

Section 700 Table of Contents

Income

700.1 Introduction-Income

- (a) Earned Income**
 - (1) Types of Earned Income**
 - (2) Self Employment**
- (b) The earned Income Tax Credit (EITC) a Person receives through the Tax Reduction Act of 1973**
 - (1) Earned Income Tax Credit- Family and Children (FAC)**
 - (2) Earned Income Tax Credit as an Advance Payment-Family and Children (FAC)**
 - (3) Earned Income Tax Credit as an Annual Payment-Family and Children (FAC)**
 - (4) Sick Pay**
 - (5) Work-Study Earnings**
- (c) Verification of Earned Income-Aged Blind or Disabled (ABD) Family and Children (FAC)**
- (d) Unearned Income-Aged Blind or Disabled (ABD) and Family and Children (FAC)**
 - (1) Types of Unearned Income (Aged, Blind or Disabled and Family and Children)**
 - (2) Social Security (including retirement benefits; disability benefits, and benefits for survivors)**
 - (3) Supplemental Security Income (SSI)**
 - (4) Veterans Benefits**
 - i. V.A. Pensions**
 - ii. Veterans' Administration Compensation**
 - (5) Workmen's Compensation**
 - (6) Black Lung Benefit**
 - (7) Railroad Retirement**
 - (8) Annuities**
 - (9) Civil Service Annuity**
 - (10) Pension or Retirement Payments**
 - (11) Government Pensions or Retirement Payments**
 - (12) Disability Payments**
 - (13) Unemployment Benefit Plans and Unemployment Supplemental Benefit Plans**
 - (14) Trusts**
 - i. Trust as a source of Income**
 - ii. Income from Principal of Trust (Interest, Rents, etc.)**
 - (15) Payments from Oil or Mineral Rights and Government Payments on Land**
 - (16) Support and Alimony**
 - (17) Life Insurance Benefits**
 - (18) Military Allotments**
 - (19) Financial Contribution from Persons or Public or Private Agencies**
 - (20) Payments from Individual Retirement Accounts (IRA) and Keough Accounts**
 - (21) Unearned In-Kind Support (Aged, Blind or Disabled Only)**
 - (22) Interests, Dividends, and Royalties**
 - (23) Interests or Dividends Accrued to Savings Accounts**
 - (24) Mortgage Payments**

- (25) Reverse Mortgage
- (26) Lump-Sum Income
- (27) Profit from Rental Income
- (28) Room and Board
- (29) Cash Assistance
- (30) Promissory Notes and Loans
- (31) Grants, Loans, Scholarships, and Fellowships
- (32) Loans to the Applicant/Recipient (A/R)
- (33) Loan to the Applicant/Recipient (A/R) Family and Children (FAC)
- (34) Cash Assistance-Public Assistance for Adults (PAA) and Social Security Income (SSI)
- (35) Sick Pay
- (36) Verification of Unearned Income
- (37) Availability of Benefit Checks
- (38) Unearned Income for Members of Religious Orders

700.2 Disregards

- (a) Disregards Specific to the Aged, Blind, or Disabled Unit
- (b) Disregards Specific to the Family and Children Unit

700.3 Excludable Income

- (a) Excludable Income for All Medical Assistance Coverage Groups
- (b) Excludable Income Specific to FAC Coverage Groups
- (c) Excludable Income Specific to ABD Coverage Groups

Attachment A- Medical Assistance Income Countability Table

Frequently Asked Questions (FAQs) and Answers

Objectives for Section 700

1. To explain in detail the two different types of income;
2. Give detailed examples of earned and unearned income;
3. Explain in detail consideration of income.

700.1 Introduction-Income

Applicants and recipients (A/R) of Medical Assistance (MA) are required to report all income. Case Managers (CMs) are expected to ask appropriate questions to assure that all income is reported.

The two basic types of income to be considered in determining eligibility are earned income and unearned income. Both are discussed in detail in the sections to follow.

Some forms of income, such as the Food Supplement Program, are excluded, which means they are not counted in determining eligibility. Non-countable or excludable income may be specific to the Aged Blind or Disabled (ABD) unit, to the Family and Children (FAC) unit, or common to both types of assistance units. The various forms of excludable income and the units to which they apply are discussed in the section on “Unearned Income”.

In contrast to excludable income are the income “disregards”. Income disregards are the amounts of money that are deducted from countable gross income to determine countable net income, which is the income figure that is compared to Schedule MA-1 to determine eligibility. Disregards are specific to each type of unit. The two types of income are listed below:

(a) Earned income

Earned income is income received as a result of employment. This includes the income received as a result of self-employment. Income received from employment or self-employment may be cash or “in-kind” (in the form of food, clothing, or shelter). If in-kind, the value of the income is the current market value of the item or items received.

(1) Types of Earned Income or wages received before deductions for work performed as an employee:

- Earned salaries;
- Tips;
- Severance Pay;
- Commissions;
- Bonuses.

(2) Self-Employment is also a form of earned income. Persons are considered self-employed when they:

- Set own hours and fees;
- Maintain own accounts and records; and
- Solicit business.

Note: If there are deductions from the A/R’s income tax or FICA, the A/R is not considered self-employed. CM will code self-employment as “SE” on the Client Automated Resource and Eligibility System (CARES).

Net earnings from self-employment are 50% of the gross income from any trade or business that a person operates, less allowable deductions for that trade or business; 50% is counted as income.

Types of Self-Employment

- Day Care Provider- Some A/R's may be employed as operators of day care facilities. For this discussion, a "day care facility" includes any facility or home that provides child care or baby-sitting services for at least one child other than the operator's.
- Adult Foster Care--Adult Foster care is a service to persons who, because of physical or mental disabilities, require a protected environment and direction in the activities of daily living.
- Mechanic/Repairman--A person working as a handyman or mechanic may generate legitimate work expenses. Business expenses may include parts and materials, replacement and maintenance of equipment, and rental or maintenance of the place where the business is operated.
- Watermen-- Although water work is generally a full time occupation, certain occupations, such as helper or shucker, may be considered part- time.
- Religious orders--Members of religious orders (e.g. Sisters and Brothers) who have not taken a vow of poverty are considered to be self-employed with respect to their services as members of a religious order, unless they are employed as chaplains of a governmental entity. Remuneration for these services is considered self-employment income, including food, clothing, shelter and other perquisites provided as remuneration. Perquisites are items other than a cash stipend or in-kind food, clothing, or shelter furnished to a member of the order; e.g. transportation, medicine, medical care, or medical insurance. When perquisites are included in working members' compensation, their value is counted as earned income.
- Sheltered Workshop Earnings; Remuneration received for work or for activities performed as a participant in a program conducted by a sheltered workshop or activities center is earned income.
 - Beautician/Barber;
 - Chef;
 - Cab Driver.

(b)The Earned Income Tax Credit (EITC) a Person Receives Through the Tax Reduction Act of 1973

This credit may be received along with the person's salary or may be received as a lump-sum benefit on an annual basis.

(1) Earned Income Tax Credit-Family and Children (FAC)

Earned Income Tax Credit (EITC) is a payment to CM by the U.S. Internal Revenue Service (IRS). The EITC that is actually paid to an eligible employee is counted as income in the month received and prorated for the remainder of the period under consideration.

(2) Earned Income Tax Credit as an Advance Payment--Family and Children (FAC)

EITC may be paid on a weekly or bi-weekly basis as a supplement to regular wages by the employer who, in turn, is reimbursed by the IRS. This is called an advance payment and is considered earned income.

Self-employed persons and those whose employers do not deduct Federal Income Tax or FICA from their wages do not receive the benefit of advance payment EITC.

To receive EITC as a supplement to regular wages, a CM must complete and file IRS Form W-5 (Earned Income Credit Advanced Payment Certificate) with the employer each year.

This form may normally be obtained from the employer or by telephoning the IRS Taxpayer Service at the following numbers:

Baltimore Area	410-962-2082
Washington Area	202-874-6748
Nationwide	1-800-829-1040

(3) EITC as Annual Payment--Family and Children (FAC)

An employee who has not received EITC payments as a supplement to regular wages may be entitled to an annual EITC payment as part of his/her annual Income Tax Refund or as a single payment when no tax refund is due. An employee who has received EITC as a supplement to regular wages may also be entitled to an annual EITC payment when the supplemental payments are less than the total amount the employee is entitled to for the calendar year. The annual payment is the difference between the sum of the supplemental payments received during the year and the total annual entitlement.

The tax refund check will carry a notation showing the amount of the EITC payment. The CM must identify the amounts attributed to Income Tax refund and to EITC. The annual EITC payment must be reported by the A/R. The IRS check is appropriate verification of amount.

(4) Sick Pay

Payments received for the first six months after stopping work, if paid by an employer due to sickness or accident disability and from which Social Security is being deducted, are considered

earned income for the period under consideration. Sick payments received more than 6 months after an employee last worked are considered unearned income.

(5) Work-Study Earnings

This is money received by a student in exchange for work, as arranged through the work-study program at the educational institution the student attends and is considered earned income.

(c) Verification of Earned Income -- Aged, Blind, or Disabled (ABD) and Family and Children (FAC)

Verification of income is no longer mandatory for F-Track and the P-Track coverage groups. A/R will be permitted to self-declare their income (including self-employment). Verification of resources is no longer mandatory for the QMB/SLMB coverage groups. S03, S07, and S14A/R will be permitted to self declare their resources. However, verification of earned income is required for the ABD coverage group. Earned income must be verified for four consecutive weeks, in order to project income for the current period under consideration. The CM must require that all statements concerning earned income be verified at application, at redetermination and whenever there are any employment-related changes affecting members of the assistance unit.

It is the ongoing responsibility of the A/R to report changes in earned income throughout the period of eligibility. The A/R is responsible for obtaining the proper verification if required, from the appropriate sources and providing it to the Agency. Unless specifically excluded, all earnings are considered in the calculation of income eligibility.

The type of verification may vary depending upon the nature of the work performed. Discussion during the interview will lead to the selection of the best method. The CM must make sure that the applicant understands his/her responsibility to provide adequate verification before eligibility can be determined.

The A/R of ABD coverage group is required to provide the following information:

- The name of the employer;
- The nature of work;
- The pay rate;
- The amount of earnings and the hours worked;
- The frequency of pay (weekly, bi-weekly etc.); and
- The dates that the pay was, or will be, received. It is very important that the CM distinguish “date pay received” from “pay period ending”. Eligibility is determined on the basis of when the income is received, not when it is earned.

Seasonal payment schedules may require the use of the previous years’ tax return forms to check the accuracy of current earnings.

