CHAPTER 15-001 – INCOME

15-001.01 MAGI Income: The sum of MAGI-based income for each member of the individual's household, with the following exceptions (for examples, see 477-000-006):

1. Income of an individual, who is included in the household of his/her natural, adopted or step parent and is not expected to file a tax return for the taxable year in which eligibility for Medicaid is being determined, is not included in household income whether or not the individual files a tax return.
2. Income of a tax dependent, other than a spouse or biological, adopted, or step-child, who expect to be claimed as a tax dependent by another taxpayer included in the household and is not expected to file a tax return, is not included.
3. Cash support provided by a tax filer, to a claimed tax dependent, other than a spouse or biological/adopted/step-child, is not included.

15-001.02 Excluded Income for MAGI:

1. Income exclusions that are allowed under the Internal Revenue Code (See 477-000-008 for allowable deductions);
2. An amount received as a lump sum is counted only in the month received;
3. Scholarships, awards, or fellowship grants used for education, but not living expenses;
4. Child support;
5. Veterans benefits (this does not include military retirement);
6. Workman Compensation;
7. Other excluded income, see 477-000-007.

15-001.03 If the Applicant/Beneficiary is an American Indian/Alaskan Native the Following is Excluded Income:

1. Distributions from Alaska Native Corporations and Settlement Trusts;
2. Distributions from any property held in trust, subject to Federal restrictions, located within the most recent boundaries of a prior Federal reservation, or otherwise under the supervision of the Secretary of the Interior;
3. Distributions and payments from rents, leases, rights of way, royalties, usage rights, or natural resource extraction and harvest from:
    a. Rights of ownership or possession in any lands from any property held in trust, subject to Federal restrictions, located within the most recent boundaries of a prior Federal reservation, or otherwise under the supervision of the Secretary of the Interior; or
    b. Federally protected rights regarding off-reservation hunting, fishing, gathering, or usage of natural resources.
4. Distributions resulting from real property ownership interests and related to natural resources and improvements:
    - Located on or near a reservation or within the most recent boundaries of a prior Federal reservation; or
    - Resulting from the exercise of federally-protected rights relating to such real property ownership interests.

5. Payments resulting from ownership interests in or usage rights to items that have unique religious, spiritual, traditional, or cultural significance or rights that support subsistence or a traditional lifestyle according to applicable Tribal Law or custom;
6. Student financial assistance provided under the Bureau of Indian Affairs education programs.

15-001.04 Monthly Income: Current monthly household income and family size shall be used for individuals who have been determined financially eligible for Medicaid. For family size see 477 NAC 14-001.

15-001.05 Annualized Income: Annualized income shall be used when a predictable increase or decrease of future income is evidenced by a signed contract for employment, a clear history of predictable fluctuations in income, or other clear indication of such future changes in income.

15-001.06 Five Percent Disregard: A five percent disregard shall be applied when determining eligibility of an individual for medical assistance under the eligibility group with the highest income standard under which the individual may be determined eligible using MAGI-based methodologies.

15-001.07 Reasonably Compatible Regarding Income: Information obtained through an electronic data match must be considered reasonably compatible with income information provided by or on behalf of the individual if both are either above, at, or below the applicable income standard. See verification plan at 477-000-004 for the applicable income standard.

15-001.08 Reasonable Explanation: If information obtained from an electronic data source is not reasonably compatible with the individual's self-attestation, the individual would be asked for a reasonable explanation. See verification plan at 477-000-004.

15-001.09 Earned Income: Earned income is money received from wages, tips, salary, commissions, and profits from activities in which an individual is engaged as a self-employed person or as an employee. See 477-000-007 for income chart regarding taxable income.

15-001.09A Contractual Income:

1. Income paid on a contractual basis is prorated over the number of months covered under the contract, even if the client is paid in fewer months than the contract covers.
2. Income received intermittently is prorated over the period it is intended to cover if the income is expected to continue.

15-001.09B Disregards for Self-Employment: All operating expenses related to producing the goods or services and without which the goods or services could not be produced are deducted from gross income.

15-001.09C Operating Expenses – Farm Income: All expenses related to farm income are considered operating expenses and are allowable.

