

Health Care Finance and Administration	Section: Financial Eligibility Requirements
Policy Manual Number: 110.035	Chapter: ABD Income Disregards and Expenses

ABD INCOME DISREGARDS AND EXPENSES

Legal Authority: 20 CFR 416.1112; 20 CFR 416.1124

1. Policy

Certain types of income and expenses of the individual may be deducted or disregarded when determining financial eligibility.

2. Unearned Income Disregards and Expenses

a. Irregular or Infrequent Income

The first \$60.00 of unearned income received in a calendar quarter, if infrequent or irregular, is disregarded.

b. Court Ordered Child Support Payments

A child support payment is a payment from a parent to or for the child to meet the child's needs for food and shelter. In order to be allowed as an expense, child support must court ordered.

When an individual verifies that he or she is paying court-ordered child support for a child who is not living in his or her household, the portion of his or her income that is used to make these payments is deducted from gross income. The amount excluded is the amount actually paid up to the full court-ordered obligation. Child support deductions are applied prior to applying any other income deductions or exclusions. Child support payments must be verified.

A child support arrearage payment is a payment that was past due, but not paid in a timely manner for the appropriate period. It is being paid to comply with an unfulfilled past obligation to support the child. If the individual is making a payment that includes both current support and an amount applied toward arrears, the entire amount may be allowed as an income deduction as long as the arrears were also part of the court-ordered support order when incurred.

A child support disregard will not be allowed for the same individual for whom a Community Spouse Income Maintenance Allowance or Dependent Income Maintenance Allowance is allowed in an Institutionalized Medicaid budget.

c. Legally Obligated Alimony Payment

Alimony is a payment to or for a spouse or former spouse under a divorce or separation instrument. Alimony expenses do not include voluntary payments. The payments must be in cash, including checks and money orders, to be considered alimony. Alimony is an expense to the payer of the alimony and is allowed when alimony is paid during the month of application.

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The following payments are not alimony: child support, noncash property settlements, and payments to keep up the payer's property.

d. General Income Disregard

A \$20 monthly General Income Disregard is allowed per household. The \$20 monthly General Income Disregard is first applied to any of the applicant's unearned income. If any of the \$20 disregard is not offset by unearned income, apply the remainder of the disregard to a spouse's unearned income and then to the applicant's earned income.

e. Child Support Disregard

If an applicant that receives Temporary Assistance for Needy Families (TANF)/Families First assistance also receives child support payments (current only), exclude up to \$50 per month of child support payments received.

3. Earned Income Disregards and Expenses

a. Irregular or Infrequent Income

The first \$30.00 of earned income received in a calendar quarter, if infrequent or irregular, is disregarded.

b. Earned Income Disregard

The first \$65 of the earned income of each aged, blind or disabled individual is disregarded when determining financial eligibility. This is also known as the work expense disregard.

c. Blind and Impairment-Related Work Expenses

The gross countable earned income of each blind or disabled individual, not living in a medical institution, may be reduced by the amount of expenses attributable to earning the income. The allowable Blind or Blind and Disabled Work Expenses (BWE) and allowable Impairment-Related Work Expenses (IRWE) are not the same.

BWE and IRWE apply only to earned income. In order to deduct either BWE or IRWE, the individual must be:

- Blind, blind and disabled, or disabled; and
- Under age 65.

OR

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- Age 65 and older; and
- Received SSI payments due to blindness or disability the month before attaining age 65.

These expenses do not apply to the Institutional Medicaid categories.

Work expenses must be verified and documented with receipts, etc. Work expenses must not be payable or reimbursable by a third party, such as Medicaid, Medicare or other insurance.

i. Blind Work Expense (BWE)

BWE are expenses incurred by a blind person which are reasonably attributable to earning income. Allowable BWE are listed below under Allowable BWE and IRWE Types.