Salary and wages are usually verified by pay stubs. Four consecutive pay stubs will be used to verify regular weekly payment schedules and amounts. For bi-weekly or other pay schedules, obtain pay stubs for the preceding two months. In cases where pay stubs are incomplete or unavailable, a written statement from the employer specifying pay dates and the gross salary received on each pay date may be accepted. Such a statement must be on company letterhead (if a letterhead is ordinarily available), signed by an official of the company, and include the official's title, telephone number, and date of the signature.

If the A/R is unable to get a written statement on letterhead from the employer, the CM must have the A/R sign a properly completed Consent for Release of Information form (DHR/FIA 704), and then contact the employer directly. This procedure should also be followed to authenticate written verification when a private party is the employer and letterhead is not available. When the information is received verbally from the employer, the CM must record it in the case summary, ensuring that all of the required information as listed above is provided.

In cases where labor is reimbursed by an in-kind payment, the CM must instruct the A/R to get a written statement signed by the employer verifying employment, the dollar value of the in-kind payment, and the number of hours worked.

When an employee receives a single payment of earnings covering a period greater than one month, the earnings are prorated and projected forward (i.e. to the months after the payment was received) for the same number of months as it required to earn it. Over this time period, the prorated amount is considered earned income, subject to the appropriate exclusions and disregards even if the person is unemployed during all or part of the period over which the earnings are projected.

Some employees may be retained by annual contract and periodically paid in regular amounts over a period of time less than a year nine (e.g. a school teacher). Such a person's earnings are prorated and projected over the full year.

(d)Unearned Income -- Aged, Blind, or Disabled (ABD) and Family and Children (FAC)

Unearned income is income received from a source other than employment or self-employment. The purpose of this description is to provide some basic information which all persons involved in eligibility determinations need to know. The Local Department of Social Services/Local Health Department (LDSS/LHD) may not use this information to determine that a referral for benefits is not necessary because a person does not meet a specific requirement. When it appears that a person meets basic eligibility requirements for a benefit but has not applied for that benefit (except SSI and Public Assistance), the person must apply and verify that fact before the person can be determined eligible. If a person claims to have applied for a benefit and have been determined ineligible, that fact must be verified. In addition, reapplications are in order when a change in circumstances warrants it.

(1)Types of Unearned Income (Aged, Blind, or Disabled and Family and Children)

- Rail Road Retirement;

- Veterans Benefits;
- Annuities (month received is income; the next month is a resource);
- Pensions;
- Child Support/Alimony.

(2) Social Security (including retirement benefits; disability benefits, and benefits for survivors)

Social Security is designed to provide income to insured persons and their dependents when earnings stop or are reduced because of retirement, death or disability. An insured person is one who has had wages from employment or net earnings from self-employment credited to his/her insurance account for the required amount of time, entitling him/her or his/her dependents to benefits. An A/R is required to apply for these benefits.

The following persons may be eligible to receive Social Security Benefits:

- (1) A disabled insured worker under age 65;
- (2) A retired insured worker age 62 or over; or
- (3) The wife of a retired or disabled worker entitled to benefits if she
 - Is age 62 or over; or
 - Has in her care the worker's child who is under 16 and entitled to Social Security benefits.
- (4) The divorced spouse (in some cases) of a retired or disabled worker, entitled to benefits if the spouse is age 62 or over and was married to the worker for at least 10 years.
- (5) The dependent husband of a retired or disabled woman entitled to benefits if he is age 62 or over.
- (6) The dependent, unmarried child of a retired or disabled worker entitled to benefits, or of a deceased insured worker, if the child is:
 - Under age 18; or
 - Age 18 or over, but under a disability which began before age 22.
- (7) The dependent widow (including a surviving divorced wife in some cases) of a deceased insured worker if:
 - The widow is age 60 or over; and
 - The marriage lasted at least 9 months.
- (8) The disabled widow (including a surviving divorced wife in some cases) of a deceased insured worker if the widow is at least age 50-59 and becomes disabled. The disability must be recognized in Social Security Administration policy.
- (9) The widow (including a surviving divorced wife in some cases) of a deceased insured worker, regardless of her age, if she is caring for a child of the deceased who is under age 16 or disabled and who is entitled to the benefits.
- (10) The dependent widower, age 60 or over, of a deceased insured worker.
 - *Note: Generally, a marriage must have lasted at least 1 year before benefits are rewarded.
- (11) The disabled, dependent widower of a deceased insured worker if the

widower is at least age 50-69 and becomes disabled. The disability must be recognized in Social Security Administration policy.

(12) The dependent parents of a deceased insured worker at age 62 or over.

(13) Dependent children of a single parent if:

- The insured parent acknowledges paternity in writing;
- There is a court order for child support; or
- Paternity is established by other satisfactory evidence.

Persons who are potentially eligible must be referred to the District Office of the Social Security Administration to file a claim. An A/R must provide written verification that the claim has been filed. The CM may accept a current letter of denial as verification that a claim has been filed.

The time required to receive a decision is usually longer than the MA eligibility process. Therefore, the case must be flagged with a **745 code** for follow-up action.

The applicant must inform the agency of changes which occur in the determination of his/her eligibility to receive the benefit and this must be supported by documentation. The CM must use the State Verification and Exchange System (SVES), State Data Exchange (SDX), and State Online Query (SOLQ) Internet to gather information on any changes in the claim for a recipient.

(3) Supplemental Security Income (SSI)

SSI is a public assistance benefit administered by the Social Security Administration through its district and branch offices. Persons may receive SSI if they are needy according to established income and resource tests and are either age 65 or over, blind or suffer from a disability expected either to last at least one year or result in death.

MA applicants who appear to qualify must be informed of this benefit, but are not required to apply. (Persons are not required to apply for cash assistance payments as a condition of MA eligibility.)

(4) Veterans' Benefits

Veterans' Benefits are based primarily on service in the Armed Forces. Such payments may be made by the United States Armed Forces, the United States Veterans Administration, another country, a state or local governmental entity or any other organization or entity. The payments may be made to the veterans themselves, their dependents, or their survivors.

Explore potential entitlement to V.A. benefits whenever it is learned that an MA A/R is a veteran or an unmarried widow or widower of a deceased veteran. An A/R must file for a V.A. benefit if he/she is potentially eligible but reports that he/she is not now receiving benefits.

Veterans' Benefits may be of two types:

- V.A. Pensions; and
- V.A. Compensation.

i. V.A. Pensions

Pensions are paid by the Veterans Administration to a veteran based on a combination of service and age (65 or older) or a non-service-connected disability. Pensions to a widow, widower, or a child of a veteran are paid because of the non-service connected death of the veteran.

ii. Veterans Administration Compensation

Compensation payments are made by the V.A. to a veteran because of a service-connected disability or to a widow, widower, child or parent of a veteran because of the service-connected death of the veteran.

An additional allowance for disabled veterans, their spouses, widows, widowers, children and parents is provided if a need exists for regular "Aid and Attendance".

(5) Workmen's Compensation

Workmen's Compensation may be awarded to an injured employee or his/her survivors. Included are payments made under Federal and State Workmen's Compensation statutes and the Longshoremen's Harbor Worker's Act. Any portion of the award that is deducted for medical, legal, or related expenses paid in connection with the persons' claim, and which is consequently not controlled by that person, is not income.

It does not matter whether a benefit is from Workmen's Compensation or from another source (e.g. an insurance company or an employer); if the benefit is paid because of a recipient's disability, the benefit, less the expenses required to obtain the benefit, is unearned income.

Any person who has received a work-related injury potentially qualifies for Workmen's Compensation and must apply for benefits (or for continuation of benefits) and verify that fact before eligibility can be granted. Upon receipt of verification of application filed, DHMH Form 1169 is to be completed and referred to Health Care Financing. A copy of Form 1169 may be found in the Appendix of Chapter 15: Liens, Adjustments and Recoveries.

Workmen's compensation received in the form of medical benefits is to be reported by the LDSS/LHD to Health Care Financing, on DHMH Form 1169.

The LDSS/LHD must be alert to the fact that in many cases, a person who has applied for, or is entitled to, Workmen's Compensation has also applied for Social Security disability benefits.

(6) Black Lung Benefit

Black Lung Benefit is a benefit provided under the Social Security Act to coal miners, surviving widowers of miners, the surviving child or children of a miner, the surviving dependent parent(s) of a miner, and the surviving dependent sibling(s) of a miner.

The benefit is based on a person's employment in a coal mine extracting coal or preparing the extract of coal and, as a result, contracts pneumoconiosis, a chronic dust disease of the lung or any other chronic respiratory or pulmonary impairment.

All persons who have worked in the coal mines (and all surviving dependents of the coal miners) who are not receiving benefits must apply for his benefit.

Application is to be made at the district Social Security office where a determination of eligibility will be made. Dependents may begin or continue to receive benefits after the death of the coal miner.

Note: This benefit is given to eligible persons in addition to Social Security benefits.

(7)Railroad Retirement

Railroad Retirement (RR) benefits are payable only to the railroad employee and the spouse of the employee. Such benefits may be increased because of dependent children. Since children are not eligible for RR payments or RR employee life claims, the additional increase in a beneficiary's check because of a child is unearned income only to the designated RR beneficiary. It may not be prorated and attributed to dependent children, although the income and recourse of a parent other than an SSI parent are considered in determining eligibility of his/her child.

Survivor benefits are payable to:

- A designated survivor (a surviving spouse) or a retired employee who elected to receive a reduced annuity to provide for the spouse after the employee's death. Eligibility of this RR benefit does not affect and is not affected by any other Railroad Retirement Board (RRB) benefit for which the beneficiary may be entitled. This type of annuity is based on the 1935 and 1937 provisions and is very rare now. It was in effect before the current provisions for widows' benefits. In addition, these widows may also be eligible for RR widows' benefits. The LDSS/LHD must be alert to the possibility of a survivor receiving more than one RR benefit check.
- Widows/Widowers.
- Widowed mothers or fathers with a child under age 18 or a child disabled prior to age 22 in their care.
- Children-Survivor benefits paid to or on behalf of children are counted as income to the children for MA eligibility purposes.
- Dependent parents of a railroad employee if there is no widow or child who qualifies.

Unemployment, sickness, and strike benefits are computed on a daily basis with each check covering a period of two weeks.

These claims are usually filed through the railroad employer or directly with RRB in Chicago. RRB district offices do not usually have files on these persons; therefore, verifications must be requested from Chicago.

The LDSS/LHD should be alert to the possibility of entitlement or potential entitlement to railroad retirement benefits in every case the application indicates railroad employment.

RRB checks are similar to Social Security benefit checks in that checks for one month are paid the following month and the cost-of-living adjustments are the same percentage as Social Security cost of living adjustments. However, differences may exist due to individual circumstances. For example, combined RRB checks are issued when an RR employee and spouse are entitled. RRB may consolidate payments in one check and send one award notice to:

- more than one child of a deceased RR employee; and
- the widow/widower and children of a deceased RR employee.

