

I. HOUSEHOLD INCOME GUIDELINES

A. Definitions

For the purposes of the NCHD Indigent Healthcare handbook:

1. **Income** is defined as a type of payment that is a regular and predictable gain or a benefit to a household.
2. **Regular and predictable income** is defined as income that is received in one month and is likely to be received in the next month or was received on a regular and predictable basis in past months.
3. **Earned income** is defined as income related to employment.
4. **Unearned income** is defined as income received without performing work. It includes benefits from other programs and regular and predictable income from other sources, such as family members

B. Prior to receiving healthcare assistance from the Nueces Aid Program, households are required to pursue and take advantage of all income to which they are legally entitled.

C. Income Sources

Income is either countable or exempt. Listed below are the sources of income used to determine household eligibility. Each income source is designated as counted income or exempt income.

1. Temporary Assistance for Needy Families (TANF)
Exempt TANF benefits because the person receiving the benefits is a Medicaid recipient and, therefore, disqualified as a household member. **EXCEPTION:** An adult Medicaid recipient who meets eligibility guidelines may receive assistance with dental services and or prescription services, as defined in Section 3 Covered Services.
2. Alien Sponsor's Income
When a legal alien enters the United States, he/she may have been required to have a sponsor. Some legal aliens, such as refugees, are not required to have a sponsor. If the legal alien has a sponsor, count the income of the alien's sponsor as unearned income for three years after the alien's entry into the United States. Consider the sponsor's income as unearned income and include all of the sponsor's and the sponsor's spouse's gross countable income. From that income subtract the following deductions:

- 20% of the total gross monthly earned income (including net self-employment earned income), or \$175 whichever is less;
- an amount equal to the maximum income limit for the sponsor's family size, include all members of the household the sponsor claims or could claim as tax dependents;
- the total amount the sponsor pays to claimed tax dependents living outside the home; and
- the total alimony or child support the sponsor pays to persons living outside the home.

Count the remaining amount as unearned income for the alien,

3. **Cash Contributions**

Count cash contributions as unearned income if they meet the definition of regular and predictable income. NOTE: **Exempt** any cash contribution for common household expenses such as rent, utilities, or food if it is received from a non-qualified household member who lives with the qualified member or shares household expenses with the qualified household member and no and landlord/tenant relationship exists.

4. **Child Support Payments**

Count child support payments as unearned income. This income is not counted if the child receives Medicaid and is, therefore, a disqualified household member.

5. **Child's Earned Income**

Exempt a child's earned income (under age 18 and not an emancipated minor) if the child is a full-time student or a part-time student employed less than 30 hours per week. If the child receives Medicaid, he is a disqualified household member and his income is exempt, regardless of his student/work status

6. **Disability Insurance Benefits**

Count Disability Insurance Income as unearned income.

7. **Disqualified Household Member's Income**

Exempt a disqualified household member's income whether it is earned or unearned income. Exempt all income of a person who receives QMB, MQMB, SLMB, QI-1, or QI-2.

8. **Dividends and Royalties**

Count dividends and royalties as unearned income.

9. **Educational Assistance**

Exempt educational assistance. This includes aid from the U.S. Office of Education for undergraduate, vocational, or education courses. The most common programs are Pell Grants, Supplemental Educational Opportunity Grants, Stafford Loan Program (formerly Guaranteed Student Loan Program), Supplemental Loans for Students, Parent Loans for Undergraduate Students (PLUS Loans), State

Student Incentive Grants, College Work Study, Perkins Loans (formerly National Direct Student Loans), Byrd Honors Scholarship Program, Special Programs for Students from Disadvantaged Backgrounds, Special Programs for Students Whose Families are Migrant or Seasonal Farm Workers, Trio Loans, and Income Contingent Loan Program.

10. Educational Benefits

Count educational benefits as unearned income. Any part of the benefit that is for educational expenses including tuition, books, fees, transportation, and child care is deducted. Examples are educational benefits from the Veterans Administration or other federal, state, fraternal, or alumni associations.

11. Energy Assistance

Exempt the following types of energy assistance:

- Assistance from federally funded, state administered programs such as HEAP, Weatherization, or Energy Crisis Intervention.
- Utility supplement payments from the Department of Housing and Urban Development (HUD) or local housing authorities whether they are in the form of vendor payments, in-kind income, or cash.
- Assistance from private, non-profit, or governmental agencies based on need.

