

Medical Assistance (MA) [Chapter 600 Income Eligibility](#) >> [609 Income Deductions](#) >> B Income Deductions for Non-MAGI Groups

## B Income Deductions for Non-MAGI Groups

### Policy

- 1) Child Support Deductions
- 2) Student Earned Income Exclusion
- 3) General Income Deduction
- 4) Standard Work Expense Deduction
- 5) Impairment Related Work Expenses (IRWE)
- 6) One-Half Work Expense Deduction
- 7) Blind Work Expenses (BWE)
- 8) Child Allocations
- 9) Infrequent or Irregular Income Exclusion

### Proof

Programs and Legal Authorities

## Policy

For the Non-MAGI groups, certain expenses may be deducted from gross income to determine the amount of income to count. The deductions in this section apply **ONLY** to the following MA programs:

- ALTCS;
- SSI-MAO;
- AHCCCS Freedom to Work (FTW); and
- Medicare Savings Program (MSP).

### 1) Child Support Deductions

There are two different child support deductions:

- A deduction from child support income received by a child.
- A deduction for child support paid by an ineligible parent to a child who is not the in the home.

<b>Deduct...</b>	<b>When...</b>
One-third of the child support received by the customer child.	Determining the child's countable income for MA eligibility.
A deduction for child support paid under the terms of a court order or as enforced by the Division of Child Support Services	Determining the amount of an ineligible parent's income to deem to a customer child.

## 2) Student Earned Income Exclusion

The student earned income exclusion is deducted from the earned income of a person who is considered a student. To qualify for the student earned income exclusion, the person must:

- Be under age 22; and
- A part-time or full-time student regularly attending a school (grades 7 - 12), college, university or a course of vocational or technical training designed to prepare for gainful employment.

**NOTE** The person remains a student during a school vacation if he or she intends to return when classes resume.

If the customer qualifies for the income exclusion, the following is deducted from the customer's earned income:

<b>For calendar year:</b>	<b>A monthly amount of no more than:</b>	<b>With a total limit per calendar year of:</b>
2011	\$1640	\$6600
2012	\$1700	\$6840
2013	\$1730	\$6960

SEE [HOW TO CALCULATE THE EARNED INCOME DEDUCTION OF A STUDENT](#) FOR DETAILS.

## 3) General Income Deduction

The general income deduction of \$20 can be deducted from any earned or unearned income that is not based on need. The deduction is taken from unearned income first. Any amount remaining is then applied to earned income.

The \$20 General Deduction is not deducted from any payment based on need:

#### 4) Standard Work Expense Deduction

The standard work expense deduction is \$65.00. The \$65.00 is deducted from earned income remaining after previous deductions.

The work expense deduction is applied to the counted earned income of:

- An individual customer;
- A couple, when one or both spouses are the customer, even when both spouses have earned income; and
- An ineligible parent of a customer child when deeming the parent's income.

#### 5) Impairment Related Work Expenses (IRWE)

A person may get a deduction for the reasonable cost of certain impairment-related services and items that a disabled person needs in order to work.

To qualify for the IRWE deduction, the person

- must be under age 65 and have been determined disabled (but not blind), or
- Received SSI as a disabled person for the month before the month he or she reached age 65.

To get a deduction for these costs the person must actually pay for the items or services. A deduction cannot be given for costs covered by insurance, paid by another person, or that were paid for in-kind instead of with money.

The table below lists services and items that qualify for an IRWE deduction IF they are necessary for the person to be able to work:

Payment is for...	Description...
Attendant care services	<ul style="list-style-type: none"> <li>• Help with personal functions like bathing, dressing and taking medications to get ready for work.</li> </ul>

	<ul style="list-style-type: none"> <li>• Help traveling to and from work, help at work with personal functions like eating or toileting, or help with work related functions like reading or communicating.</li> <li>• Costs for a family member to provide attendant care is only allowed if the family member has to reduce work hours or stop work for another employer to provide the services, and loses income.</li> </ul> <p>NOTE Only the costs for attendant care services specifically related to enabling the person to work can be deducted.</p>
Medical devices	Durable medical equipment made for repeated use and is normally used for medical purposes. Examples include wheelchairs, hemodialysis equipment, canes, crutches, and artificial limbs (prosthetic devices).
Equipment	<p>Costs for special equipment needed for the person to do his job. Examples of special equipment include one hand typewriters, telecommunication devices for the deaf, and other tools designed to accommodate a person's impairments.</p> <p>Equipment not normally used for medical purposes is only deductible if there is medically verified need for the item to control the impairment and enable the person to work. If the item was not available it would immediately affect the person's ability to work. For example, an electric air cleaner is deductible for a person with severe respiratory disease, who cannot function in a non purified air environment.</p> <p>NOTE Any cost deducted as a business expense for the self-employed in the eligibility determination process cannot be deducted as an IRWE.</p>
Drugs and medical services	Payments made for drugs or medical services, including diagnostic procedures, needed to treat or control an impairment.
Other supplies and services	<ul style="list-style-type: none"> <li>• Medical supplies like incontinence pads, catheters, bandages, elastic stockings, and face masks.</li> <li>• Physical and occupational therapy.</li> </ul>
Transportation costs	Deductible transportation costs depend on whether public transportation is available to the person, and whether the person is able to use available public transportation.