In situations where a consolidated check or award notice is issued, it will be necessary to determine the amount included for an MA A/R or the amount included for a parent or spouse to be considered available to an MA A/R.

Social Security benefits certified to the Railroad Retirement Board are counted as Type A income (Social Security benefits). Persons entitled to this type of benefit receive two award notices. The first notice, from the Social Security Administration (SSA) on form SSA-L30C1, informs the beneficiary that the RRB has the responsibility for making Social Security payments. It also shows the entitlement date and benefit amount, but does not show the amount of the first check or when the first check may be expected.

The final notice, from the RRB on Form RL-130LT, specifies the amount of the first check. If an RR annuity is involved, a separate notice may be received from the RRB after SSA issues the form SSA-L30C1. This interim notice will be followed by the RL-130T stating the amount of the first check.

(8) Annuities

An annuity is payment of a fixed sum of money paid yearly or at other regular intervals. Annuities may be purchased by an individual from an insurance company or by an employer as consideration for services rendered. The payments made from the annuity plan are unearned income.

(9) Civil Service Annuity

Retired Federal employees receive a Civil Service Annuity. Information about this benefit may be obtained for former Federal employees from the Office of Personnel Management (OPM).

Applicants and recipients should be instructed to always provide the claim number and the full name of either the annuitant or the deceased when requesting information.

The amount of the annuity check from OPM cannot be established through a payment check without supporting documents. The check is an unreliable means of verifying the gross amount of an annuity. There are a number of optional deductions which an annuitant can request. The most common requests are to withhold an amount to cover Federal income taxes on the gross annuity and health insurance premiums.

(10) Pension or Retirement Payments

Payments to a worker following his retirement from employment are unearned income. Such payments may be paid directly by a former employer or by a trust fund, an insurance company, or other private entity. This rule applies to both domestic and foreign employers and paying agencies.

As a general rule, a person is considered vested in a pension plan if the person has 5 or more years' membership in a plan. Benefits in a vested plan are countable as income only if the person is entitled to retirement or disability benefits. Benefits in a vested pension plan are countable income when withdrawn.

(11) Government Pensions or Retirement Payments

Payments made to former employees, their dependents or survivors by Federal, State, or local governmental entities, including foreign governments or their agents, are unearned income.

Occasionally, an MA A/R receives income in the form of governmental or private pensions or annuities or other types of payments tendered to him (usually in the form of a check) in a monetary unit other than the U.S. dollar. In situations where the rate of exchange varies from month to month, the benefit may be averaged based on a past period of six months or a year.

Example:

Marie Mitchell, an aged individual and naturalized citizen, receives a monthly pension from the government of France. This pension is her only income. Each month, she receives a check made payable to her for 250 francs. The rate of exchange at the time she files her application for MA is determined to be 5 francs to the dollar. The local currency exchange has converted Mrs. Mitchell's 250 francs to 50 dollars. However, the exchange charged her 75 cents to complete the transaction, as they do each month. Mrs. Mitchell, therefore, has a countable unearned income of \$49.25 per month (\$50.00-\$0.75).

(12) Disability Payments

Disability Payments made to an individual who has suffered injury or disability are unearned income. Such payments are not limited to those arising from an employment relationship and may be made by an employer or may come from an insurance or other private or public fund.

(13) Unemployment Benefit Plans and Unemployment Supplemental Benefit Plans

Payments received under a state unemployment law and payments received under a Federal employment law (including those to Federal employees who become unemployed) are unearned income. In many instances, additional amounts, in separate checks, are paid by employers or unions. These payments are also unearned income. The LDSS/LHD must be alert to the possibility of these payments from heavy industry employers and strong labor unions. Persons with a long history of employment with heavy industry and union membership who disclaim these supplemental benefits must be required to verify non-receipt of these benefits.

Unemployment insurance is paid weekly. Two of the factors of eligibility for such payments are a recent history of “covered” employment and availability for work.

(14) Trusts

A trust is a right of property held by one party for the benefit of another. The person who holds the legal title to property for the benefit or use of another is the “trustee”. The person for whose benefit the trust is created is the “beneficiary”. While the beneficiary of a trust does not hold legal title, he/she does have an equitable ownership interest in the property. According to the terms of the particular trust involved, the beneficiary may be the person designated to receive income from the trust either directly or through the trustee. Most trusts recognized as binding under state law are established by means of a written document. The corpus (or body) of the trust is a resource that generates income. Refer to procedures in Section 800 (Resources) for details on the treatment of a trust as a resource.

i. The trust as a source of income to:

- **Trustee:**
Generally a person who is appointed a trustee cannot use any of the funds in the trust for his/her benefit. Thus, an individual can be a trustee of a valuable trust and not be able to receive money from it since he/she has no access to the funds for his/her personal use. Under such circumstances, income from the trust is not available to him/her.

Some trust agreements, however, have provisions whereby the trustee is entitled to a set fee and/or reimbursement for expenses incurred in administering the trust. In these cases, any reimbursements or fees received by the trustee are considered unearned income.
- **Beneficiary:**
In cases where the trust is not a countable resource, all payments made to or on behalf of an A/R or a relative whose income must be considered, are counted as income.

Where the trust principal is considered a resource to a member of the assistance unit, any withdrawals made from the principal of the trust are not income since the monies have already been counted as a resource.

ii .Income from Principal of Trust (Interests, Rents, etc.)

- If the beneficiary has a right to the income from the principal of the trust (whether or not it is applied to his/her use on a current basis), it is income as it becomes available.
- If the beneficiary has no right to the income from the trust principal and the income is added to the principal, then the earnings from the trust principal are not income to the beneficiary. Only the trust payments count as income. A trustee may exercise authority over use of the payments by issuing payments to a beneficiary directly, or to a legal guardian or to a vendor on the beneficiary's behalf. In these situations, it is immaterial whether the payments are received directly by the beneficiary or in-kind; the payments constitute income to the beneficiary.

(15)Payments from Oil or Mineral Rights and Government Payments on Land

Private or governmental agencies may pay the owner of a piece of property an amount of money in exchange for certain rights to use the land or for the minerals extracted from the land. This may be a fixed amount paid at regular intervals or a percentage of the profit made by use of the land or minerals. The basis for the payments will be specified in a lease or a contract. If variable, income is projected based on average payments for the previous year.

(16)Support and Alimony

Support means contributions in cash or in-kind which are available for some or all of a person's basic needs (food, shelter, clothing, etc.). However, in-kind support is not counted in determining eligibility for an FAC unit. The contributions may be provided voluntarily or by court order.

Alimony is the allowance given to a person from funds of the spouse or former spouse either pending decisions on a suit for separations, or divorce after decision in a suit.

In some jurisdictions, the court may use the term 'maintenance' instead of alimony; when divorce is granted, the court may use the term "permanent alimony". The amount of income to be considered in these situations is the actual amount of payments received.

(17)Life Insurance Benefits

Life insurance proceeds, as a source of income, may be difficult to detect since a specific question soliciting this information is not a part of the application. The CM should be alert during initial or redetermination interviews to situations where an applicant or recipient has been recently widowed.

In cases where there is more than one beneficiary of an insurance policy, it is necessary to determine each beneficiary's share of the proceeds by observing the provisions found in the policy or by contacting the insurance company.

For ABD and FAC units, the proceeds are counted as unearned income to the beneficiary to the extent the proceeds exceed the lesser of: (1) \$1,500, or (2) the amount spent by the individual on the insured's last illness and/or burial. If the amount spent by the individual (beneficiary) on the last illness and/or burial exceeds \$1500, then only \$1,500 is subtracted from the proceeds to determine unearned income.

Last illness and burial expenses include related hospital medical expenses not covered by insurance or other third party, non-medical expenses, the funeral, burial plot and interment expense and related costs. In determining unearned income under this provision, it is presumed that the expenditures of these proceeds occur prior to the expenditures of other funds. Proceeds may be received by a lump-sum payment, monthly payments or some other arrangement.

Acceptable proofs of ownership of a policy are: a copy of the policy; a statement from the insurance company; or premium notices that identify the owner.

(18) Military Allotments

A person serving in any branch of the military may have a portion of his wages withheld and forwarded to a dependent spouse or children, and in some instances, a dependent parent. This arrangement may be court ordered, voluntary, or at the discretion of the person's commanding officer. This can be verified through the division of service that handles payroll or through the court order, if one exists.

(19) Financial Contributions from Persons or Public or Private Agencies

Financial contributions made by an individual, a private organization or a public organization are countable income unless specifically excluded under the section on "Excludable Income". This includes gifts or "loans" that do not include a specific repayment schedule. This includes "loans" made on an on-going basis.

(20) Payments from Individual Retirement Accounts (IRAs) and Keough Accounts

Income from a private retirement account (IRA or Keough account) is not considered income if the account has been considered a resource. The CM must verify the income and principal balance through the bank or other financial institution that makes the payments.

(21) Unearned In-Kind Support (Aged Blind or Disabled Only)

In-kind support means financial assistance given in the form of food, shelter or other goods or services, or money paid directly to a vendor on behalf of another.

(22)Interests, Dividends, and Royalties

Interests, dividends, royalties or other income accrued to stocks, bonds, insurance and savings certificates is counted as unearned income when the income is available to the person on a regular basis.

(23)Interests or Dividends Accrued to Savings Accounts

Interest or dividends earned on investments, certificates, mutual funds, savings accounts, checking accounts or trust funds are considered unearned income. Interest is counted as unearned income when it becomes available to the recipient. Interest income is not included in determining the value of a resource for the period in which it is counted as income. Interest income that is retained beyond the end of the period under consideration is then considered a resource.

Interest income may be infrequent or irregular, as determined under COMAR 10.09.24.07.14 and 10.09.24.07 A(15). Refer to section entitled “Excludable Income Specific to the ABD Unit” for explanation of infrequent or irregular income.

When a resource such as a savings bond or life insurance policy is established with the intent of interest and dividends accruing to the value of the resource, and the interest or dividends cannot be obtained without liquidation of the resource or regeneration of the initial terms of the resource, then this income is not considered available but remains part of the resource.

Interest income is calculated as follows:

1. At initial application, the applicant must present verification of the estimated amount of interest during the period under consideration. This verification must come from the source of the interest income and be based on the current value of the resource. Use this verification to project interest income for the period under consideration.

To project interest on an interest-bearing checking account, it is acceptable to use checking statements for the last three months to obtain an average monthly interest income.

