

477-000-011-- Examples: Income Treatment in Medicaid

Example 1

This family consists of two parents and three children. The children were granted six months' continuous eligibility in June. Dad was the only employed individual at the time of initial eligibility. In September, Mom goes to work. When her wages are combined with Dad's, the income exceeds the children's Medicaid income standards. The children must receive the remainder of their initial six months' continuous eligibility. When the six month continuous eligibility period has ended, if the family income is still over the applicable income standard, the case is closed effective November 30th.

Example 2

The children's initial eligibility was established in December. The family's income is from Dad's self-employment so their most recent 1040 was used for income verification. At the annual renewal in late November, the family provides their new 1040 as verification of income. This 1040 indicates that there has been an increase in the countable income from self-employment and the income now exceeds the applicable income standard. The children are closed allowing for timely and adequate notice.

If the children's eligibility was based on self-employment or farming income as reported on a 1040, any new tax return filed by the family after the first six months of continuous eligibility is considered a significant change and must be reviewed.

Example 3

The family's income is Mom's stable salaried employment. She earns the same amount each month and cannot earn overtime. When the initial application for Medicaid is filed, only one month's income must be verified as electronic data sources were not available. At the point of the annual renewal, the staff must only verify a single month's earnings because the income is regular and the electronic data sources are not available.

Example 4

This family consists of Mom and two children. The children are eligible for Medicaid and have past their six months' of continuous eligibility. Mom reports that she will be married next week. When the new stepfather's income is considered, the children are found to be over their applicable income standard (which is now based on a four-person household).

Note: If Mom had gotten married during the initial six months' continuous eligibility period, the children must remain eligible until the end of this period regardless of the stepfather's income.

Example 5 (MAGI example only)

The MAGI-based household submitted their annual renewal form with attested monthly income. VCI interface information is not available. The SEW interface report shows income from this employment, however the SEW report is not reasonably compatible. Paper verification is requested for current income and allowable expenses.