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## 610 How to Calculate Income Eligibility for ALTCS

Policy

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### Policy

A customer's counted income must not be more than the income limit for ALTCS.

**NOTE** A customer receiving SSI-Cash, Title IV-E Foster Care or Title IV-E Adoption Assistance is considered income eligible for ALTCS unless the customer has a disqualifying trust. When a customer receives one of these payments and disbursements from a Special Treatment Trust, the disbursements are counted for eligibility as described in [MA803.A.8](#).

The table below lists the income tests and describes when each is used:

Use the...	When...
Gross income test	<ul style="list-style-type: none"> <li>The customer is living in a setting where long-term care services can be provided (MA5XX.X); and</li> <li>Is not refusing HCBS services.</li> </ul>
Net income test	<ul style="list-style-type: none"> <li>The customer is living in a setting where long-term care services cannot be provided; or</li> <li>Is refusing HCBS services.</li> </ul>

#### 1) Gross Income Test

The gross test means the gross counted income, minus any costs required to obtain the income described at [MA609.A](#). is used to determine the income eligibility.

If the customer...	Then...
Does not have a community spouse	Only the customer's counted income is used for the gross test.

Has a community spouse	Both the customer's and the spouse's income is used for the gross test.
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## 2) Gross Income Test Calculation (Non-Community Spouse)

Follow the steps below to calculate income eligibility using the gross income test for a non-community spouse case:

Step	Action
1	The countable unearned income and countable earned income of the customer received in the control date are totaled.
2	The total is compared to the limit of 300% of the FBR.  The customer passes the income test if the income is less than or equal to the income limit.

See <Examples – ALTCS Gross Test with Non-Community Spouse>

## 3) Gross Income Test Calculation (Community Spouse)

This section describes how to calculate income eligibility for ALTCS using the gross test when the customer has a community spouse.

**NOTE** If the customer refuses HCBS, community spouse policy is not applicable. The net income test is used to determine eligibility.

Income eligibility for community spouse cases is determined by using one of the following budgeting rules:

Rule	Overview
Community Property Rules	One-half of the couple's total countable income is counted for the customer.
Name-on-Check Rules	

	<p>Only the income that is in the customer's name or that the customer has ownership rights to is counted as income to the customer.</p> <p>NOTE This is used only when the customer is not eligible using the community property calculation.</p> <p>See &lt;Examples – Name on Check rules&gt;</p>
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### Calculation Using Community Property Rules:

Step	Action
1	The gross countable unearned income of both spouses is combined.
2	The gross countable earned income of both spouses is combined.
3	The combined gross countable unearned income from Step 1 and the combined gross countable earned income from Step 2 are totaled.
4	The total calculated from Step 3 is divided by two.
5	<p>The result from Step 4 is compared to 300% of the FBR:</p> <p>The customer passes the income test if the income is less than or equal to the income limit.</p>

See <Example - Community Property Rules Calculation>

### Calculation Using Name-on-Check Rules

For the name-on-check rules, ownership of the income must be determined:

If income is paid...	AND payment is made...	Then...
With instrument	In only one spouse's name	

		The income is considered available to the spouse in whose name payment is made, unless another instrument specifies other ownership rights to the income.
	In the names of both spouses	One-half of the income available to each spouse, unless another instrument specifies other ownership rights to the income.
	In the names of the customer or the community spouse, or both, and to another person	The income available to each spouse in proportion with the spouse's interest as indicated by the instrument.
With no instrument	N/A	One-half of the income to be available to the institutionalized spouse and one-half to the community spouse.

**NOTE** When there is no instrument and the customer or spouse disagree with having the income split evenly between them, the income may be split differently when they can provide proof that the amount or percent of the income owned by each spouse is not one-half.

The steps below are used to calculate income eligibility using name-on-check rules:

Step	Action
1	The countable unearned income and countable earned income owned by the customer are totaled.
2	This amount is compared to 300% of the FBR.  The customer passes the income test if the income is less than or equal to the income limit.

#### 4) Net Income Test

The net test means the gross counted income, minus any allowable deductions described in [MA609](#). A and B is used to determine the customer's income eligibility.

The income standard for the net income test is 100% of the Federal Benefit Rate (FBR) for either an individual or a couple, whichever is applicable. ([MA615.1](#))

##### Net Income Calculation for the Customer Only

The following actions are taken to determine income eligibility when the customer is:

- Single; or
- Under age 18, unmarried and parental deeming does not apply because the child does not live with an ineligible parent; or
- Is married and does not live with the spouse or the legal spouse is in a medical institution.

