

NOTE: For these purposes, a new source of earned income means income from a different employer. Income that normally fluctuates does not require use of future income. Future income is used for old sources only when the hourly, weekly, monthly, etc. rate of pay changes or the number of hours worked during a pay period increases or decreases permanently.

EXAMPLE: The T family members have the following income: Mr. T has earnings that fluctuate greatly from week to week. He expects no change in his earnings. Mrs. T was earning a substantial monthly salary, but was laid off last week. She will begin work next week at a job that pays \$7.25/hr. She does not know how many hours she will work, but her employer has told her she will work a minimum of 20 hrs/wk. Mr. T's income is anticipated by using his past income as an indication of what he can expect to receive in the certification period. Mrs. T's income from an old source cannot be used because it will not be received in the upcoming certification period. Instead, the Worker must anticipate what her future earnings will be based on the best information available at the time. Mr. T's source of income meets the requirements for using past income to anticipate the future income, but Mrs. T's source is new and must be projected.

2. Consideration Of Past Income

It is necessary to consider information about the client's income sources before the Worker can decide which income to use. The Worker must follow the steps below for each old income source.

NOTE: When the amount of an anticipated income source is determined by use of an income tax return, it is not necessary to change the method by which that income source is anticipated at each redetermination prior to the next tax return, unless the anticipated income from that source for the upcoming certification period is expected to change.

NOTE: For the use of year-to-date amounts on pay stubs, see Section 4.2.

Step 1: Determine the amount of income received by all persons in the Income Group in the 30 calendar days prior to the application/redetermination date.

Income

The appropriate time period is determined by counting back 30 days beginning with the calendar day prior to the date of application/redetermination. The income from this 30-day period is the minimum amount of income which must be considered. When, in the Worker's judgment, future income may be more reasonably anticipated by considering the income from a longer period of time, the Worker considers income for the time period he determines to be reasonable. Whether the Worker considers income from the prior 30 days, or from a longer period of time, all of the income received from that source during that time period must be considered. All pay periods during the appropriate time period must be considered and must be consecutive.

3. Consideration Of Future Income

When the client reasonably expects to receive income from a new source during the new certification period or POC, or when the amount of income from an old source is expected to change, the Worker must consider the income which can be reasonably expected to be received.

NOTE: When the amount of income or the date of receipt cannot be reasonably anticipated, income from that source is not considered until the necessary information can be obtained. See Step 2 below.

Step 1: Determine if the Income Group expects to receive income from a new source, or expects a different amount from an old source, in the new certification period or POC.

If not, none of the following steps are necessary. However, the Worker must record the client's statement that he does not expect income from a new source.

Step 2: Determine the amount of income the client can be reasonably expected to receive from the new source, or the new amount from the old source.

If the amount of income cannot be reasonably anticipated, none of the following steps are necessary and income from this source is not considered for the new certification period or POC. The Worker must record the client's statement that he expects income from a new source or that the amount from an old source will change. In addition, the Worker must record why the amount of income cannot be reasonably anticipated and information about all the attempts made to determine the amount.

When it is possible to reasonably anticipate a range of income, the minimum amount that can be anticipated is used.

EXAMPLE: A client is scheduled to start work in February, the month following the month of application. He knows he will earn \$**8.50**/hour, but is not sure how many hours he will work. The Worker verifies through the employer that he will work 30-40 hours/week. The Worker anticipates the income by using 30 hours, the minimum number of hours he is expected to work .

***NOTE:** The purpose of finding an average amount of fluctuating income is to even out the highs and lows in the amount of income. The client is not, then, required to report fluctuating income each pay period and the Worker is not required to change income monthly. Should the client report fluctuations in the amount of income, the Worker is only required to recalculate the countable income when, in his judgment, the fluctuation will affect eligibility. All changes reported by the client must be considered, but not necessarily used. Reported changes must be recorded and the Worker must record why the reported income was or was not used.

Conversion of income to a monthly amount is accomplished by multiplying an actual or average amount as follows:

- Weekly amount x 4.3
- Bi-weekly amount (every 2 weeks) x 2.15
- Semi-monthly (twice/month) x 2

Proration of income to determine a monthly amount is accomplished by dividing the amount received by the number of time periods it is intended to cover as follows:

- Bi-monthly amount (2 months) ÷ 2
- Quarterly amount (3 months) ÷ 3
- Semi-annual amount (twice/year) ÷ 6
- Annual amount ÷ 12
- 6-week amount ÷ 6 and converted to monthly amount by using x 4.3
- 8-week amount ÷ 8 and converted to monthly amount by using x 4.3

EXAMPLE: A woman begins working on the 2nd Monday of a month. She earns \$200/wk and is paid every Friday. Her average weekly pay is \$200. For the 1st month she has earnings, she expects to be paid 3 times. Her income for the month is $\$200 \times 3 = \600 . A change must be made for the anticipated income from the 2nd month of her employment.

