

7.10 INCOME

A. TRANSFERS OF INCOME

There is no penalty for transferring access to income or to a stream of income.

B. INCOME SOURCES

The income sources in Section 10.3 are treated the same way for WV CHIP as for Qualified and Poverty-Level children.

C. BUDGETING METHOD

**NOTE:** The method used to determine monthly countable income is different for WV CHIP. Therefore, when other benefits are received concurrently, budgeting of countable income may differ.

For WV CHIP, the Worker has discretion in trying different income budgeting methods and using the method that is to the applicant's advantage. Since the applicant must be screened for Medicaid, countable income is first determined using the Medicaid budgeting method. If the countable amount results in Medicaid ineligibility, it is used to evaluate the child for WV CHIP. If the amount is also excessive for WV CHIP, other budgeting methods must be explored. The next method is to use income received or expected to be received in the month of application. Procedures for this method are described in detail in the steps listed below. If this method does not result in WV CHIP eligibility, the Worker must consider other methods such as using annual or quarterly tax returns to arrive at an average monthly amount, or use another time period such as the previous 6 months or the month of application and the previous month. See the examples below and at the end of this item.

**EXAMPLE:** A woman applies for WV CHIP for her child in June. She has no income and her husband is employed intermittently as a heavy equipment operator. June has been a busy month for him, and their income for June exceeds 200% FPL. However, she has brought a W-2 which shows that for the past year, monthly

income averaged 160% FPL. Since using a monthly average is more beneficial to the client than using the income received and expected to be received in the month of application, the monthly

average is used and the child is approved for WV CHIP.

**EXAMPLE:** A woman is a self-employed artisan selling handmade pottery and rugs she weaves on her own loom. She applies for WV CHIP for her child in January. She brings her last year's tax return in and after self-employment deductions, her average monthly income exceeds 200% FPL. However, in late December her loom broke and repairs may take several months. She states her January income will be less than half the average monthly income from last year. Since she states her income is reduced for January, the Worker accepts her statement and the child is approved for WV CHIP.

Instructions for the second method identified above follow. This is usually the method used, but in some situations, another method may best benefit the client.

Income from the month of application is used to determine eligibility for the entire 12-month period of continuous eligibility. The following steps are used to determine the countable income for the continuous eligibility period.

- Step 1: Identify each income source from which the client has already received income in the month of application.
- Step 2: Identify each income source from which the client reasonably expects to receive income in the month of application.
- Step 3: Determine the amount and frequency of receipt from all income sources from Steps 1 and 2 above.
- Step 4: Use the following chart to determine the monthly amount of income from each non-excluded source.

| Frequency of Receipt from Source | When the Amount is Stable   | When the Amount Fluctuates  |
|----------------------------------|---|---|
| Monthly                          | Use ACTUAL monthly amount   | Use AVERAGE monthly amount  |
| MORE OFTEN than monthly          | CONVERT amount/period to monthly amount   | Find AVERAGE amount/period and CONVERT to monthly amount  |
| LESS OFTEN than monthly          | PRORATE to find amount for intended period. If intended period is not one month CONVERT or PRORATE amount | PRORATE to find amount for intended period. If intended period is not one month CONVERT or PRORATE amount |

Conversion is accomplished by multiplying an actual or average amount as follows:

- Weekly amount x 4.3
- Bi-weekly amount x 2.15
- Semi-monthly amount x 2

Proration of the income is accomplished by dividing the amount received or expected to be received by the number of time periods it is intended to cover as follows:

- Bi-monthly amount ÷ 2
- Quarterly amount ÷ 3
- Semi-annual amount ÷ 6
- Annual amount ÷ 12
- 6-week amount ÷ 6 and converted to monthly by using x 4.3
- 8-week amount ÷ 8 and converted to monthly by using x 4.3

**NOTE:** When the client is not expected to receive a full month's income from a source, the averaged amount of income from that source is multiplied by the number of times it is anticipated to be received.

**EXAMPLE:** A woman begins working on the 2nd Monday of a month. She earns \$200/week and is paid every Friday. Her average weekly pay is \$200. For the first month she

has earnings, she expects to be paid 3 times. Her income for the month is  $\$200 \times 3 = \$600$ .

- Step 5: Add together all converted and/or prorated earned income from all sources to determine the monthly total countable earned income.
- Step 6: Add together all converted and/or prorated unearned income from all sources to determine the monthly total countable unearned income.

**EXAMPLE:**

A family applies for Medicaid and Food Stamps on March 22nd. The family consists of a man, a woman and their 2 children, ages 4 and 10. The man receives RSDI benefits of \$730/month and the woman works part-time. The woman earns \$5.15/hr. and is paid every Friday. For March, she has already received gross pays as follows: March 5th = \$154.50; March 12th = \$180.25; March 19th = \$113.30. She has obtained a much better job and was let go from her current one so she could be replaced as soon as possible. Therefore, she will have no more earnings for March. When the new job starts in April, she will be paid monthly and earn a salary of \$1,850/mo. Her first pay at this rate will be received on April 15th.

In determining WV CHIP eligibility, the Worker uses the income already received in the month of application and the income expected to be received. The average weekly earnings ( $\$154.50 + \$180.25 + \$113.30 = \$448.05 \div 3 = \$149.35$ ) is converted to the amount the client expects to receive for the month. Weekly average of  $\$149.35 \times 3$  (since only 3 pays will be received in March) = \$448.05. March earnings of \$448.05 + monthly unearned income of \$730 = \$1,178.05. The children are eligible for 12 continuous months of WV CHIP coverage beginning April 1st, regardless of any income changes anticipated after March.