Step	Action
1	To calculate the net unearned income: <ul style="list-style-type: none"> <li>• The customer's counted unearned income, except needs based assistance, is totaled;</li> <li>• If a customer child receives child support payments, subtract 1/3 of the child support payment;</li> <li>• The \$20.00 general income deduction is subtracted; and</li> <li>• Needs based assistance payments are added to get the total counted unearned income.</li> </ul>
2	To calculate the net earned income: <ul style="list-style-type: none"> <li>• The counted earned income of the customer is totaled;</li> <li>• Any Student Earned Income Exclusion is subtracted;</li> <li>• The unused portion of the \$20.00 deduction is subtracted;</li> <li>• The \$65.00 work expense deduction is subtracted;</li> <li>• Impairment Related Work Expenses are subtracted;</li> <li>• ½ of the subtotal of earned income is subtracted; and</li> </ul>

	<ul style="list-style-type: none"> <li>Blind Work Expenses are subtracted.</li> </ul> <p>NOTE If any of the subtractions in this step result in a \$0.00 subtotal or negative subtotal, the net earned income amount is \$0.00.</p>
3	The net unearned income from Step 1 is added to the net earned income from Step 2 to get the total net income.
4	<p>Calculate a child allocation amount for each of the customer's children living in the home (see <a href="#">MA609.B.8</a> for calculation steps).</p> <p>Total the child allocation amounts and subtract from the total net income from step 3.</p>
5	<p>The result is compared to 100% of the FBR for an individual:</p> <p>The customer passes the income test if the net income is less than or equal to the income limit.</p>

See <Example - Customer Only Net Calculation>

#### Net Income Calculation for Customer and Spouse

Take the following actions to determine income eligibility when the customer lives with a spouse:

Step	Action
1	<p>To calculate the net unearned income:</p> <ul style="list-style-type: none"> <li>Total the customer's and spouse's counted unearned income, except needs based assistance;</li> <li>If the customer is a child and receives child support payments, subtract 1/3 of the child support payment;</li> <li>Subtract the \$20.00 general income deduction; and</li> <li>Add any needs based assistance payments to get the total counted unearned income.</li> </ul>
2	To calculate net earned income:

	<ul style="list-style-type: none"> <li>• Any Student Earned Income Exclusion for the customer is subtracted;</li> <li>• Any Student Earned Income Exclusion for the customer's spouse is subtracted;</li> <li>• After the Student Earned Income Exclusion has been subtracted, total the customer's and spouse's remaining earned income.</li> <li>• The unused portion of the \$20.00 deduction is subtracted;</li> <li>• The \$65.00 work expense deduction is subtracted;</li> <li>• The Impairment Related Work Expenses are subtracted;</li> <li>• ½ subtotal of earned income is subtracted; and</li> <li>• The Blind Work Expenses are subtracted.</li> </ul> <p>NOTE If any of the remaining subtractions in this step result in a \$0.00 subtotal or negative subtotal, the net earned income amount is \$0.00.</p>
3	The net unearned income from Step 1 is added to the net earned income from Step 2 to get the total net income.
4	<p>Calculate a child allocation amount for each of the customer's children and the customer's spouse's children living in the home (see <a href="#">MA609.B.8</a> for calculation steps).</p> <p>Total the child allocation amounts and subtract from the total net income from step 3.</p>
5	<p>The result is compared to 100% of the FBR for couple (<a href="#">MA615.1</a>):</p> <p>The customer passes the income test if the net income is less than or equal to the income limit.</p>

See <Example – Customer and Spouse Net Calculation>

#### Calculation for Customer Child and Ineligible Parent

The income-eligibility determination for a customer child who resides with at least one ineligible parent includes three separate calculations.

- First, a child allocation is calculated for each of the ineligible parents' other children living in the home.

- Second, the amount of income to be deemed to the customer child from the ineligible parents is calculated.
- Third, the customer child's own income is calculated and added to any income deemed from the ineligible parents.

Follow the steps below to determine income eligibility when an unmarried customer child under age 18 resides with at least one ineligible parent.

