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| Health Care Finance and Administration | Section: Non-Financial Eligibility Requirements |
| Policy Manual Number: 110.005          | Subject: ABD Income Overview                    |

## **ABD INCOME OVERVIEW**

**Legal Authority:** Social Security Administration Program Operations Manual System SI 008; CFR 435.120

### **1. Policy Statement**

Income is any item an individual receives in cash or in-kind that can be used to meet his or her need for food or shelter. Income includes the receipt of any item which can be applied, either directly or by sale or conversion, to meet basic needs of food or shelter.

### **2. Types of Income**

Income is either earned or unearned, and different rules apply to each. Either type may be cash or in-kind. Earned income is compensation an individual receives for the performance of services or as a result of his or her own efforts either as an employee or through self-employment. Income eligibility for the ABD TennCare Medicaid categories is determined using the Supplemental Security Income (SSI) treatment of income rules. Unearned income is money an individual receives that is not the result of current work efforts, but accrues to an individual as the result of investment, inheritance, previous work efforts, etc. Unearned income for the ABD TennCare Medicaid categories is counted according to the Social Security Administration (SSA) Supplemental Security Income (SSI) financial methodology.

#### **a. Earned Income includes:**

- Bonus;
- Commission;
- Contractual;
- Differential;
- Domestic Volunteer Act;
- Earned Income Tax Credit;
- Farming or Fishing;
- Irregular or Infrequent Income;
- Older American Act;
- Plan to Achieve Self-Support;
- Royalties and Honoraria;
- Severance;
- Sheltered Workshop Earnings;
- Sick or Disability Pay;
- Tips;
- Volunteers in Service to America/Americorps;
- Wages;
- Work Study;

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- Workforce Investment Act;
- Earned In-Kind Wages;
- Earned In-Kind Food, Earned In-Kind Shelter, and Earned In-Kind Food and Shelter;
- Earned In-Kind Not Food or Shelter;
- Education Income Not Work Study; and
- Self-Employment

**b. Unearned Income includes:**

- Adoption Subsidies;
- Alimony Received;
- Annuity Payments;
- Assistance from Other States;
- Canceled Debts;
- Capital Gains;
- Cash Support;
- Care and Contribution in Exchange for a Transferred Asset;
- Child Support Arrearage;
- Child Support;
- Community Spouse Income Maintenance Allowance (CSIMA)/Dependent Income Maintenance Allowance (DIMA);
- Death Benefit;
- Federal Emergency Management Agency (FEMA) Payments;
- Gambling, prizes, and Awards;
- General Assistance;
- Gifts;
- Income Not Pursued;
- Income-Producing Resource;
- Interest-Bearing Resource;
- Cash Inheritance;
- In-Kind Unearned Income or In-Kind Support and Maintenance;
- In-Kind Unearned Not Food or Shelter;
- Interest Income;
- Irregular or Infrequent Income;
- Jury Duty Pay;
- Lump Sum;
- Long-Term Care Insurance Payout;
- Military Allotments;
- Pension;
- Plan for Achieving Self-Support
- Protective Payee;
- Rental or Lease Income;

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- Railroad Retirement Benefits;
- Rehabilitation;
- Reimbursements;
- Royalties;
- Settlements and Restitutions;
- Sick and Disability Pay;
- Social Security Benefits;
- Supplemental Security Income (SSI);
- Temporary Disability Insurance;
- Trusts;
- Unemployment Compensation;
- Veterans Affairs (VA) Benefits; and
- Workers Compensation

### 3. When Income is Counted

Count income at the earliest of the following points:

- When it is received;
- When it is credited to an individual's account; or
- When it is set aside for his or her use.

An exception to this is when a regular periodic payment (such as wages, Social Security, or Veterans Affairs benefits) is received in a month other than the month of normal receipt. If there is no intent to interrupt the regular payment schedule, consider the funds to be income in the normal month of receipt.

When a payer advances a check because the regular payment date falls on a weekend or holiday, there is no intent to change the normal delivery date or to disrupt the existing relationship between the check receipt and SSI benefits.

When an individual's money goes to a bank by direct deposit, the funds may be posted to the account before or after the month they are payable. When this occurs, the funds count as income in the month of normal receipt.

When a third party payment results in an individual's receipt of in-kind support and maintenance (ISM), determine the month in which the individual receives the ISM.

### 4. Garnishment or Other Withholding

Unearned income includes amounts withheld from unearned income because of a garnishment or to make certain other payments (such as payment of Medicare premiums). Unearned income includes amounts withheld from income whether the withholding is:

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- Purely voluntary;
- To repay a debt; or
- To meet a legal obligation.

Some items for which amounts may be withheld but considered received are:

- Federal, state, or local income taxes;
- Health or life insurance premiums;
- SMI premiums;
- Union dues;
- Penalty deductions for failure to report changes;
- Loan payments;
- Garnishments;
- Child support payments;
- Service fees charged on interest-bearing checking accounts;
- Inheritance taxes; or
- Guardianship fees if presence of a guardian is not a requirement for receiving the income.

## 5. Counting Income

Eligibility is determined based on monthly income. All income must be converted to a monthly figure. The following formulas are used to convert income to a monthly amount.

- Hourly Work:** Multiply the hourly wage by the number of hours the individual worked or is expected to work in a week to determine the weekly earnings figure.
- Weekly Income:** Multiply weekly income by 4.3 to determine monthly income.
- Bi-Weekly Income:** Multiply the amount received every two weeks by 2.15 to determine the monthly amount.
- Semi-Monthly Income:** Add the two semi-monthly amounts together to determine the monthly amount.
- Annual Income:** Divide the full amount of annual income by 12 to determine the average monthly amount.