Some banks charge a fee to give a written estimate of interest income on savings accounts. When the applicant indicates that this fee represents a hardship, one of the following methods may be used:

- If the savings account balance has not increased or decreased by more than \$500 in the past twelve (12) months, the interest earned in the past twelve (12) months may be averaged and used to project interests for the current period under consideration.
- If the savings balance has varied by more than \$500, use the interests earned in the last full month or quarter (depending on the frequency of the interest) prior to application to project monthly interest income for the period under consideration.

2. At redetermination, project interest income based on the actual amount of interest earned

during the past period under consideration, or allow the recipient to present verification of the same kind presented at initial application.

(24) Mortgage Payments

A person who holds a mortgage will receive mortgage payments usually on a monthly basis. This payment includes two amounts: a payment on the principal, which reduces the total value of the mortgage, and an interest payment. The interest portion of the payment is considered unearned income. This can be verified through the amelioration table, which is usually part of the loan agreement. In the absence of this table, the mortgage holder must present other verification, such as a book keeper's statement, or verification from the bank, real estate agent or lawyer who handled the settlement.

(25) Reverse Mortgage

Reverse mortgages and other home equity loans allow elderly persons to borrow against the equity of the home on an "as needed" basis. If the money is spent during the month received, it is not counted. If the money is retained beyond the month in which it is received, it becomes a resource and must be added to other countable resources. Refer to Section 800 for treatment of reverse mortgages as a resource.

(26) Lump-Sum Income

Lump-sum benefits or other amounts of income received on a one-time-only basis, including gifts, inheritances, retroactive benefit payments, lottery winnings, damage claims unless specifically excluded by other regulations, or any other lump-sum or portion of them that are not excluded under COMAR 10.09.24.07J or (K) are counted as unearned income.

Unlike Temporary Cash Assistance (TCA) and the Food Supplement Program (FSP), Medical Assistance (MA) does not count all of lump-sum income in the month of receipt but prorates it over a 6-month period under consideration.

(a) CARES Procedures

If lump-sum verification is received within 10 working days of the end of the month, the CM must make the income change effective as of the first day of the next month. This is because CARES does not set the correct Redet Begin and End Date for a spend-down certification period if a case is moved from active to preserved status during the adverse action period. Instead, CARES incorrectly terminates MA eligibility as of the end of the current month, without giving the required 10 days' notice of adverse action. Therefore, the CM must wait until the next month to enter the income change on CARES and initiate the workaround process which is specified below. Then, if the prorated lump-sum makes the customer income-over scale, CARES will establish the correct eligibility end date and correct spend-down certification period. The CARES notice sent to the customer must give at least 10 days' notice of this adverse action.

Since CARES is not programmed with the MA policy for prorating lump-sum income, use the following manual off-line workaround:

1. Manually divide the lump-sum income by 6 (the length of a consideration period).
2. Estimate, off-line, the new total net countable monthly income. Add the prorated lump-sum income from Step 1 to the total countable monthly income (before disregards are subtracted) currently on the CARES “MAFI” screen for the assistance unit (AU). Then, subtract all appropriate income disregards. This gives the estimated new total net countable monthly income.
3. If the estimated new total net countable monthly income from Step 3 does not exceed the applicable monthly net income standard for the AU’s size, **narrate** in CARES about receipt of the lump-sum income. Allow the current eligibility period to continue. Do not initiate an unscheduled redetermination or otherwise enter the income change in CARES.
4. If the estimated new total net countable monthly income from Step 3 exceeds the applicable monthly net income standard for the AU’s size and the AU is currently MA eligible or in preserved status, take the following steps:

(a) Initiate in CARES an unscheduled redetermination for the AU due to this reported income change.

(b) Enter the change in income for the current month through Option “R” on the “AMEN” screen. (Remember, if it is within 10 days of the end of the month, this process should not be initiated until the next month, in order to provide proper notice of adverse action.) In the “Source” field on the “UNIC” screen, enter the prorated amount of lump-sum income from Step 1 as “LS” (Lump Sum) with the frequency of “AC” (actual).

(c) Fast path to “DONE”. CARES recalculates all eligibility to include any changes that were made.

(d) The CM then confirms the new eligibility status, which will likely make the AU income-over scale, and result in a preserved spend-down case. For the spend-down AU, CARES will then set a new period under consideration for 6 months from the month in which the change was made on CARES. CARES will send a notice advising the recipient of the spend-down amount and the preserved period. The CM must assure that the customer is given at least 10 working days of adverse action before the case goes to spend down.

(27) Profit from Rental Income

Income derived from rental of real property (e.g. buildings, land) is considered earned income from self-employment when included on the person’s tax return as a business venture.

Otherwise, such income is counted as unearned income.

(28) Room and Board

Room, Board, or Room and Board. Profit is 50 % of total payment, unless otherwise documented.

(29) Cash Assistance

Cash assistance received from non-governmental social agencies, unless excluded under COMAR 10.09.24.07J or (K), is counted as unearned income.

(30) Promissory Notes and Loans

A promissory note is a written agreement signed by a person who promises to pay a specific sum of money at a specified time, on demand, to another. A promissory note may be given in return for money, real property, goods or services.

A loan is a transaction whereby one party advances money to another party who promises to repay the debt in full, with or without interest, and is similar to a promissory note. A loan may take the form of a formal written document or an informal verbal agreement.

When an A/R reports that he/she has made a promissory note or loan, the CM must determine if the loan should be counted as a resource or considered income. A loan is considered a resource in the amount of the outstanding principal unless the A/R provides reliable evidence that the loan is non-negotiable or cannot be sold for a reasonable amount.

- a. If it is verified that the loan cannot be negotiated or sold, it is not a countable resource. However, the total amount of the payment, both principal and interest, are countable unearned income. If it is determined that the loan is negotiable or can be sold, it is not a countable resource. However, the total amount of the payment, both principal and interest, is countable unearned income.
- b. If it is determined that the loan is negotiable or can be sold, the outstanding principal is a countable resource to be added to other countable resources and measured against Schedule MA-2. If total countable resources are within the applicable amount in Schedule MA-2, the interest portion of each payment is countable unearned income. Under this same circumstance, the principal portion of each payment is not countable income. This is because the principal balance has already been counted as a resource and the person was determined resource eligible. The payments on the principal serve to reduce the value of the loan. This treatment of the loan and the payments applies as long as the person is resource eligible.

(31) Grants, Loans, Scholarships, and Fellowships

Grants, loans, scholarships, and fellowships for educational purposes, except as specified in COMAR 10.09.24.07J(3) and 10.09.24.07K(3), and are counted as unearned income.

(32) Loans to the Applicant/Recipient

Loans provided by individuals or lending institutions to the A/R are considered unearned income as long as they are available for current living expenses, whether or not there is a repayment plan. The exceptions to this are reverse mortgages and other home equity loans, which are not counted if spent during the month received.

Any money received by the assistance unit as a loan and used, or to be used, for current month's rent, utilities, or other current living expenses is counted as income, even if the loan has to be repaid in the following month.

Only loans that are not available for current living expenses may be excluded. Refer to section on "Excludable Income", Educational Grants and Loans.

(33) Loans to the Applicant/Recipient (Family and Children- FAC)

In determining eligibility for an FAC unit, any bona fide loans provided by individuals or lending institutions to the unit will be considered excludable income. If the loan was obtained from an individual or establishment not normally engaged in the business of making loans, the A/R may provide the following as verification of a bona fide loan:

1. Borrower's acknowledgement of obligation to repay (with or without interest);
2. Borrower's intent to repay, either by pledging real property or personal property or anticipated income; or
3. Timetable and plan for repayment (e.g. a written statement detailing borrower's plans to repay the loan when future anticipated income is received).

In the absence of the above documentation, the money received by the A/R is considered a contribution and is countable unearned income.

(34) Cash Assistance--Public Assistance for Adults (PAA) and Social Security Income (SSI)

Cash assistance including Public Assistance Grants, under circumstances defined in implementing procedures in Section 600 (The Assistance Unit), are counted as unearned income.

(35) Sick Pay

Sick Pay from which Social Security taxes (FICA) are not deducted is counted as unearned income. When FICA is deducted from sick pay, the pay is considered earned income.

(36) Verification of Unearned Income

It is necessary to analyze the meaning and evaluate the validity of whatever is submitted as verification. The CM should make a responsible decision as to the acceptability of the documentation. Where appropriate, assistance should be provided to persons who are incapable of obtaining the necessary documentation themselves and who have no one else to assist them.

Award letters or other documents in the individual's possession, if not outdated, may be used to verify the source, the amount, and the frequency of the payment. It is not necessary to verify the frequency of the payment if you are familiar with the type of payment involved either through direct experience or a precedent. A check may be used to verify the payment amount if it is clear that the amount shown represents the gross amount and not the net amount.

It is the responsibility of the CM to make sure that the current amount of benefit is verified. If the A/R states that deductions are being made, supporting evidence is needed.

A/R income data may also be assessed using the State Verification Exchange (SVES) and State Data Exchange (SDX) systems.

(37) Availability of Benefit Checks

The gross amount of an A/R's check is considered available to him/her regardless of any of the following:

- The entire check or any portion of the check is garnished;
- Direct deductions for support;
- Tax deductions; and
- Deductions for loans, savings, insurance, etc.

Most benefit income is paid by check on a monthly basis and is considered available in the month it is received. A person may be notified of eligibility for a benefit, but it is not considered available until it is actually received. A person may receive a lump sum for prior months in which the person was eligible for the benefit, but the entire sum is considered available when the check is actually received.

The Social Security Information Service and the Civil Service Special Inquiry Service have provided the following information regarding the availability of income for the month of death:

a. Check sent directly to pensioner, representative, etc.:

1. If the pensioner dies before the check is received, or after it is received but before it is signed, that check must be returned to the payer.
2. The next-of-kin (SSA/Survivor) may file a request for reissuance of the check in the name of the next-of-kin/survivor.
3. If no one files for a reissuance of the check, it will be reissued to the estate of the deceased pensioner. CSA checks will be issued only when the estate is opened.

b. Direct Deposit Checks:

1. If the pensioner dies before the benefit is paid into the bank account, the amount deposited through direct deposit must be returned to the payer. The procedures stated in (a)(2) and (3) above also apply to direct deposit.
2. If the pensioner dies on or after the date of the direct deposit, the amount deposited is considered available to the pensioner.

Based on the above, the following procedures are to be followed for applications and active cases:

1. Inform the spouse or the legal guardian or representative, of the need to request reissuance of the check.
2. In cases where there is no one to file for a reissuance of the check, do not count the benefit but promptly file a DHMH Form 1169 reporting the benefit to the Division of Recoveries for possible recovery from the person's estate.