15-001.10 Unearned Income: Unearned income is any cash benefit that is not the direct result of labor or services performed by the individual as an employee or a self-employed person. See income chart at 477-000-007. For sponsor deeming see 477 NAC 17-001.05.

15-001.10A Spousal Support: Spousal support received is considered unearned income. See 477-000-006 for budgeting.

15-001.10B Delay in Counting RSDI Increase: After the annual RSDI cost of living increase, if a client would go from Medicaid only status to Medicaid excess because his/her income exceeds the Federal Poverty Level, the current RSDI amount shall be used. The month after the month that the new FPL figures are published, the client's eligibility shall be determined by comparing the increased RSDI benefit to the new FPL guidelines. The delayed COLA provision applies only if the RSDI increase would cause the client to have excess income. If there is an increase in other unearned income or the client starts receiving other unearned income in the same month as the COLA in RSDI benefits, the delayed COLA provisions do not apply.

15-001.11 Potential Income: Potential income is defined as income based on entitlement or need which is usually determined by an administering agency as a result of an application for benefits by the individual.

The client is required to apply for any benefits for which s/he appears to be entitled within 60 days of the date the client is notified of the requirement.

The responsible relative shall be referred for any potential benefit, but there is no sanction to the child(ren) Medicaid case if the responsible relative fails or refuses to apply.

Determination of eligibility for assistance and authorization of payment pending determination of entitlement for benefits shall not be delayed.

15-001.12 Refusal to Apply: A client is expected to make application for and accept benefits promptly after the client's apparent entitlement to the benefits have been discussed.

If a client's benefit is terminated for noncompliance, s/he should be given ten days to make contact to reestablish the benefit. If no contact is made within ten days, eligibility cannot be determined.

However, income of responsible relatives is still considered in determining the eligibility of the client.

15-001.13 Intercepted, Withheld or Garnished Income: If the client's wages or unearned income is being garnished or intercepted, the gross amount of income before garnishment shall be counted.

15-001.14 Verification of Income:

For verification of income see the Verification Plan listed at 477-00-004. If paper document is required, verification of income consists of at least the following:

1. The source of the income;
2. The date paid or received;
3. The period covered by the payment or benefit; and
4. The gross amount of payment or benefit.

15-001.15 If Paper Documentation is Required for Income Verification:

15-001.15A Income Verification:

15-001.15A1 At Initial Application: One month of current income is used to determine initial eligibility. Income is converted for weekly and bi-weekly income.
Note: Once eligibility has been determined, no verification is required during continuous eligibility period.

15-001.15A2 At Renewal: Income must be verified every 12 months.

1. Regular income must be verified using one month's income at a minimum.
2. Irregular income must be verified using the three most consecutive months, if available.

15-001.15B Income Conversion: Income is converted for weekly and bi-weekly income. This figure is used to project medical eligibility unless:

1. There was a significant change in the income of the previous three months; or
2. A significant change is anticipated during the projected 12-month period.

15-001.15C Self-Employment and Farming Income: If electronic data sources are not available, the most recent 1040 or bookkeeping records shall be used. See verification plan at 477-000-004 to determine when paper documentation is required.

15-001.16 Changes: The client must report the following changes:

1. Change in unit composition, such as the addition or loss of a unit member;
2. Changes in residence;
3. New employment;
4. Termination of employment;
5. Changes in the amount of monthly income, including:
    a. All changes in unearned income; and
    b. Changes in the source of employment, in the wage rate and in employment status, i.e., part-time to full-time or full-time to part-time. For reporting purposes, 30 hours per week is considered full-time. The client must report new employment within ten days of receipt of the first paycheck, and a change in wage rate or hours within ten days of the change; and
6. Changes in allowable tax expenses. See appendix for allowable tax expenses.

15-001.17 Terminated Income: When an individual engages in different types of self-employment, it is not considered a termination of income if the individual stops one type of work.

15-001.18 Retroactive Medical Eligibility: To determine retroactive medical eligibility, each month's actual income shall be used unless an electronic data source is available and is reasonably compatible with the individual's attested income.