In determining FS eligibility, the Worker must look at anticipated income. For FS eligibility for March, the income is treated the same way it is for WV CHIP eligibility in the preceding paragraph. However, the income for April must be anticipated for determining eligibility beginning in April. Therefore, the FS income for April is based on: the woman's \$1,850 earnings + the man's \$730 RSDI = \$2,580. The family

fails the FS gross income test beginning in April, but WV CHIP eligibility continues.

D. CATEGORICAL ELIGIBILITY, EXPEDITED SERVICE, DESTITUTE AGs AND  
MIGRANT FARM WORKERS

Receipt of WV CHIP coverage does not qualify the family for  
Categorical Eligibility for Food Stamps.

The Food Stamp requirements of Expedited Service, Destitute AGs  
and Migrant Farm Workers have no bearing on WV CHIP.

E. INCOME DISREGARDS AND DEDUCTIONS

The following disregards and deductions are applied to the income  
of the WV CHIP child's Income Group and are used in the order  
listed.

1. Earned Income

- AFDC Medicaid Standard Work Deduction: The deduction is  
applied to the earned income or gross profit from self-  
employment of each working person. The amount of the  
deduction must not exceed the amount of earned income or  
gross profit of each person.
- AFDC Medicaid Dependent Care Deduction: When the employed  
member(s) of the Income Group must pay for dependent care to  
accept or continue employment or training, the deduction is  
applied. The amount is applied as paid, up to the maximum  
amounts allowable under the AFDC Medicaid coverage group.  
See Section 10.7,B,1,d. The dependent is not required to be  
in the AG or Needs Group for the deduction to be applied.

2. Unearned Income

The first \$50 of child support is disregarded. This is the  
only disregard of unearned income.

When more than one child in the Needs Group receives child  
support, the disregard amount is divided by the number of  
children in the Needs Group who receive support. The  
resulting amount is deducted from each child's support  
amount to determine each child's countable child support.

**EXAMPLE:** Four blood-related siblings live in the same home  
and receive the following amounts of child  
support: Child A receives \$150/month; Child B

receives \$200; Child C receives \$50; Child D receives \$100. The \$50 disregard of child support is divided by 4 and each child receives a disregard of \$12.50.

**Child A**

\$200.00 Child Support  
- 12.50 Disregard  
\$187.50 Countable Child Support

**Child B**

\$150.00 Child Support  
- 12.50 Disregard  
\$137.50 Countable Child Support

**Child C**

\$50.00 Child Support  
- 12.50 Disregard  
\$37.50 Countable Child Support

**Child D**

\$100.00 Child Support  
- 12.50 Disregard  
\$ 87.50 Countable Child Support

F. DETERMINING INCOME ELIGIBILITY

**NOTE:** The AFDC Medicaid 185% and 100% of Need tests are not applied.

Countable income is determined by subtracting allowable disregards and deductions from the total gross non-excluded income. The net monthly countable income of the Income Group must not exceed the amount shown in Step 5 below and in Appendix A, Chapter 10.

Step 1: Determine the amount of monthly gross non-excluded earned income of the Income Group. Do not include the income of any sibling of the WV CHIP child.

Step 2: Subtract the AFDC Medicaid Standard Work Deduction for each employed person.

Step 3: Subtract the AFDC Medicaid Dependent Care Deduction up to the maximum allowable amounts. Eligibility for and the maximum amounts of the deduction are determined as for AFDC Medicaid. See Section 10.7,B,1,d.

Step 4: Add the non-excluded gross unearned income of the Income Group. This includes the child's countable child support. Do not include the income of any sibling of the WV CHIP child.

Step 5: The resulting figure is the countable income against which income eligibility is tested.

The FPL (200%) for the number of people in the Needs Group is used. See Appendix A, Chapter 10. If countable income is equal to or less than the maximum income levels, the child is income eligible as a WV CHIP child.

**G. SPECIAL SITUATIONS**

**1. Self-Employment**

Self-employment income is treated the same way it is for AFDC Medicaid. See Section 10.7,D,4

**2. Annual Contract Employment**

Annual contract employment is treated the same way it is for AFDC Medicaid. See Section 10.7,D,6

**3. Educational Income**

Educational income is treated the same way it is for AFDC Medicaid. See Section 10.7,D,7

**4. Deeming**

Income is deemed by including financially responsible persons in the Needs and Income Groups of the child.

**5. Strikers**

The presence in the home of a striker has no bearing on WV CHIP eligibility. The child is eligible whether he is the striker or the striker is a parent or other adult or child in the home.

**6. Irregular Income**

Irregular income in the month of application is counted when it has already been received or can be anticipated. See item C above.

7. Lump Sum Payments

Lump sum payments received in the month of application are counted as income in the same way they are for AFDC Medicaid. See Section 10.7,D,11. The only difference is that 200% of the current FPL is used to determine the amount counted as income each month, instead of the AFDC Medicaid Standard of Need. All other AFDC Medicaid provisions related to lump sum payments apply to the Income Group of the WV CHIP child.

8. Withheld Income

Withheld income is treated the same way it is for AFDC Medicaid. See Section 10.7,D,12

9. Funds Diverted To A PASS

Funds diverted to a PASS account are counted as earned or unearned income, depending on the source of the funds used to establish it.

10. Unstated Income

There is no provision that allows for counting unstated income.

11. Spenddown

There is no spenddown provision for WV CHIP children.

12. Unavailable Income

Income intended for a member of the WV CHIP Income Group, but received by another person who does not live in the home, is excluded when the individual who receives the income refuses to make it available.

13. Income Received For A Non-Income Group Member

Income received by a member of the Income Group, which is intended and used for the care and maintenance of an individual who is not in the Income Group, is excluded as income.