If energy assistance is combined with other forms of assistance only the energy assistance portion is exempt.

12. Foster Care/Adoption Subsidy Payments

Exempt foster care/adoption subsidy payments.

13. Government-Sponsored Programs

Count Government-Sponsored Program payments as unearned income unless they are from crisis intervention programs such as ENTERP or FEMA.

14. Income Producing Property

Count income producing property as unearned income, whether from rent, lease or sale on an installment plan. If the household sells property on an installment plan, **count** the payments as unearned income. The balance of the note is an inaccessible resource. Examples of unearned income are income that is produced from non-liquid resources such as equipment, vehicles, and real property. Income produced from boarding situations is counted as earned income.

15. In-Kind Income

Exempt gain or benefit that is not money/check payable directly to the household.

16. Interest

Count interest income as unearned income.

17. Job Training
Exempt payments under the Workforce Investment Act (WIA) except On The Job (OJT) payments funded under Title II, Section 204(#) of the WIA are earned income and counted for adults. OJT payments are exempt if received by a child who is under 19 and under parental control of another household member.
18. Loans (non-educational)
Count as unearned income unless:
 - there is an understanding that the money will be re-paid and,
 - the client can reasonably explain how he will repay it.
19. Lump-Sum Payments
Count lump-sum payments as a resource and not as income.
20. Military Pay and Allowances
Count military pay and allowances for housing, food, base pay and flight pay as earned income.
21. Pensions
Count pensions as unearned income.
22. Royalties
Count royalties as unearned income.
23. Self-Employment Income
Count self-employment income minus business expenses as earned income. Depreciation, travel, meals and entertainment expenses are not allowed and will not be used in the calculations. Therefore, any of these expenses taken on the tax return or on financial statements will be included in total income calculations.

If the household had self-employment income for the past year, then use the income figures from the previous year's business records or tax forms. Use more current information if current information is substantially different from the previous year.

If the business did not have self-employment income for the past year, than average the income over the period of time the business has been in operation and project that income.

If the business is so new that there is not enough information to make a reasonable projection, calculate the income based on anticipated earnings and expenses.

A person is self-employed if he is engaged in an enterprise for gain, either as an independent contractor, franchise holder, or owner-operator. If someone other than the earner withholds either income taxes or FICA from the earner's earnings, the earner is an employee and not self-employed.

24. Social Security (RSDI) Benefits/Other Retirement Benefits
Count Social Security (RSDI) Benefits/Other Retirement Benefits as unearned income after **exempting** the amount deducted from the RSDI check for the Medicare premium and any amount that is being recouped for a prior overpayment. If a person receives a RSDI check and a SSI check, **exempt** the RSDI check as well as the SSI check because a person who receives any amount of SSI benefits also receives Medicaid and is therefore a disqualified household member. All income of a disqualified household member is **exempt**.
- If an adult receives a social security survivor's benefit check for a child, this is considered the child's income and is only counted if the child is counted in the household composition.
25. Supplemental Security Income (SSI) Payments
Exempt Supplemental Security Income because anyone receiving SSI also receives Medicaid and is therefore a disqualified household member. All income of disqualified household members is **exempt**. EXCEPTION: Exempt a Medicaid recipient meeting eligibility guidelines may receive assistance with dental care and/or prescription services, as outlined in Section 3 Covered Services.
26. Trust Funds
Count trust fund withdrawals or dividends as unearned income.
27. Unemployment Compensation
Count unemployment compensation as unearned income.
28. Vendor Payments
Exempt vendor payments if made by a person or an organization outside of the household directly to the household's creditor or person providing the service.
29. Veterans Administration Benefits
Count Veterans Administration Benefits as unearned income. Exempt benefits that meet a special need. (i.e. a clothing allowance for an orthopedic appliance or an allowance for an attendant for a disabled veteran who requires special care).
30. Wages, Salaries and Commissions
Count the gross amount as earned income.
31. Worker's Compensation
Count Worker's Compensation as unearned income. Exempt any reimbursement for a medical bill that the household paid and any deductions for FICA or income taxes.
32. Unusual Types of Benefits/Payments
Exempt benefits or payments from the following programs:
- The National and Community Services Act (NCSA) of 1993 established a

corporation to administer paid volunteer service programs, including the Domestic Volunteer Service Act of 1973, Americorp Volunteers in Service to America (VISTA), Retired Senior Volunteer Program (RSVP), Foster Grandparents, Senior Companions, Service Corps of Retired Executives, and Community Service Programs.