(38) Unearned Income for Members of Religious Orders

(a) Unearned Income from the Order

Any income provided to a non-working member by a religious order is unearned income unless otherwise excluded. If a member is receiving a cash stipend from the order, the stipend is considered unearned cash income. In-kind income is also countable as unearned income valued at 1/3 the Medically Needy Income Level (MNIL).

(b) Unearned Income from Outside of the Order

When a member receives unearned income from any source other than the order (e.g. OASDI or VA benefits, or from an affiliate of the order), the income is counted regardless of whether the member turns the unearned income over to the order.

Example:

Sister Monica is a retired member of a religious order who has taken a vow of poverty. She lives in a convent and is provided with meals, clothing and transportation. The value of unearned in-kind support is \$128.00 a month (1/3 of the MNIL). Sister Monica is also given a \$35.00 cash stipend. In addition, Sister Monica receives a gross OASDI benefit of \$150.00 which she endorses over to the order because of her vow of poverty. Her unearned income is computed as follows:

\$128.00	Value of in-kind support
35.00	Cash Stipend
150.00	OASDI
<hr/>	
\$313.00	Total unearned income
-20.00	General Income disregard

\$239.00 Countable unearned income

Computation of Income

Income is counted at the earliest of the following points: when it is received, when it is credited to a person's account, or when it is set aside for a person's use.

For the retroactive period, the following applies:

1. For persons who receive regular income or a set annual salary received in designated amounts in pay periods throughout the year, the amount to be considered is the actual amount received during the retroactive period.
2. For persons who receive irregular and/or unpredictable income, the amount to be considered is the prorated amount of annual income for the number of months included in the retroactive period. This group of persons includes, but is not limited to, self-employed business persons, farmers, watermen, hourly wage earners whose hours vary, and persons who are paid on a commission basis.
3. For a person whose retroactive income cannot be calculated on the basis of usual income because of a change, the amount to be considered is that which is actually received in the retroactive period.
4. For persons who receive a set annual salary which is not distributed evenly or does not extend throughout the year, the income to be considered is the prorated annual amount for the period under consideration. Included in this group are school teachers whose annual salaries are divided into pay periods covering less than 12 months.

Income is projected for the 6-month period (ABD and FAC) for current eligibility. The following rules apply in computing income for the current period under consideration based on the frequency with which the income is received.

Monthly:

Multiply the monthly amounts by the number of months in the period under consideration.

Bi-monthly:

Multiply by bi-monthly amount (every other month) by 3 for a 6 month period under consideration. For a shorter period, divide the bi-monthly amount by 2 and multiply the result by the number of months in the period under consideration.

Weekly:

Multiply the average weekly amount by 26 for a 6 month period under consideration. For a shorter period, multiply the average weekly amount by the actual number of pays received or to be received in the period.

Bi-weekly:

Multiply the average bi-weekly (every other week) amount by 13 for a 6 month period under consideration. For a shorter period, multiply the average bi-weekly amount by the number of pays received in the period.

Annual:

Divide annual income by 2 for a 6-month period under consideration. For a shorter period, divide annual income by 12 and multiply the result by the number of months in the period under consideration.

Lump Sum:

Lump Sum income received during the period under consideration is prorated over the 6-month period under consideration.

700.2 Disregards

After excluding all non-countable income, what remains is countable gross income. Countable gross income is reduced by the deduction of certain amounts of money called disregards. The allowable disregards are specific in amount and vary with the category of assistance unit (ABD or FAC). In applying the income disregards, the CM must follow the requirements for the category or assistance unit that is being considered.

Example:

A family includes children, a disabled parent and a non-ABD parent. The non-ABD parent and children apply as FAC. The disabled parent applies as ABD. The income of both parents/spouses must be considered in each unit due to the financial responsibility for each other and their children. In considering the ABD parent/spouse's income for the FAC unit, apply the FAC income disregards. In considering the non-ABD spouse's income for the ABD unit (disabled spouse), apply the ABD disregards.

(a) Disregards Specific to the Aged, Blind, or Disabled Unit

The following disregards are deducted from the countable gross income of an ABD unit:

General Disregard

The first \$20.00 of any unearned income received per month other than in-kind support and maintenance received in the household of another and income based on need, is disregarded for an individual or couple. Income based on need is a benefit that uses financial need as measured by income to determine eligibility.

The \$20.00 disregard does not apply to a benefit based on need that is totally or partially funded by the Federal government or by a non-government agency. However, income which is based on a need and funded wholly by a state or one of its political subdivisions is totally excluded. The

general disregard is applied to unearned income; however, if there is no unearned income, it is applied to earned income.

Generally, V.A. pensions are based on need and, therefore, are not subject to the \$20 monthly ABD disregard, regardless of the recipient's condition of age, blindness or disability. (It is the type of benefit that determines whether the disregard is applied.) However, pensions based on a special Act of Congress are not based on need. Thus, the \$20.00 monthly ABD income disregard applies to these exceptions.

V.A. compensation payments are not based on need and, therefore, the ABD disregard applies except in two instances: (1) death compensation to parents; and (2) dependence and indemnity compensation (DIC) paid to parents.

Earned income Disregard

An earned income disregard is \$65 per month plus one-half of the remainder of the earned income of an individual or a couple. No portion of this disregard may be applied to unearned income. The disregard is allowed only for months in which there is earned income.

Earned Income of a Blind Person

For an employed blind person under 65 years old, in addition to the disregards listed in the preceding, an additional disregard of the amount of earned income used to meet any expenses reasonably attributable to earning of income is applicable.

Income from Rehabilitation

Any wages, allowances, or reimbursement for transportation and attendant care costs received by a blind or disabled person employed in a project under Title VI of the Rehabilitation Act of 1973 as amended by Title 11 of Pub. L. NO. 95-602 (92 Stat. 2992, 29 U.S. C. 795 (b) (c) are disregarded.

Child Support

One-third of the monthly amount of child support received for a BD child is disregarded.

(b) Disregards Specific to the FAC Unit

The following disregards are deducted in the following order, from the countable gross income of an FAC unit:

Earned Income Disregard

In the process of earning income, the working assistance unit member will incur certain expenses. Items such as tax withholdings, transportation and lunch shall be covered by the earned income disregard.

- \$90 monthly for each employed member of the FAC unit whether working full-time or part-time.
- For each employed parent or spouse who is not a member of the assistance unit, but whose income and resources must be considered, a \$75 monthly disregard applies if employed at least 100 hours per month, and \$50 monthly disregard applies if employed less than 100 hours per month.
- Any refund or advance payment of Earned Income Tax Credit.

These expenses are deducted from the gross earnings when calculating net earnings. However, the deduction for each person may not exceed the person's non-excluded gross income. It is to be applied to the earned income of each person separately and is not to be applied to unearned income. When a person earns less than \$90 during a month, the total earnings for the month are disregarded. This disregard is allowed only for months in which there is earned income.

The CM must determine the number of hours worked in order to decide whether the employment was full-time (100 hours per month) or part-time (less than 100 hours per month). The A/R shall verify the actual hours worked only if it is questionable. This may be done through the use of pay stubs, a written statement, signed and dated by the employer or, in the case of self-employment, through business records.

Example:

The MA Unit consists of parent and child. The parent has earned income. The child has no income.

	Earnings	Disregard
January	\$0	\$0
February	\$50	\$50
March	\$450	\$90
April	\$450	\$90
May	\$450	\$90
June	\$450	\$90

An employed assistance unit member who is paid in-kind is still eligible for the \$90.00 earned income disregard, as well as child care deductions.

Child Care

If the A/R is employed full-time (at least 100 hours per month), the documented amount of child care expenses, not to exceed \$200 per month, for each child, will be allowed.

If the A/R is employed part-time (less than 100 hours per month) the amount of child care expense, not to exceed \$100 monthly, per child, is allowed. Child care costs do not require verification unless questionable.

Child care costs may include all costs and fees connected with caring for the child. They include:

1. Actual costs of the care; and
2. Transportation to and from the place of care (based upon actual public transportation costs or the State Mileage Chart when a parent drives).

This allowance is permissible only if:

1. The expense is paid to a person who is not a member of any assistance unit within the family; and
2. The expense is not paid to a legally responsible relative whose income and resources must be considered. When the expense is paid to a legally responsible relative, the income received represents earned income to the assistance unit member, even though it was also considered a deduction for the working assistance unit member. All policies about treatment of earned income apply, including disregard of earned income of a child who is a full-time student.

Child Support and Alimony

Medical Assistance Unit

The first \$50 of monthly child support payments received or expected to be received by an FAC unit is to be disregarded in determining financial eligibility. The disregard applies to units that include children who receive voluntary or court ordered support payments. The \$50 maximum disregard per family applies irrespective of the number of children receiving support payments per child. If the total amount received is less than \$50, the full amount received is disregarded.

Example 1:

The MA unit consists of parents and two children. One child receives \$75 month support. The other child receives \$85 monthly support. The total monthly support is \$160.00 (\$75-\$85).

Total monthly support =	160
Maximum disregard =	-50
Net countable support =	\$110

\$50 (maximum) is disregarded.

Example 2:

The MA unit consists of a parent and two children. One child receives \$20 monthly support. The other child receives \$20 monthly support. The total monthly support is \$40 (\$20-\$20).

Total Monthly Support= \$40

Maximum disregard = -50

Net countable support= $\frac{\quad}{\quad}$ \$0

The total monthly support of \$40 is disregarded.

Support or Alimony Paid by Stepparents

The actual amount of child support and alimony paid by a stepparent is deducted from the stepparent's countable gross income if all of the following conditions are met:

- a. The stepparent lives with the assistance unit;
- b. The stepchild is a member of the assistance unit;
- c. The stepparent is not receiving or applying for Medical Assistance;
- d. The stepparent's income and resources are considered in determining eligibility for a member of the assistance unit under the assistance unit requirements (COMAR 10.09.24.06); and
- e. The support or alimony is paid to dependents that are not living in the home.

