

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 **income** 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.

NOTE: Alternative budgeting methods are explored, but are used only if they more accurately represent an AG's countable monthly income.

EXAMPLE: A man lives with his two children. He completes a redetermination in February 2009 for one child who receives WV CHIP. Since the last certification, he began a job in December 2008 with a monthly countable income of \$4,000 which exceeds the 250% FPL gross income test for 3. He insists the Worker use his 2008 W-2 even though it includes only a partial month's earnings from his new job. Although the Worker reviews the W-2, this alternative budgeting method is discarded and the AG is denied WV CHIP.

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 **net** income for June exceeds 200% FPL. However, **their** W-2 **net** shows for the past year, **indicates their net** 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 **submits** her last year's tax return. **After** self-employment deductions, her average monthly **net** 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 **net** income from last year. **The** Worker accepts her statement and the child is approved for WV CHIP.

Instructions **that apply to the third example** follow. This **budgeting method is usually** used, but in some situations, another method may 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 **gross** earned income.
- Step 6: Add together all converted and/or prorated unearned income from all sources to determine the monthly total countable **gross** unearned income.

EXAMPLE: A family applies for Medicaid and **SNAP** 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 **SNAP** eligibility, the Worker must look at anticipated income. For **SNAP** 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 **SNAP** income for April is based on: the woman's \$1,850 earnings + the man's \$730 RSDI = \$2,580. The family fails the **SNAP** 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 **SNAP**.

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

E. INCOME DISREGARDS AND DEDUCTIONS

NOTE: A WV CHIP Premium Expansion's IG must meet a gross income test with gross income of less than or equal to 250% FPL before any income disregards and/or deductions are applied. See Section 7.14,E for procedures regarding WV CHIP Premium Expansion.

The following disregards and deductions are applied to the income of the WV CHIP child's IG and once the gross income test is met, to the WV CHIP Premium Expansion's IG, in the order listed below.

1. Earned Income

- AFDC Medicaid Standard Work Deduction: The \$90 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 following maximum amounts:

- Dependent under age 2 - \$200
- Dependent age 2 or over - \$175

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
<u>- 12.50</u>	Disregard
\$187.50	Countable Child Support

Child B

\$150.00	Child Support
<u>- 12.50</u>	Disregard
\$137.50	Countable Child Support

Child C

\$50.00	Child Support
<u>-12.50</u>	Disregard
\$37.50	Countable Child Support

Child D

\$100.00	Child Support
<u>- 12.50</u>	Disregard
\$ 87.50	Countable Child Support

F. DETERMINING INCOME ELIGIBILITY

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

Net income is determined by subtracting allowable **income** disregards and deductions from the total gross non-excluded income. The monthly **net** 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 **net** income against which income eligibility is tested.

The **200%** FPL for the number of people in the Needs Group is used. See Appendix A, Chapter 10. If **net** income is less than **or equal to 200% FPL**, the child is income eligible as a WV CHIP child. **When the net income exceeds 200% FPL but the gross income is less than or equal to 250% FPL, the child is evaluated for WV CHIP Premium Expansion. See Section 7.14, E.**

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.