- Tax exempt portions of payments made under the Alaska Native Claims Settlement Act.
- Food Stamp Program.
- Funds distributed or held in trust under the Indian Claims Commission for Indian Tribe members under Public Laws 92-254 or 93-135.
- Child Nutrition Act of 1966.
- National School Lunch Act.
- Nutrition Program for the Elderly (Title III, Older American Act of 1965).
- Uniform Relocation Assistance and Real Property Acquisitions Act (Title II).
- WIC Program (Special Supplemental Food Program for Women, Infants, and Children).
- Crime Victim Compensation Payments

D. Verification of Income Sources

Prior to approval for healthcare assistance through the Nueces Aid Program, all **countable** income must be verified.

1. Earned Income

To verify earned income, use:

- paycheck stubs
- W-2 forms
- income tax returns
- sales records
- statements from employers (See Attachment 5)

2. Self-Employment Income

To verify self-employment income, use:

- business records and income tax forms
- statements completed and signed by the self-employed person

A signed copy of the previous year's IRS income tax statement; or business ledger listing income and expenses for the last 12 months or from the date the business started, whichever is less; or a statement from the business accountant or the self employed individual listing the income and expenses for the last 12 months or the date the business started, whichever is less.

3. Unearned Income

To verify unearned income, use:

- award letters
- court orders or public decrees
- notes for cash contributions
- recent benefit checks
- income statements

If attempts to verify income are unsuccessful because the payer fails or refuses to give information and other proof is not available **use the applicant's statement as best available information** to determine the income amount.

E. Documentation of Income

The Eligibility Worksheet will be used to document and verify all sources of income. Exempt income will be documented with an explanation why it is exempt.

1. Earned Income

For earned income, the following items will be documented:

- dates of each wage statement or stub used;
- date paycheck is received;
- payer's name and address;
- gross income amount;
- frequency of receipt; and

- calculations used.
2. Self-Employment Income
For self-employment income, the following items will be documented:
 - deductions for the cost of doing business; and
 - other factors used to arrive at the income amount used.
 3. Unearned Income
For unearned income, the following items will be documented:
 - types of income;
 - check or document seen;
 - amount recorded on check or document;
 - date income is verified; and
 - calculations used.

F. Calculation of Income

1. The household's circumstances and income will be considered. Three (3) months of consecutive current pay periods will be used to calculate fluctuating income. Eligibility will be determined based on anticipated income and circumstances. If changes are likely, then the NCHD Enrollment Counselor will determine how the changes will affect the household's eligibility status.

Adjustments to the length of the eligibility period may be made based on anticipated changes in income and only after the eligibility period change has been approved by the NCHD Assistant Administrator or designee.

2. All income will be converted to monthly amounts by:
 - dividing yearly income by 12.
 - multiplying weekly income by 4.33.
 - adding amount received twice a month.
 - multiplying amount received every other week by 2.17.
3. The Gross Household Income Table (Eligibility Income Guidelines for Financial Assistance) will be adjusted on January 1, 2001 and annually thereafter on the first day of the month following publication in the *Federal Register* to reflect the

Federal Poverty Guidelines (FPG) published each year, based on family size and percentage of coverage. The new table will include the following relationships:

EPG%	NCHD Payment %	Patient Co-Insurance
0-100%	100%	0%
101-110%	90%	10%
111-120%	80%	20%
122-130%	70%	30%
131-138%	60%	40%
139-150%	50%	50%

The new Eligibility Income Guidelines and Federal Poverty Guidelines effective are attached.

4. An applicant with income levels between **138% and 150%** of the Federal Poverty Guidelines will be eligible for Nueces Aid coverage only when a hardship exemption is provided. Hardship exemptions are granted through the health insurance market place at Healthcare.gov.