700.3 Excludable Income

(a) Excludable Income for All Medical Assistance Coverage Groups

Exclude from Consideration as Income for FAC and ABD:

- Adoption subsidy payments received from a public or private nonprofit placement
- Money received from the sale of an assistance unit (AU) member's blood or plasma
- Cash or in-kind assistance based on need which is wholly funded by a state or local government (e.g., Public Assistance to Adults, Project HOME)
- Charitable contributions (CARES valid value "CC") received—exclude all cash and in-kind charitable assistance received by the AU
- Crime victims compensation payments from a publicly funded program or otherwise excluded under the Crime Act of 1984, or from other public or private compensation of crime victims
- Disaster relief, assistance, or maintenance from a federal, state, or local agency or from a disaster relief organization: exclude for both FAC and ABD. For ABD, lift the 9-month limit on exclusion of such assistance.
- Hostile fire pay received by a member of the uniformed services
- HUD assistance: utility reimbursements or allowances paid by HUD to the household, or funds placed by the household in a HUD Family Self-Sufficiency Program account

- In-kind income or support (“IK”)—exclude both earned and unearned non-cash payment for services provided or non-cash assistance received (e.g., value of food and/or shelter received if living in someone else’s home)
- Interest income (“IN”): exclude the interest accrued during the 6-month period under consideration to bank accounts (savings, checking, or money market accounts). Continue to count in the month of receipt the interest and dividends earned by other countable resources (e.g., stocks, bonds, insurance, and other non-bank investment accounts). Continue to count as a resource the accumulated interest and dividends for a countable resource which are retained after the month of receipt into the next 6-month period under consideration.
- Money received and used by the AU for a non-member
- Older Americans Act—exclude earnings received from programs under Title V of the Older Americans Act (“GT”), as well as any assistance received (e.g., Senior Care, home-delivered meals, senior center services, personal care) under the Act
- Plan for Achieving Self-Support—for a non-elderly applicant or recipient (A/R) who is blind or disabled, exclude income received and used to fulfill such a Plan approved by the Social Security Administration
- Reimbursement for past or future expenses for an identified expense other than normal living expenses which are used for that purpose, do not exceed the expense, and do not represent a gain or benefit to the AU (e.g., reimbursement for medical expenses, dependent care, job-related expenses)
- Supplemental Security Income (SSI) and all other earned income of an AU member who receives SSI
- Volunteer work--reimbursement for out-of-pocket expenses (e.g., transportation, mileage, parking)
- Welfare-to-work rental voucher program—exclude HUD Section 8 rental subsidy payments, but count on-the-job training payments for adults aged 19 or older
- Federal statute excludes certain income benefits from consideration for needs-based public benefits programs (e.g., Agent Orange Compensation Exclusion Act of 1989, congregate public housing services or wages under the Cranston-Gonzales National Affordable Housing Act of 1990, National and Community Service Trust Act of 1990 and 1993, Radiation Exposure Compensation Act of 1990, Rick Ray Hemophilia Relief Fund Act of 1998, veterans benefits for children with certain birth defects who were born to women Vietnam War veterans, Vietnam veterans allowances for children with spina bifida, vocational education assistance under the Carl D. Perkins Vocational Education Act of 1990, subsidies for expenses but not on-the-job training payments under the Workforce Investment Act, Youth Build Program under the Housing and Community Development Act of 1992)

Changes in Methodology for Income Consideration for FAC and ABD

- Education-related assistance (“EA”, “GP”, “GR”) and work study earnings (“NS”, “WS”): exclude all such assistance and earnings--see FIA Action Transmittal 03-55 which describes the exclusion for TCA and FS. Exclude all educational grants, loans, scholarships, fellowships, and training allowances for educational purposes by a student; all educational expenses while in attendance (tuition, books, mandatory fees, transportation, and child care);

and veteran's educational benefits. Also excluded are all state and federal work study earnings, stipends, and reimbursements for out-of-pocket expenses, regardless of the person's age.

- Infrequent or irregular unearned income ("UE"): exclude and do not enter to CARES up to \$200 per 6 months if it is received less than twice per quarter or cannot be reasonably anticipated, rather than counting for FAC and excluding up to \$60 per quarter for ABD
- Loans
 - Loan received ("EL", "LA", "LD", "RM"): for ABD and FAC exclude money received by the A/R as the borrower for any type of loan from a private individual or commercial institution (e.g., personal or business loan, promissory note, reverse mortgage, home equity loan)
 - Loan repayment of interest ("LR"): ABD counts but FAC excludes the interest received by the A/R as the lender in payment for a loan (e.g., personal or business loan, mortgage)
 - Loan repayment of principal ("LP"): ABD considers as a countable resource the principal received in payment by the A/R as the lender, but exclude repayment of an informal, non-contractual loan (e.g., loan to a friend or family member to pay the rent). FAC excludes.
- Rental property income ("RE"): count as earned income according to TCA rules--enter on CARES and count as profit the net amount remaining after manually deducting 50% from total gross rental property income as the cost to produce (i.e., count half of the total amount earned from the rental of real property, such as rental of home or business property, rather than counting the net amount after deducting actual expenses)
- Self-employment income ("SE"): count as earned income according to TCA rules--enter on CARES and count the net amount remaining after deducting 50% from total gross self-employment income as the cost to produce (i.e., count half of the total amount earned, rather than counting the net amount after deducting actual expenses)

(b) Excludable Income Specific to FAC Coverage Groups

Exclude from Consideration as Income for FAC:

- Earned income of a child under 18 years old, regardless of whether the child is a student. (ABD will still count.) FAC also excludes earnings of a child under 21 who is either a full-time student or a part-time student and not employed full-time. (ABD only excludes the earnings up to \$1,620 in a calendar year of a child under 22 who is blind or disabled and is regularly attending school.)
- Emergency Assistance to Families with Children grants
- Individual Development Accounts (IDAs)—exclude money deposited in such accounts and the interest earned. See FIA Action Transmittal 03-49.

Changes in Methodology for Income Consideration for FAC

- Child care expenses: use TCA rules for this income disregard (which are already programmed in CARES for MA FAC)--disregard \$200/month per child in child care expenses for an AU member who works 100 or more hours per month and \$100/month if works less than 100 hours per month

- Earned Income Tax Credit (“EC”): exclude refund or partial payment of the EITC, rather than subtracting as an income disregard
- Infrequent or irregular earned income (“IR”): exclude and do not enter to CARES up to \$30 per quarter if it is received less than twice per quarter or cannot be reasonably anticipated (already exclude up to this limit for ABD)
- Room and/or board income (“RO”, “BO”, “RB”) received from boarders in the AU’s household: count as earned income using TCA rules for consideration of self-employment income--enter on CARES and count the net amount remaining after manually deducting 50% from total gross room and board income as the cost to produce (i.e., count half of the total amount earned, rather than counting 75% as profit)

(c) Excludable Income Specific to ABD Coverage Groups

Exclude from Consideration as Income for ABD:

- Earned Income Tax Credit (“EC”)--refund or partial payment (which may be received with a person’s salary)
- Earned income used for impairment-related work expenses for an AU member who is non-elderly and disabled or who received SSI before age 65 due to disability
- Room and/or board income (“RO”, “BO”, “RB”) received from boarders in the AU’s household--exclude in full, rather than counting 75% as profit
- Social services received in-kind or by cash from public or private social service programs

Attachment A - Medical Assistance Income Countability Table

Medical Assistance Income Countability Table

This Income Countability Table is provided as a quick, simple reference guide, and may not include all of the policy applicable to a particular income type. Additional rules for an income type may be found in COMAR 10.09.24 or the Medical Assistance (MA) Eligibility Manual. **Please refer to the appropriate income procedures in this Policy Alert or the MA Eligibility Manual for complete instructions when determining eligibility.**

The chart is alphabetized for your convenience. If a type of income is not specified on this table as excluded or as disregarded, it is countable. An “EX” under the “Countable For” column means the type of income is **excludable** for the respective assistance unit. A “CT” means the type of income is **countable**.

- Medical Assistance (MA) coverage groups using Families and Children (FAC) rules include those in the **E, F, and G** tracks, as well as **T01, T02, and T99**.
- MA coverage groups using Aged, Blind and Disabled (ABD) rules include those in the **H, L, and S** tracks.
- Coverage groups in the **D and P** tracks as well as **T03-T05 and X01** use rules for the Maryland Children’s Health Program (MCHP) in COMAR 10.09.11 for consideration of income and resources.
- Coverage group **X02** uses **FAC, ABD, or MCHP** rules for consideration of income and resources, depending on the nature of the assistance unit.

Type of Income	Earned	Unearned	Count for FAC	Count for ABD	NOTES
Adoption subsidy payments received from a public or private nonprofit placement		X	EX	EX	policy clarification to comply with federal law

Type of Income	Earned	Unearned	Count for FAC	Count for ABD	NOTES
Agent Orange Compensation Exclusion Act of '89 —payments from the Agent Orange Settlement Fund or similar fund		X	EX	EX	policy clarification to comply with federal law
Alimony --court-ordered or voluntary support payment received or paid		X	CT/EX	CT/EX	Count payments received, except that FAC disregards alimony paid by a stepparent under certain conditions. Exclude non-cash assistance/support.
Annuities income		X	CT	CT	
Assistance based on need which is wholly funded by a state or locality		X	EX	EX	policy clarification to comply with federal law
Black Lung Program benefits and income		X	CT	CT	
Blood —sale of person's own blood or plasma	X		EX	EX	policy change for all programs
Burial funds, arrangement, or space —interest earned or appreciation in the value for an excluded fund, arrangement, or space		X	EX	EX	policy clarification to comply with federal law
Carl D. Perkins Vocational Education Act of 1990 (see vocational education assistance)		X	EX	EX	policy clarification to comply with federal law
Cash assistance received from nonpublic social agencies		X	CT/EX	CT/EX	Count unless otherwise excluded (e.g., excluded as charitable contribution or infrequent/irregular income)
Cash assistance from a state or local government (e.g., PAA grant)		X	EX	EX	policy clarification to comply with federal law
Charitable contributions received by assistance unit		X	EX	EX	policy change for all programs

Type of Income	Earned	Unearned	Count for FAC	Count for ABD	NOTES
Commercial transportation ticket —value of a ticket which is received as a gift by person or spouse and is not converted to cash		X	EX	EX	policy clarification to comply with federal law
Commissions and fees	X		CT	CT	
Congregate public housing services or wages--Cranston-Gonzales National Affordable Housing Act of 1990	X	X	CT/EX	CT/EX	policy clarification to comply with federal law. Exclude congregate housing (e.g., meals, personal care) or other services received in public housing. Count wages or stipends paid to residents who provide congregate care or other services in the public housing complex.
Credit life or credit disability insurance payments directly to the lender on the borrower's behalf to cover payments of a loan (e.g., mortgage), installment purchase (e.g., car), or other obligation if the borrower/policy holder becomes disabled or dies		X	EX	EX	policy clarification to comply with federal law.
Crime victims compensation payments from a publicly funded program or otherwise excluded under the Crime Act of 1984 or from other public or private compensation of crime victims		X	EX	EX	policy clarification to comply with federal law
Death benefits or inheritance (cash or in-kind) received due to death of another person		X	CT/EX	CT/EX	Count, except exclude what is spent on the deceased's last illness and burial expenses

Type of Income	Earned	Unearned	Count for FAC	Count for ABD	NOTES
Disability payments —periodic payments received by a person from a retirement or disability insurance plan or hospital indemnity insurance in place of the participant’s usual income if the insured person becomes totally and permanently disabled before retirement age or becomes unable to work as a result of illness, hospitalization, injury, or disease		X	CT	CT	
Disaster relief, assistance, or maintenance received under the Disaster Relief and Emergency Assistance Act of 1974, or other disaster assistance provided under a federal statute because of a catastrophe declared by the President, or comparable assistance received from a state or local government or from a disaster relief organization.		X	EX	EX	policy change to exclude for FAC, and for ABD to remove the 9-month limit on exclusion
Dividend income earned from stocks, bonds, and other non-bank investment accounts		X	CT	CT	
Domestic Volunteer Services Act of 1973— stipends, compensation, or expenses received by volunteers from a program: <ul style="list-style-type: none"> • RSVP (Retired Senior Volunteer Program) • Foster Grandparents Program • VISTA • Service Corps of Retired Executives (SCORE) • UYA (University Year for Action) 		X	EX	EX	Replaced by the National Community Service Trust Act.
Earned Income Tax Credit —refund or partial payment that a person receives through the Tax Reduction Act of 1973		X	EX	EX	policy change to comply with federal law. (Previously, FAC had as income disregard and ABD counted.)