Items which are not BWE include:

- In-kind payments;
- Expenses deducted under other provisions (e.g., PASS);
- Life maintenance expenses (meals outside of work, self-care items, savings plans, health insurance premiums);
- Items furnished by others that are needed in order to work; and
- Expenses claimed on a self-employment tax return.

ii. Impairment-Related Work Expense (IRWE)

IRWE are expenses for items or services which are directly related to enabling a person with a disability to work and which are necessarily incurred by that individual because of a physical or mental impairment.

A payment for a service or item is excludable as a IRWE when:

- The individual is disabled and under age 65, or received SSI as a disabled person for the month before attaining age 65; and
- The severity of the impairment requires the individual to purchase or rent items and services in order to work; and
- The expense is reasonable; and
- The cost is paid in cash (cash, check, money orders or credit cards) by the individual; and
- The payment is made in a month the individual receives earned income for a month in which he or she both worked and received the services or used the item, or
- The individual is working but makes a payment before the earned income is received.

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IRWE apply only to earned income and are deducted after the General Income Disregard and the Earned Income Disregard, but before deducting the One-Half Disregard (see 3.c. below).

iii. Allowable BWE and IRWE Types

Expense	Blind Only	Blind and Disabled	Disabled Only
Attendant Care	X	X	X
Drugs/Medical Services	X	X	X
Expendable Medical Supplies	X	X	X
Guide Dog	X	X	X
Medical Devices	X	X	X
Non-Medical Equipment Services	X	X	X
Federal, State and Local Income Taxes	X	X	
Social Security Taxes	X	X	
Fees	X	X	
Mandatory Contributions	X	X	
Meals Consumed During Work Hours	X	X	
Other Work-Related Equipment Services	X	X	X
Physical Therapy	X	X	X
Prosthetic Devices	X	X	X
Structural Modifications to the Home	X	X	X
Training to Use an Impairment-Related Device	X	X	X
Transportation To and From Work	X	X	X
Vehicle Modifications	X	X	X

d. One-Half Disregard

The following disregards are applied to an individual's gross earned income: child support/alimony remainder, General Income Disregard (\$20) remainder, Earned Income Disregard (\$65), disability-related work expenses, one-half (1/2) remainder disregard, and blindness-related work expenses. If the remainder before the one-half disregard is \$0 or less, this disregard will not be displayed in the budget.

4. Student Earned Income Exclusion

NOTE: This exclusion type is also referred to by the following titles:

- **Disabled Student Under age 22 Earned Income Exclusion**
- **Dependent Child Under age 18 or Student Between Ages 18 and 21 Earned Income Exclusion**

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The Student Earned Income Exclusion (SEIE) applies to the earnings of the student who is under age 22 and regularly attending school. The exclusion may apply to an eligible or ineligible child, spouse, or parent(s). The SEIE monthly amount is determined by the SSA. The monthly exclusion for 2015 is \$1,780. The maximum annual exclusion for 2015 is \$7,180.

The SEIE does not apply to children attending elementary school.

A student is regularly attending school if he or she is:

- In a college or university for at least 8 hours per week under a semester or quarter system; or
- In grades 7-12 for at least 12 hours per week; or
- In a training course preparing him or her for a paying job for at least 12 hours per week (if the course involves shop practice the hour minimum is 15); or
- For less than the amount of time indicated above for reasons beyond the student's control, such as illness, if circumstances justify a reduced credit load or attendance.

A home-schooled student if he or she is:

- In grades 7-12 for at least 12 hours per week; and
- In accordance with state or jurisdictional home school laws.

A homebound individual is a student regularly attending school when he or she:

- Must stay at home because of a disability;
- Studies a course or courses given by a school (grades 7-12), college, university or government agency; and
- Has a home visitor or tutor from school who directs the studying or training.

A child retains his or her student status during official school vacations and breaks if the individual met the conditions required to be considered a student prior to the vacation or break, and he or she plans to return to school after the break.

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