

# The Impact of Earned Income on Medicaid Eligibility



September 23, 2011



Employment Conference

*Are you a person with disabilities wanting to ...*

*Become more Independent*



# Purpose

**To provide an overview of how earned income impacts Medicaid eligibility for people who:**

- **Receive Medicaid as a result of Supplemental Security 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

# Earned vs Unearned Income

## 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:

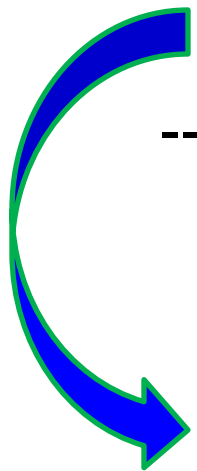
- individual only (even if married or a minor child)

# SSI Example with No Other Income

\$ 0	Other Income	<i>STEP 1</i>
<u>- 20</u>	<b>Standard Deduction</b>	
\$ 0	<b>COUNTABLE INCOME</b>	

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		<i>STEP 2</i>
\$674	<b>FEDERAL BENEFIT RATE (FBR)</b>	
<u>- 0</u>	<b>COUNTABLE INCOME</b>	
<b>\$674</b>	<b>SSI Payment Amount</b>	





# SSI Example with Unearned Income

\$365 Social Security Disability *STEP 1*

- 20 Standard Deduction

\$345 **COUNTABLE INCOME**

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\$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**

**TOTAL  
INCOME**

# SSI Example with Earned Income

\$1085 Earned Income *STEP 1*

- 20 Standard Deduction

\$1065 Remainder

- 65 Earned Income Deduction

$\$1000/2 = \$500$  COUNTABLE EARNED INCOME

\$674 FEDERAL BENEFIT RATE (FBR) *STEP 2*

- \$500 COUNTABLE EARNED INCOME

\$174 SSI Payment Amount

$\$174 + \$1085 = \$1259$  ← TOTAL INCOME

# SSI Example with More Earned Income

\$2085 Earned Income *STEP 1*

- 20 Standard Deduction

\$2065 Remainder

- 65 Earned Income Deduction

$\$2000/2 = \$1000$  COUNTABLE EARNED INCOME

\$ 674 FEDERAL BENEFIT RATE (FBR) *STEP 2*

- \$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:***

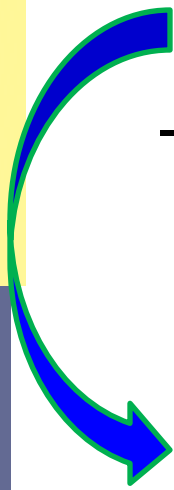
- ***lose their SSI cash payment because their income from earnings is too high\*; but***
- ***don't earn enough to offset the loss of Medicaid.***

***\*\$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

\$	0	Income	<i>STEP 1</i>
-	<u>20</u>	<b>Standard Deduction</b>	
\$	0	<b>COUNTABLE INCOME</b>	



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*STEP 2*

\$799	<b>MEDICAID INCOME LIMIT</b>
<u>0</u>	<b>COUNTABLE INCOME</b>
<b>\$799 &gt; \$0</b>	<b>so WITHIN THE INCOME LIMIT</b>

# DCF Community Medicaid Example with Unearned Income

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

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\$799    **MEDICAID INCOME LIMIT**    *STEP 2*  
\$345    **COUNTABLE INCOME**

**\$799 > \$345 so WITHIN THE INCOME LIMIT**

# DCF Community Medicaid Example with Earned Income

\$1085 Earned Income *STEP 1*

- 20 Standard Deduction

\$1065 Remainder

- 65 Earned Income Deduction

\$1000/2 = \$500 **COUNTABLE EARNED INCOME**

**\$799 MEDICAID INCOME LIMIT** *STEP 2*

\$500 **COUNTABLE EARNED INCOME**

**\$799 > \$500 so WITHIN THE INCOME LIMIT**

# DCF Community Medicaid Example with More Earned Income

\$1683.02 Earned Income *STEP 1*

- 20 Standard Deduction

\$1663.02 Remainder

- 65 Earned Income Deduction

\$1598.02/2 = \$799.01 **COUNTABLE EARNED**

\$799 **MEDICAID INCOME LIMIT** *STEP 2*

\$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 *STEP 1*  
- 20 Standard Deduction  
\$1663.02 Remainder  
- 65 Earned Income Deduction  
\$1598.02/2 = \$799.01 **COUNTABLE EARNED**

\$799 **MEDICAID INCOME LIMIT** *STEP 2*  
\$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 *STEP 1*  
**(NO DEDUCTIONS)**

\$ 0 COUNTABLE INCOME

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*STEP 2*

\$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**

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*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 *STEP 1*  
**(NO DEDUCTIONS)**

\$1085 **COUNTABLE INCOME**

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*STEP 2*  
\$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**

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*STEP 2*

\$2022 **HCBS MEDICAID INCOME LIMIT**

**\$2022.01 COUNTABLE INCOME**

\$2022 > \$2022.01 so OVER THE INCOME LIMIT

# QUALIFIED INCOME TRUST

## *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

# QUALIFIED INCOME TRUST

## *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)**

# QUALIFIED INCOME TRUST

## *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



# QUALIFIED INCOME TRUST

## *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](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**

# SUMMARY continued

- **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



Employment Conference

*Are you a person with disabilities wanting to ...*

*Become more Independent*