<b>1st Process: Determine Child Allocations</b>	
<b>Step</b>	<b>Action</b>
1	Calculate a child allocation amount for each ineligible parent's children living in the home (see <a href="#">MA609.B.8</a> for calculation steps).
2	Combine all of the child allocation amounts to get the total Child Allocation.
<b>2nd Process: Deeming Calculation</b>	
<b>Step</b>	<b>Action</b>
3	<p>Total the gross counted unearned income of the ineligible parents and subtract the total Child Allocation from Step 2.</p> <ul style="list-style-type: none"> <li>• If the result is a negative number, this is the remaining unused Child Allocation. There is no remaining unearned income.</li> <li>• If the result is a positive number, this is the remaining unearned income. There is no unused Child Allocation.</li> <li>• If the result is exactly zero, there is no unused Child Allocation and no remaining unearned income.</li> </ul>
4	For each ineligible parent under age 22 that meets the definition of a student, subtract the Student Earned Income Exclusion ( <a href="#">MA609.B.2</a> ).
5	<p>Total the earned income of the ineligible parents from Step 4 and subtract any unused Child Allocation from Step 3.</p> <ul style="list-style-type: none"> <li>• If the result is zero or a negative number there is no remaining earned income.</li> <li>• If the result is a positive number, this is the remaining earned income.</li> </ul>

5	<p>Determine if there is any remaining unearned income or remaining earned income to be deemed.</p> <ul style="list-style-type: none"> <li>• If there is no remaining income from Step 3 or Step 5, the amount of income deemed from the ineligible parents is \$0.00. Skip to step 10</li> <li>• If there is remaining unearned or earned income from Step 3 or Step 5, continue to Step 6</li> </ul>
6	<p>Subtract the \$20.00 general income deduction from any remaining unearned income to get the net unearned income.</p>
7	<p>Subtract the following deductions in order from any remaining earned income to get the net earned income:</p> <ul style="list-style-type: none"> <li>• Any unused portion of the \$20.00 deduction;</li> <li>• The \$65.00 work expense deduction;</li> <li>• Any Impairment Related Work Expenses;</li> <li>• ½ subtotal of earned income; and</li> <li>• Any Blind Work Expenses.</li> </ul>
8	<p>Add the net unearned income from Step 6 to the net earned income from Step 7 to get the total net income.</p>
9	<p>To get the total deemed income amount, take the total net income from Step 8 and subtract:</p> <ul style="list-style-type: none"> <li>• The individual FBR amount if the customer has only one ineligible parent; or</li> <li>• The couple FBR if the customer has two ineligible parents.</li> </ul>

### 3rd Process: Net Income Test Calculation

Step	Action
10	<p>To calculate the net unearned income:</p> <ul style="list-style-type: none"> <li>• Add the deemed income amount to the customer child's counted unearned income except for needs based payments;</li> <li>• If a customer child receives child support payments, subtract 1/3 of the child support payment;</li> <li>• Subtract the \$20.00 general income deduction; and</li> </ul>

	<ul style="list-style-type: none"> <li>• Add in any needs based payments.</li> </ul>
11	<p>To calculate the net earned income:</p> <ul style="list-style-type: none"> <li>• Total the counted earned income of the customer child;</li> <li>• Subtract any student earned income exclusion;</li> <li>• Subtract and unused portion of the \$20.00 general deduction;</li> <li>• Subtract the \$65.00 work expense deduction;</li> <li>• Subtract any Impairment Related Work Expenses;</li> <li>• Subtract ½ of remaining earned income; and</li> <li>• Subtract any Blind Work Expenses.</li> </ul>
12	Add the net unearned income from Step 10 to the net earned income from Step 11 to get the total net income.
13	Calculate a child allocation amount for each customer child's children living in the home (see <a href="#">MA609.B.8</a> for calculation steps) and subtract the total child allocations from the total net income from Step 12
14	<p>Compare the result from Step 13 to 100% of the FBR for an individual:</p> <p>The customer passes the income test if the income is less than or equal to the income limit.</p>

See <Example – Customer Child with Ineligible Parents>

## Definitions

Term	Definition
Instrument	<p>A written document that states the ownership of or right to the payment.</p> <p>Examples of instruments include check stubs, bank statements, contracts and trusts.</p>

	There may be more than one instrument for the payment. For example, income paid by check may have another instrument, like an annuity contract, which provides more detailed information on who owns the income.
No instrument	There is no written document showing ownership of the payment. For example a cash payment made where there is no written contract or agreement.

## Programs and Legal Authorities

This requirement applies to the following program:

Program	Legal Authorities
ALTCS	42 USC 1396r-5 42 CFR 435.236 Full ALTCS 42 CFR 435.210 ALTCS Acute AAC R9-28-408 AAC R9-28-410(C)

