

Aged, Blind and Disabled Manual	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; 42 CFR 435.1005; Tenn. Comp. R. & Regs. 1200-13-20

### **1. Overview**

Certain types of income and verified expenses of an individual may be deducted or disregarded when determining financial eligibility for the ABD TennCare Medicaid categories. The types of income and expenses listed in this policy chapter are not deducted or disregarded when determining financial eligibility for Institutional Medicaid.

### **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. Child Support Disregard**

A child support payment (including child support arrearage) is a payment from an absent parent to or for a child to meet the child's needs for food and shelter. When determining eligibility for a disabled child under age 18 or under age 22 and a student regularly attending school, and the child support payment is countable to the child, 1/3 of the child support amount received from an absent parent is excluded. The remaining 2/3 value is counted as unearned income in the month of receipt.

#### **c. General Deduction**

A \$20 monthly General Deduction is allowed per Eligibility Determination Group (EDG). The \$20 monthly General Deduction is first applied to any of the applicant's unearned income. If any of the \$20 deduction is not offset by unearned income, apply the remainder of the deduction to a spouse's unearned income and then to the applicant's earned income before applying the Earned Income Deduction. The \$20 monthly General Income Disregard does not apply to in-kind support and maintenance valued at one-third of the Federal Benefit Rate (FBR) (i.e., the Value of One-Third Reduction (VTR)) or to income based on need.

### **3. Earned Income Disregards and Expenses**

#### **a. Irregular Earned Income Disregard**

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

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**b. Student Earned Income Exclusion**

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 Social Security Administration. The monthly exclusion for 2024 is \$2,290. The maximum annual exclusion for 2024 is \$9,230.

The SEIE does not apply to children attending elementary school.

- i.** A student is regularly attending school if he is:
  - 1.** In a college or university for at least 8 hours per week under a semester or quarter system;
  - 2.** In grades 7-12 for at least 12 hours per week;
  - 3.** In a training course preparing him for a paying job for at least 12 hours per week (if the course involves shop practice the hour minimum is 15); or
  - 4.** 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.
  
- ii.** A home-schooled student if she is:
  - 1.** In grades 7-12 for at least 12 hours per week; and
  - 2.** In accordance with state or jurisdictional home school laws.
  
- iii.** A homebound individual is a student regularly attending school when he:
  - 1.** Must stay at home because of a disability;
  - 2.** Studies a course or courses given by a school (grades 7-12), college, university or government agency; and
  - 3.** Has a home visitor or tutor from school who directs the studying or training.

A child retains his 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 plans to return to school after the break.

**c. Earned Income Deduction**

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.

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#### **d. Impairment-Related and Blind Work Expenses**

##### **i. Overview**

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:

1. Blind or disabled; and
2. Under age 65; or
3. Age 65 or older and received SSI payments due to blindness or disability the month before attaining age 65.

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.

##### **ii. Impairment-Related Work Expenses (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 an IRWE when:

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

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

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**iii. Blind Work Expenses (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:

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

**iv. Allowable IRWE and BWE 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

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**e. One-Half Deduction**

One-half of the remaining earned income in the month is disregarded. This disregard is deducted after IRWE but before deducting BWE. If the remainder before the one-half disregard is \$0 or less, the BWE disregard will not be applied.

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