

## 2657 – PENALIZED INDIVIDUALS

<b>POLICY STATEMENT</b>	An adult who fails to meet certain Family Medicaid program requirements, without Good Cause, is penalized.
<b>BASIC CONSIDERATIONS</b>	<p>An adult is penalized for failure to meet, without Good Cause, any of the following Basic Eligibility Requirements:</p> <ul style="list-style-type: none"> <li>• enumeration</li> <li>• cooperation with Child Support Services</li> <li>• cooperation with Third Party Resources</li> <li>• verification of citizenship or alienage</li> </ul> <p>The countable income of a penalized individual is considered when determining financial eligibility.</p> <p>Income of a penalized individual receives all allowable deductions.</p> <p>Do not allocate to a penalized individual.</p> <p>Countable resources of a penalized individual are considered in their entirety.</p> <p>A child is <b>never</b> penalized, however, the child may be excluded. If an adult fails to comply with the enumeration requirement or citizenship/alienage requirement for a child, exclude the child from the AU. The child may be included or excluded in the BG at the option of the A/R. If an adult fails to comply with application for other benefits for a child, the child(ren) for whom the requirement is not met are excluded from the AU, not penalized. If the potential benefit is for a parent, exclude the parent <b>and</b> everyone that s/he is financially responsible for.</p> <p><b>NOTE:</b> A minor caretaker and a minor applying as a RSM Pregnant Woman are not considered a child.</p> <p>A child is never penalized or excluded for the adult's failure to cooperate with TPR or Child Support Services for the child.</p> <p>Penalties are applied to recipients effective the month following the expiration of timely notice.</p> <p>Penalties are applied to applicants effective the month of refusal.</p> <p><b>LIM</b> For LIM AUs, if the individual for whom this requirement is not met, without Good Cause, is a child or non-parent relative, exclude the individual and his/her income and resources from the budget.</p>

**BASIC  
CONSIDERATIONS**

**LIM (cont.)** If the individual for whom this requirement is not met, without Good Cause, is a parent, the parent is penalized. Include the income and resources of the penalized parent in the budget. Include the following individuals in the LIM AU:

- the dependent child(ren), including any minor siblings, half-siblings and married minor siblings living in the home
- other eligible adult, if applicable
- any other eligible child(ren).

**RSM and FM-MN** In RSM and FM-MN AUs, a penalized individual is an adult who fails to comply with one of the following Basic Eligibility Criteria, without Good Cause:

- failure to cooperate with CSS
- EXCEPTION:** A RSM Pregnant Woman is not required to cooperate with CSS for the unborn or any existing child.
- failure to cooperate with his/her own enumeration requirement
  - failure to cooperate with TPR requirements
  - failure to cooperate with citizenship/alienage verification.

A penalized adult remains in the BG, but is not included in the AU.

Refer to Chart 2657.1, Penalized Individual Budgeting in this Section.

For each penalized individual, determine the amount of income to count in the budgeting process.

**LIM Budgeting  
Procedures for a  
Penalized Individual**

Follow the steps in [Section 2661](#), Responsibility Budgeting, for budgeting procedures when a parent fails to verify citizenship. Follow the budgeting steps below when a LIM AU member is penalized for any other reason:

**Step 1** Determine all countable earned income of the penalized individual.

**Step 2** Allow all appropriate earned income deductions:

- \$90 standard work deduction
- \$30 earned income deduction, if allowable
- 1/3 of the remaining earned income, if allowable
- Dependent care expenses.

**Step 3** Add countable unearned income of the penalized adult and allow the \$50 child support deduction if appropriate.

**BASIC  
CONSIDERATIONS  
(cont.)**

**Step 4** Do not include the penalized individual when selecting the appropriate income limit for the AU.

**RSM and FM-MN  
Budgeting Procedures  
for a Penalized Individual**

For each penalized individual, determine the amount of income to count in the budgeting process.

Follow the steps below to budget a RSM or FM-MN penalized individual:

**Step 1** Determine all countable earned income of the penalized individual.

**Step 2** Allow all appropriate earned income deductions.

- \$90 standard work deduction
- \$30 earned income deduction, if allowable
- 1/3 of the remaining earned income, if allowable
- Dependent care expenses

**Step 3** Add countable unearned income of the penalized adult and allow the \$50 child support deduction, if appropriate.

**Step 4** Include the penalized individual when selecting the appropriate income (and resource, for FM-MN) limit for the BG. Do not include the penalized individual in the AU.

Use the chart below to determine whom to penalize for failure to comply with certain eligibility requirements.

<b>CHART 2657.1 – PENALTIES</b>		
<b>IF A PENALTY IS IMPOSED FOR:</b>	<b>THEN APPLY THE PENALTY TO:</b>	
	<b>LIM</b>	<b>RSM AND FM-MN</b>
a parent's failure or refusal to comply with his/her enumeration requirements	<p>The parent.</p> <p>If an adult fails to comply with a child's enumeration requirement, without good cause, exclude the child from the AU.</p>	<p>The parent.</p> <p>If an adult fails to comply with the enumeration requirement for a child, exclude the child from the AU. The child may, however, be included in or excluded from the BG, at the option of the A/R</p>
a parent's failure or refusal to verify his/her citizenship/alienage status	<p>The parent.</p> <p>If an adult fails to comply with verification of a child's citizenship or alienage, exclude the child from the AU.</p>	<p>The parent.</p> <p>If an adult fails to comply with verification of a child's citizenship or alienage, exclude the child from the AU. The child may be included in or excluded from the BG, at the option of the A/R.</p>
failure to cooperate with OCSS.	<p>The parent.</p> <p>A child is neither penalized nor excluded for an adult's failure to cooperate with CSS.</p> <p>A pregnant woman is not required to cooperate with CSS for the unborn child.</p>	<p>No penalties applied.</p> <p>A child is neither penalized nor excluded for an adult's failure to cooperate with CSS.</p> <p>A pregnant woman receiving RSM PgW is not required to cooperate with CSS for an existing or unborn child.</p>

CHART 2657.1 – PENALTIES		
IF A PENALTY IS IMPOSED FOR:	THEN APPLY THE PENALTY TO:	
	LIM	RSM AND FM-MN
failure to cooperate with TPR requirements.	<p>The parent.</p> <p>A child is neither penalized nor excluded for an adult's failure to cooperate with TPR.</p>	<p>The parent.</p> <p>A child is neither penalized nor excluded for an adult's failure to cooperate with TPR.</p>
<p>failure to cooperate with application for other benefits.</p> <p>Refer to <a href="#">Section 2210</a> for exceptions to the application for other benefits requirement.</p>	<p>If the benefit is for the parent, the parent and everyone for whom they are financially responsible is <b>excluded</b> from the AU, not penalized. If the benefit is for a child, only the child is excluded from the AU.</p> <p>A pregnant woman who is applying for or receiving Medicaid under any COA other than RSM PgW and who is in her 2<sup>nd</sup> or 3<sup>rd</sup> trimester of pregnancy is not required to apply for UCB.</p>	<p>If the benefit is for the parent, the parent and everyone for whom they are financially responsible is <b>excluded</b> from the AU, not penalized. If the benefit is for a child, only the child is excluded from the AU. The child may, however, be included in or excluded from the BG at the option of the A/R.</p> <p>A pregnant woman who is applying for or receiving Medicaid under RSM PgW COA is not required to comply with the application for other benefits requirement.</p> <p>A pregnant woman who is applying for or receiving Medicaid under any COA other than RSM PgW and who is in her 2<sup>nd</sup> or 3<sup>rd</sup> trimester of pregnancy is not required to apply for UCB.</p>