists only of your income
- Is signed and dated by you, your spouse or person who has legal authority to act on your behalf
Who can use a Qualified Income Trust?

- Anyone applying for or receiving:
  - Institutional Care Medicaid,
  - Institutional Hospice, or
  - a Home and Community Based Services waiver program, and

- who has gross income over the income limit ($2022 in 2011)
How does a Qualified Income Trust work?

- You create a trust document,
- set up a bank account to hold the trust funds, to which only the trustee of the trust has access, and
- deposit some or all of your monthly income into the qualified income trust account each month that you want Medicaid eligibility.
How does a Qualified Income Trust work? Cont.

• You must make the deposit each month that you want eligibility

• You must deposit at least as much income as you are over the income limit

• DCF/ACCESS will not count any income deposited to the trust account when determining eligibility for Medicaid

• The trustee uses the money for your benefit, but does not give you the money
QUALIFIED INCOME TRUST

To find out more about Qualified Income Trusts, visit:

http://www.dcf.state.fl.us/programs/access/

OR

http://www.dcf.state.fl.us/programs/access/docs/qualified_income_trust_factsheet.pdf
SUMMARY

• SSI AND DCF/ACCESS use different methods to derive monthly income counted in eligibility budgets.

• SSI AND DCF/ACCESS use the same budgeting method to determine eligibility for an SSI cash payment, and DCF/ACCESS determined Community Medicaid eligibility, but have different income limits.

• There are no Standard or Earned income deductions in DCF/ACCESS determined Home and Community Based Services waiver eligibility.
• If you lose an SSI cash payment due to earnings, your Medicaid eligibility continues under 1619(b)
• If you lose DCF/ACCESS determined Medicaid eligibility due to earnings, your Medicaid eligibility continues under the Medically Needy Program
• If you lose DCF/ACCESS determined Medicaid eligibility for an HCBS waiver due to earnings, you can continue eligibility through the use of a Qualified Income Trust
Questions?

September 23, 2011

Access Florida

Employment Conference
Are you a person with disabilities wanting to ...
Become more independent

Florida Department of Children & Families

Agency for Persons with Disabilities
State of Florida