EXAMPLE: Family of 4. The man works and earns a monthly salary of \$300. His wife works part-time and is paid weekly. She earns \$7.25/hr., but the number of hours she works fluctuates each week. His mother receives \$150 every 3 months from the mineral rights to some property she owns out of state. His son just received a disability insurance check in the amount of \$420 for the past 6 weeks. Income is determined as follows:

Income

Monthly Pay, Amount Stable = \$300 Salary = Monthly Amount

More Often, Amount Fluctuates = \$7.25/hr. x Average No. Hours/week x 4.3 Monthly Amount

Less Often = \$150 ÷ 3 Mos. = Monthly Amount

Less Often = \$420 ÷ 6 Wks. x 4.3 Wks. = Monthly Amount

5. **EXCEPTION:** Use Of Actual Income

There are two exceptions to the rules in items 1 - 4 above. It applies to both applicants and recipients and requires use of actual income instead of conversion or proration of it.

a. Applicants

(1) Terminated Income

When an income source terminates in the month of application or in the 30 days prior to the date of application, income from this source must not be converted to a monthly amount. Instead, the Worker must use the actual amount already received from the terminated source in the month of application plus the amount expected to be received from this source later in the month of application. This is the amount used as income for the month of application. Income from this source for the past 30 days or from the month of application must not be used to convert the terminated income to a monthly amount.

EXAMPLE: A client applies on September 10th. His job ended on August 31st. He was paid on that date, but still has another pay due him on September 15th. Because the income is from a terminated source, the income from this source cannot be converted. Instead, the amount already received in the month of application (\$0) plus the amount expected to be received on September 15th are used to determine his eligibility for the month of application.

(2) Backdated Eligibility Requested

When backdated Medicaid eligibility is requested, the actual income received in the month(s) prior to the month of application is used to determine eligibility. Income for the month of application and any months thereafter is determined according to the policy in items 1 through 4 above.

Income

EXAMPLE: An application is made June 26th and the client indicates that he began a new job the week prior to application. He is going to be paid biweekly and has not received a pay yet. He states that he will work 15 hours per week and receive \$7.25 per hour. The client does not expect any changes in hours or rate of pay. The Worker requests a statement from the client's employer for the number of hours and hourly rate of pay and anticipates income for the certification period as follows:

\$7.25	hourly rate
<u> </u>	
x30	hours for 2 weeks
\$217.50	Anticipated biweekly pay

\$217.50	
<u> </u>	
x2 .15	
\$467.63	Anticipated monthly pay

The Worker records the client's statement about no expected changes in income and his lack of pay to date as well as how the income was verified and calculated.

EXAMPLE: An application is made September 13th and the client states that he is self-employed. He grows and sells Christmas trees. Most of his income for the year from the sale of trees is earned during the months of November and December. In addition, he sells the leftover trees to the local city government to use for mulch. He receives some income each month from the leftover trees and the amount fluctuates during the year. He states that he anticipates that his earnings will be less from Christmas sales this year because many of his trees were damaged in a fire last spring. He estimates he lost at least half of the trees which he planned to sell this year. He is unable to determine at this time if his sale of trees to the city will be affected after Christmas, but currently his income from this source has not changed. The Worker requests that the client provide income received in the previous year from his sales to the city and his Christmas tree sale earnings for the previous season.

Anticipated income is based on an average of monthly sales to the city and ½ of the previous year's Christmas tree sales. The Worker records the client's situation in detail, how past income was verified and the method used to anticipate income for the new certification period.

EXAMPLE: A waitress, Mrs. Doubtfire, applies on December 7th. She is paid twice a month and provides pay stubs with the following information:

September 15th	20 hrs.	\$145.00 wages	\$40.00 tips
September 30th	25 hrs.	\$181.65 wages	\$52.00 tips
October 15th	17 hrs.	\$123.25 wages	\$35.00 tips
October 30th	20 hrs.	\$145.00 wages	\$42.00 tips
November 15th	7 hrs.	\$50.75 wages	\$7.00 tips
November 30th	25 hrs.	\$181.25 wages	\$60.00 tips

Ms. Doubtfire provides the following additional information: She earns **\$7.25/hr.** She does get some tips, but rarely the amount shown on her pay stubs. She says that the employer determines the amount shown as tips by some formula that she does not understand because he is required by IRS to report them. She does not have to share her tips with any other employee and they do not share tips with her. She says that during a “good” week she makes about \$20 in tips. The employer never sees her tips, she does not report the amount to him and is not required to do so. The Worker pends the case for verification of the way the employer determines the amount of tips shown on her pay stubs and reported to the IRS. The client provides the following note from the employer:

To Whom It May Concern:

Ms. Doubtfire works for me at the Dew Drop Inn as a waitress. I pay her **\$7.25** for every hour she works. She does make some in tips, but I don’t know how much. The IRS makes me figure her tips so I do it according to how much food she sells. I don’t think she really gets that much. None of my waitresses do, but the IRS makes me do it.

Very truly yours,
Big Pat Holcomb