Type of Income	Earned	Unearned	Count for FAC	Count for ABD	NOTES
Education-related grants, loans, scholarships, training allowances, and fellowships for educational pursuits by a student, and all education expenses such as tuition, books, mandatory fees, transportation to and from educational institutions, and the cost of child care while in attendance		X	EX	EX	policy change for all programs to broaden the exclusion and to no longer examine the use of and need for these funds
Emergency Assistance to Families with Children grants		X	EX	n/a	policy change for FAC to match TCA and Food Stamps
Energy assistance under the Low-Income Home Energy Assistance Act of 1986 or other public or private home energy assistance programs, if cash isn't provided directly to the household		X	EX	EX	
Federal statute —all types of income excluded by federal statute for needs-based public benefits programs	X	X	EX	EX	policy clarification to comply with federal law
Financial contributions received from persons or public or private agencies		X	CT/EX	CT/EX	Count unless otherwise excluded (e.g., excluded public assistance payments, excluded charitable contributions).
Food —raised and consumed by the household		X	EX	EX	
Food —value of free or reduced-price food for women and children under: <ul style="list-style-type: none"> • Child Nutrition Act of 1966 (school breakfasts, Milk Programs, WIC-Women, Infants, and Children Program) • National School Lunch Act 		X	EX	EX	
Food —value of federally donated foods distributed under §32 of P.L. 74-320 or §416 of the Agriculture Act of 1949		X	EX	EX	

Type of Income	Earned	Unearned	Count for FAC	Count for ABD	NOTES
Food —value of benefits received under Nutrition Programs for Older Americans, Older Americans Act		X	EX	EX	
Food Stamps —value of the allotment under the Food Stamp Program		X	EX	EX	
Foster care payments received from providing care for a public or private nonprofit placement		X	EX	EX	
Government assistance —cash or in-kind assistance provided by a program funded wholly by a state or local government (e.g., TEMHA)		X	EX	EX	policy clarification to comply with federal law
Government payments on land		X	CT	CT	
Ground rent payments received (see rental property income – profit)	X		CT	CT	
Home consumption —value of livestock and home produce (e.g., garden produce) used for household’s consumption		X	EX	EX	
Hostile fire pay received by a member of the uniformed services	X		EX	EX	policy clarification to comply with federal law
Housing and Community Development Acts of 1987 and 1992 (see Youth Build)		X	EX	EX	policy clarification to comply with federal law
Housing assistance or subsidy (see also rent subsidies)		X	EX	EX	Exclude payments for food and/or shelter made on a person’s behalf by a public or private agency for a person living in an institution, foster care home, group home, or commercial establishment.
HUD Family Self-Sufficiency Program —funds placed by assistance unit in this program		X	EX	EX	policy clarification to comply with federal law

Type of Income	Earned	Unearned	Count for FAC	Count for ABD	NOTES
HUD utility reimbursements or allowances paid directly by HUD to household		X	EX	EX	policy clarification to comply with federal law
Impairment-related work expenses if the person is non-elderly and disabled but not blind, or received SSI as disabled before turned 65	X		CT	EX	policy clarification for ABD to comply with federal SSI law to exclude earned income used for this purpose
Income tax refunds —any amount refunded on income taxes that the person already paid		X	EX	EX	
Indemnity insurance payments, repair, or replacement (see insurance benefits, replacement or repair income) to cover a policyholder for a loss, in whole or in part, to restore the insured to the same financial position as existed before the loss		X	CT/EX	CT/EX	Count and consider as lump sum income if paid directly to an AU member (e.g., hospital indemnity insurance). However, exclude if received to replace or repair an excluded resource. Exclude if paid directly to a lender (e.g., mortgage indemnity insurance payments to the lender).
Indian tribes —income distributed to certain Indian tribes and required by federal law to be excluded as income by public needs-based programs		X	EX	EX	policy clarification to comply with federal law
Individual Development Accounts (IDAs) —income deposited in account and interest earned		X	EX	CT	policy change for FAC to match TCA
Individual Retirement Accounts (IRAs) —income		X	CT/EX	CT/EX	Exclude the interest income if the account is counted as a resource. Otherwise, count.

Type of Income	Earned	Unearned	Count for FAC	Count for ABD	NOTES
Infrequent or irregular earned income from an individual or organization	X		CT/EX	CT/EX	policy change for FAC (Previously, FAC counted it) Exclude if: <ul style="list-style-type: none"> The total gross amount does not exceed \$30 per quarter (3 months); and It is received less than twice per quarter or cannot be reasonably anticipated Otherwise, count.
Infrequent or irregular unearned income from an individual or organization		X	CT/EX	CT/EX	policy change for all programs (Previously, ABD excluded \$60 per quarter, and FAC counted) Exclude if: <ul style="list-style-type: none"> The total gross amount does not exceed \$200 per six months; and It is received less than twice per quarter or cannot be reasonably anticipated Otherwise, count.
In-kind income or support —any gain or benefit that is not in the form of money payable directly to the household (e.g., meals, clothing, public housing, garden produce) for services provided or received	X	X	EX	EX	policy change to match TCA and Food Stamps (Previously, ABD counted both, and FAC excluded unearned)
Inheritance (see death benefits)		X	CT	CT	
Insurance benefits (see credit life/disability insurance, disability payments, indemnity insurance, life insurance, lump sum)		X	CT/EX	CT/EX	<u>Count</u> as lump sum income if paid directly to an AU member (e.g., casualty, disability, or hospital indemnity insurance). <u>Exclude</u> if paid directly to a lender, funeral home, or another third party/vendor (e.g., burial, mortgage, or credit life/disability insurance).

Type of Income	Earned	Unearned	Count for FAC	Count for ABD	NOTES
Interest, dividends, or other income accrued to stocks, bonds, insurance, saving certificates, and other non-bank investment accounts		X	CT	CT	Count if it is earned during the period under consideration, unless it is excluded as infrequent or irregular income. If earned prior to the period under consideration, it is considered as the type of resource for which it was accumulated.
Interest income accrued to bank accounts (savings, checking, money market)		X	EX	EX	policy change for all programs
Interest or earnings on a dedicated account when the account is excluded from resources because it is inaccessible (e.g., escrow account for rent or utility security deposit)		X	EX	EX	policy clarification to comply with federal law
Japanese and Aleuts restitution paid to individuals of Japanese ancestry or Aleuts for evacuation, relocation, or internment during World War II (Civil Liberties Act of 1988 – Wartime Relocation of Civilians, Aleutian and Pribilof Islands Restitution Act)		X	EX	EX	
Job Training and Partnership Act —allowances, earnings, and payments to participants		X	EX	EX	Replaced by Workforce Investment Act
Keough Plans —income		X	CT/EX	CT/EX	Exclude the interest income if the account is counted as a resource. Otherwise, count.
Land – government payments for rights to use land		X	CT	CT	

Type of Income	Earned	Unearned	Count for FAC	Count for ABD	NOTES
Life insurance proceeds/benefits		X	CT/EX	CT/EX	Count the proceeds if the customer is the policy's beneficiary but not the owner and receives the benefits upon another person's death. Exclude the amount spent by the beneficiary on the deceased's last illness and burial/funeral. If the beneficiary is also the policy's owner, the proceeds are considered as a resource. If the customer cashes in a policy, the proceeds are considered as lump sum income.
Loan or promissory note proceeds received by borrower from private individual or commercial institution		X	EX	EX	policy change for ABD to exclude to comply with federal law. FAC policy already excludes.
Loan or promissory note repayment of principal received by lender			EX	EX	Is not considered to be income. Is counted as a resource.
Loan or promissory note repayment of interest received by lender		X	EX	CT	policy change for FAC to exclude to match TCA and Food Stamps
Lump sum benefits or other amounts received on a one-time only basis (i.e. gifts, inheritance, lottery winnings, damage claims, military reenlistment bonuses, retroactive benefit payments)		X	CT	CT	Count unless specifically excluded (e.g., excluded infrequent or irregular income). Don't count all in month of receipt, but divide by 6 and add to total countable income to determine if makes over scale.
Maintenance of third party — money received and used for the care and maintenance of another person who is not an assistance unit member (e.g., funds passing through a guardian or protective payee) (see non-household member)		X	EX	EX	
Medical care and services		X	EX	EX	Is not considered to be income.
Military allotments received by the household		X	CT	CT	Only count the portion of the military payment that is received by the household.

