

2650 – FAMILY MEDICAID BUDGETING OVERVIEW

POLICY STATEMENT	All Family Medicaid Assistance Units (AUs) or Budget Groups (BGs) must have income considered in determining financial eligibility through the budgeting process.
BASIC CONSIDERATIONS	<p>In Low Income Medicaid (LIM), AU and BG are synonymous terms, referring to those individuals both whose income and expenses are considered in determining eligibility and who receive Medicaid assistance.</p> <p>Non-AU member refers to those whose incomes are considered in responsibility budgeting (deeming/allocating). Non-AU members include the following:</p> <ul style="list-style-type: none"> • an ineligible parent • a stepparent in which there is no mutual child included in the AU • a minor caretaker's parent • a married minor's spouse • a non-parent caretaker's spouse <p>In Right from the Start Medicaid (RSM), BG refers to those whose income and expenses are considered in determining eligibility. AU refers to those who receive Medicaid assistance.</p> <p>The budgeting process includes the following:</p> <ul style="list-style-type: none"> • the prospective budgeting method used to determine the AU's or BG's monthly income and expenses • the allowable deductions based on certain monthly expenses • the budgeting procedure used to calculate eligibility using monthly income and expenses.
Prospective Budgeting	Prospective budgeting uses a best estimate of income and expenses based on representative amounts to determine the AU's eligibility. The prospective income and expenses are either estimated using a conversion factor or actual income and expenses are used, depending on the case situation. Prospective income and expenses are used to budget ongoing eligibility.

**BASIC
CONSIDERATIONS
(cont.)****Actual Budgeting**

Actual income and expenses are used to budget prior months eligibility and, if available, used to budget intervening months. Refer to [Section 2053](#), Retroactive Medicaid.

NOTE: Actual income must be verified for all Family Medicaid COAs except PgW and Newborn.

Deductions

Certain deductions are allowed when determining the AU's eligibility. Family Medicaid Classes of Assistance (COAs) allow deductions to both earned and unearned income as follows:

- the first \$50 of child support received each month
- earned income deductions as follows:
 - \$90 standard work expense deduction
 - \$30
 - 1/3 of the remaining earned income
 - dependent care expenses.

**Family Medicaid
Income Limits**

Family Medicaid requires that the AU/BG have income within the following limits:

- LIM and COAs based on LIM:
 - GIC: the gross countable income of the AU must be less than or equal to the Gross Income Ceiling (GIC) for the AU size.
 - SON: the net income of the AU must be less than the Standard of Need (SON) for the AU size.

**BASIC
CONSIDERATIONS****Family Medicaid
Income Limits
(cont.)**

- RSM income limits are based on percentages of the federal poverty level (FPL) as follows:
 - 200% of the FPL for pregnant women and infants born to Medicaid-eligible mothers

NOTE: Infants born to Medicaid-eligible mothers are considered to have met the Newborn Medicaid income limit, regardless of the budget group's income at the time of delivery.

 - 185% of the FPL for children, birth through the month the child reaches age one for children who are ineligible for Newborn Medicaid
 - 133% of the FPL for children age one through the month in which the child turns six
 - 100% of the FPL for children age six through the month in which the child turns age 19.
- Family Medicaid Medically Needy Income Limits (FM-MNIL) are based on a percentage of the SON.

The appropriate income limit for a specific COA is used in the following budgeting situations:

- to determine the AU's eligibility based on net income
- to determine in a COA based on LIM if an applicant BG with an employed individual is eligible for the \$30 + 1/3 deduction
- to determine if the \$30 + 1/3 deduction is necessary for an employed individual to meet the SON for a COA based on LIM
- to determine the financial responsibility or financial need of an individual who is not eligible to be included in the BG.

**BASIC
CONSIDERATIONS
(cont.)****Earnings of a
Child**

The earnings of a child are excluded in all Family Medicaid COAs, whether or not the child is a student.

EXCEPTION: The exclusion of earned income does not apply to the earnings of a minor applying as the caretaker and to the earnings of a minor applying as a RSM PgW.

PROCEDURES

Use the following rounding procedures when calculating budgets:

Calculate gross monthly income leaving all amounts in dollars and cents. Drop any digits past the hundredth position (second digit to the right of the decimal).

Calculate net monthly income as follows:

- allow all applicable deductions
- leave amounts remaining in dollars and cents after each deduction
- round the net monthly income to the nearest dollar. Round up if 50 cents or more. Round down if less than 50 cents.

Documentation

Document the following for all budgets:

- the amount of all gross income and expenses used in the budget, including the dates income is received and expenses are incurred and the source of verification
- the gross amounts used to calculate the representative income/ expenses
- the reason(s) any non-representative amount(s) are not used in calculations.