Type of Income	Earned	Unearned	Count for FAC	Count for ABD	NOTES
Mineral and oil rights (leases) —payment for rights to use minerals extracted from land		X	CT	CT	
Miner’s benefits		X	CT	CT	
Mortgage payments —interest received by lender (see loans)		X	EX	CT	policy change for FAC to exclude. For ABD, count the interest received as income, and count the principal received as a resource.
National and Community Service Trust Act 1990 and 1993 (e.g., AmeriCorps)—stipends and educational assistance (see Domestic Volunteer Service Act)		X	EX	EX	Formerly, ACTION – Domestic Volunteer Service Act.
Nazi persecution compensation —Victims of Nazi Persecution Act of 1994, Public Law 103-286		X	EX	EX	policy clarification to comply with federal law
Non-household member —funds received and used for such a person		X	EX	EX	policy clarification to comply with federal law
Oil or mineral rights (leases) —payment for rights to use minerals extracted from land		X	CT	CT	
Older Americans Act —any other assistance received (e.g., home-delivered meals, personal care, senior center services, Senior Care), and earnings from programs under Title V	X	X	EX	EX	policy clarification to comply with federal law
Pensions and annuities income received (private, government, company)		X	CT	CT	
Plan for Achieving Self Support —income received and used to fulfill an SSA-approved plan, if under 65 and blind or disabled	X	X	EX	EX	policy clarification to comply with federal law
Prizes and awards		X	CT	CT	

Type of Income	Earned	Unearned	Count for FAC	Count for ABD	NOTES
Radiation Exposure Compensation Act of '90 payments		X	EX	EX	policy clarification to comply with federal law
Railroad Retirement Board benefits and income		X	CT	CT	
Receipts from the sale, exchange, or replacement of a resource		X	EX	EX	Considered as a resource.
Refund from any public agency of taxes paid on purchase of food or for satisfaction of real property levies		X	EX	EX	
Rehabilitation Act —wages, allowances, or reimbursement for transportation and attendant care costs of a blind or disabled person employed under Title VI of the Rehabilitation Act of 1973	X	X	EX	EX income disregard	policy clarification for FAC to comply with federal law. ABD has as an income disregard.
Reimbursement for out-of-pocket expenses incurred while performing volunteer work (e.g., transportation, mileage, parking costs)		X	EX	EX	policy clarification to comply with federal law
Reimbursement for past or future expenses for an identified expense other than normal living expenses which are used for that purpose, do not exceed that expense, and do not represent a gain or benefit to the household, such as reimbursement for medical expenses, dependent care, job-related expenses, out-of-pocket expenses for volunteers		X	EX	EX	policy clarification to comply with federal law
Religious orders —income earned or received as a member of a religious order	X	X	CT/EX	CT/EX	see the Medical Assistance Eligibility Manual pages 700-9 – 16

Type of Income	Earned	Unearned	Count for FAC	Count for ABD	NOTES
Relocation assistance—Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 —payments received for relocation and displacement due to federal programs acquiring real property, except if compensated for the fair market value		X	CT/EX	CT/EX	Relocation assistance is excluded. Compensation for the fair market value of the real property is counted, unless excluded due to purchase of another home property.
Relocation assistance provided by a state or local government		X	EX	EX	
Rent subsidies or other government housing subsidies and assistance received by the household for its dwelling unit if residing in public housing, Section 8, or housing receiving rental assistance from the Rural Housing Service (formerly Farmers Home Administration) under: <ul style="list-style-type: none"> • U.S. Housing Act of 1937 • National Housing Act • Title V of the Housing Act of 1949 • Section 202(h) of the Housing Act of 1959 • Section 101 of the Housing and Urban Development Act of 1965 • §515 of the Rental Assistance Act 		X	EX	EX	
Rental property income--profit	X		CT	CT	policy change to match TCA: Count the amount remaining after deducting 50% from total gross rental property income as the cost to produce. (Previously, counted as unearned income the net amount remaining after deducting actual expenses.)
Reparation payments made by Japan or the Federal Republic of Germany		X	EX	EX	
Repayment (if not food) returned to the source to repay a prior overpayment		X	EX	CT	policy change for FAC to match TCA and Food Stamps

Type of Income	Earned	Unearned	Count for FAC	Count for ABD	NOTES
Replacement or repair income (cash, interest earned on the cash, or in-kind) if it is received from any source for the purpose of repairing or replacing an excluded resource that is lost, damaged or stolen		X	EX	EX	
Replacement of income already received by the assistance unit, such as replacement of stolen cash		X	EX	EX	policy clarification to comply with federal law. Is not considered to be income.
Retirement benefits/plan income received—private or government		X	CT	CT	
Reverse mortgages that require repayment from an estate		X	EX	CT	policy change for FAC to match TCA and Food Stamps
Reverse mortgages or home equity loans received by the assistance unit as the borrower		X	EX	EX	Exclude if spent in month of receipt. Count as a resource if retained.
Rick Ray Hemophilia Relief Fund Act of 1998		X	EX	EX	policy clarification to comply with federal law
Room and/or board income received by assistance unit for providing room and/or board in AU's home to another person	X		CT	EX	policy change for ABD and FAC: Exclude for ABD. For FAC change to match TCA to count the amount remaining after deducting 50% from total gross room and board income as the cost to produce. (Previously for FAC and ABD counted 75% as profit from unearned income.)
Royalties and honoraria	X	X	CT/EX	CT/EX	Count unless it is excluded as infrequent/irregular income.
Salaries	X		CT	CT	

Type of Income	Earned	Unearned	Count for FAC	Count for ABD	NOTES
Self-employment earnings	X		CT	CT	policy change to match TCA: Count the amount remaining after deducting from total gross self-employment income 50% as the cost to produce. (Previously, counted as profit the net amount remaining after deducting actual expenses.)
Sheltered workshop remuneration for work or activities performed as a participant in a program conducted by a sheltered workshop or activities center licensed by DHMH for DDA	X		CT	CT	
Sick pay (received for first 6 months after stopping work) – FICA is deducted	X		CT	CT	
Sick pay (received more than 6 months after employee last worked) – FICA is not deducted		X	CT	CT	
Social Security benefits <ul style="list-style-type: none"> ○ Retirement and Survivors (RSDI) ○ Social Security Disability (SSDI) 		X	CT	CT	Including retroactive monthly Social Security benefits that are treated as lump sum income
Social services received in-kind or cash from public or private social services program		X	CT	EX	policy clarification for ABD to exclude to comply with federal SSI law. Are not usually considered to be income. FAC counts like TCA if not otherwise excluded.
Strike benefits		X	CT	CT	
Supplemental Security Income benefits and any other earned income of a SSI recipient		X	EX	EX	policy clarification to comply with federal law
Third party payments for food, clothing, shelter, medical care, goods, and services if the payment does not reimburse for services rendered by the household		X	EX	EX	Are not considered to be income.
Tips	X		CT	CT	

Type of Income	Earned	Unearned	Count for FAC	Count for ABD	NOTES
Trust funds income		X	CT/EX	CT/EX	Count the income received if the trust is excluded as a resource. Otherwise, exclude.
Unemployment insurance and supplemental benefits received		X	CT	CT	
Utility reimbursements or allowances that are paid directly by HUD to the household		X	EX	EX	
Vendor payment in the form of money or in-kind payment with money not owed to the household and which is paid by some entity (e.g., relative, friend, private agency) directly to someone outside the household for a household expense (e.g., direct payment of household's bills for rent, health insurance, medical care)		X	EX	EX	policy clarification to comply with federal law
Veterans Administration benefits and income		X	CT	CT	Count unless otherwise excluded.
Veterans Administration pensions —for recipient with neither spouse nor child exclude up to \$90/mth beginning the month after admission to a long-term care facility		X	n/a	EX	Excluded only for long-term care recipients.
Veterans benefit —portion of a benefit paid to customer because of a dependent		X	CT	EX	policy clarification for ABD to comply with federal SSI law
Veterans benefit for children with certain birth defects who were born to women Vietnam War veterans		X	EX	EX	policy clarification to comply with federal law
Veterans' Benefits Improvement and Health Care Authorization Act of 1986		X	EX	EX	policy clarification to comply with federal law

Type of Income	Earned	Unearned	Count for FAC	Count for ABD	NOTES
Vietnam Veterans allowances for children with spina bifida—Public Law 104-204		X	EX	EX	policy clarification to comply with federal law
Vocational education assistance under Carl D. Perkins Vocational Education Act of 1990		X	EX	EX	policy clarification to comply with federal law
Wages	X		CT	CT	
Weatherization assistance —state or federal assistance for weatherization, emergency repair, or replacement of heating or cooling device		X	EX	EX	policy clarification to comply with federal law. Is not considered to be income.
Welfare-to-Work Rental Voucher Program —HUD Section 8 rental subsidy payments		X	CT/EX	CT/EX	policy clarification to comply with federal law. Count on-the-job training payments for adults aged 19 or older. Otherwise, exclude.
Workforce Investment Act (previously Job Training and Partnership Act)—subsidy to cover transportation, clothes, uniforms, child care, and other training-related expenses		X	EX	EX	policy clarification to comply with federal law. Count on-the-job training payments for adults aged 19 or older. Otherwise, exclude.
Workmen’s Compensation Board payments to an injured employee or the survivors		X	CT	CT	Count the benefit paid, minus any expenses to obtain the benefit (e.g., legal costs)
Work study earnings, stipends, and reimbursement for out-of-pocket expenses of a student of any age in a work study program	X	X	EX	EX	policy change for all programs (Previously, ABD counted and FAC excluded if a child)
Youth Build Program under the Housing and Community Development Act of 1992 (see the Act)		X	EX	EX	policy clarification to comply with federal law

DISREGARDS

A. **Aged, Blind, or Disabled** (for the complete list of ABD income disregards, see COMAR 10.09.24.07L or Chapter 700 of the MA Eligibility Manual)

Special reminder of existing ABD disregards:

- Earned income used to meet any expenses attributable to the earning of income by a blind person younger than 65
- Any wages, allowances, or reimbursement for transportation and attendant care costs of a blind or disabled person employed under Title VI of the Rehabilitation Act of 1973

B. Families and Children (for the complete list of FAC income disregards, see COMAR 10.09.24.07M or Chapter 700 of the MA Eligibility Manual)

Policy changes for FAC to match TCA:

- For child care expenses, disregard \$200/month per child if work at least 100 hours per month and \$100 if work less than 100 hours per month
- Consider income from the Earned Income Tax Credit as excluded income rather than as an income disregard

Section 700 Frequently Asked Questions (FAQs) and Answers Income

1. What is Earned income?

Earned Income is income received as a result of employment. This includes the income received as a result of self-employment. Income received from employment or self-employment may be cash or “in-kind” (in the form of food, clothing, or shelter). If in-kind, the value of the income is the current market value of the item or items received.

2. What is Unearned Income?

Unearned income is income received from a source other than employment or self-employment. The Local Department of Social Services/Local Health Department (LDSS/LHD) may not use this information to determine that a referral for benefits is not necessary because a person does not meet a specific requirement. When it appears that a person meets basic eligibility requirements for a benefit but has not applied for that benefit (except SSI and Public Assistance), the person must apply and verify that fact before the person can be determined eligible. If a person claims to have applied for a benefit and have been determined ineligible, that fact must be verified. In addition, reapplications are in order when a change in circumstances warrants it. For example, a deteriorating medical condition may qualify a person previously determined ineligible for Social Security disability benefits.

3. How much is the child care expense not to exceed if the Applicant/Recipient (A/R) is employed full-time (at least 100 hours per month)?

Child care expense cannot exceed \$200 per month if the A/R is employed full- time

4. How much of the amount of the child support received for a BD child is disregarded?

The BD child disregarded is one-third.

5. What is a disregard?

After excluding all non-countable income, what remains is countable gross income. Countable gross income is reduced by the deduction of certain amounts of money called disregards. The allowable disregards are specific in amount and vary with the category of assistance unit (ABD or FAC).