	<p>If the person's impairment does not prevent him or her from using public transportation and it is available, no deduction is allowed for transportation costs.</p> <p>If public transportation is not available or the person's impairment prevents him or her from using public transportation, the following costs may be deducted:</p> <ul style="list-style-type: none"> <li>• If the person must use their own vehicle to get to and from work, a mileage allowance for the trip to and from work is deductible. The current IRS mileage rate for business miles is used to calculate the deduction.</li> <li>• Modifications to a vehicle to allow the person to get to and from work. The modifications must be necessary for the person to use the vehicle and directly related to the person's impairment. Only the costs of the modifications are deductible, not the cost of the vehicle.</li> <li>• When the person must have someone else drive them to work, the costs of taxicabs or other hired vehicles is deductible. If the person's own vehicle is used, a mileage allowance for the trip to and from work is deductible. The current IRS mileage rate for business miles is used to calculate the deduction.</li> </ul>
Home modifications	<p>The location of the person's place of work determines which modifications to the home are deductible.</p> <ul style="list-style-type: none"> <li>• When employed outside the home, only the cost of changes to the exterior to allow the person to get to his means of transportation are allowed. Example: an exterior wheelchair ramp.</li> <li>• When employed at home, the costs of modifying the inside of the person's home to create a working space are deductible, but only to the extent that the changes are specifically to the space in which the person actually works. Example: enlarging the doorway into the work space for wheelchair access.</li> </ul>
Installing, maintaining, and repairing deductible items	<p>When a device, equipment, or appliance would qualify as a deductible item as described in the list above, the costs directly related to installing, maintaining, and repairing these items are also deductible.</p>

SEE [HOW TO APPLY THE IMPAIRMENT RELATED WORK EXPENSE \(IRWE\) DEDUCTION](#) FOR DETAILS.

## 6) One-Half Work Expense Deduction

For eligibility determined using the FBR test, one-half of the remaining earned income can be deducted after the previous deductions are applied.

## 7) Blind Work Expenses (BWE)

Ordinary and necessary expenses related to earning income can be deducted from the earned income of a person who is blind. Expenses paid by someone else are not deductible. The person must pay the expense.

To qualify for a BWE deduction, the person

- must be under age 65 and determined blind (but not disabled), or
- Received SSI as a blind person for the month before the month he or she reached age 65.

Expenses are deductible only in the month in which they are paid, and cannot be more than the person's total earned income for any month. Unused expenses cannot be carried over to another month. Ordinary and necessary expenses reasonably necessary for the earning of income are deductible.

The expense does not need to be directly related to the person's blindness, it need only be an expense related to working. There are three major categories of expenses.

The following are some examples of types of expenses:

Type of Expense	Type of Expense Includes
Transportation to and from work	<ul style="list-style-type: none"> <li>• Bus or cab fare;</li> <li>• Guide dog, including upkeep; and</li> <li>• Private vehicle mileage at IRS business miles rate.</li> </ul>
Job performance and improvement	<ul style="list-style-type: none"> <li>• Braille instruction, equipment and translation;</li> <li>• Other work-related instruction or training, like computer training or stenotype instruction;</li> <li>• Child care costs;</li> <li>• Equipment and tools needed on the job;</li> <li>• Licenses;</li> <li>• Meals consumed at work;</li> </ul>

- Work-related professional association dues or union dues;
- Durable medical equipment, like prosthetics or wheelchairs;
- Income taxes;
- Uniforms, including upkeep;

Daily living expenses are not work related and cannot be deducted. The following are some examples (but by no means all) of daily living expenses:

- Food;
- Personal care (haircuts, etc.);
- General educational development; and
- Life insurance.

### 8) Child Allocations

A person may get a deduction from income to account for the needs of their dependent child in the home. The child allocation deduction considers the financial responsibility of a parent to his or her child, when the child is not the customer.

The child allocation is calculated and applied to the income group members as follows:

If ...	Then...
The customer is living with his or her child or step-child, including a spouse's step-child	A child allocation amount is calculated for each child and the total is deducted from the combined income of the customer and spouse.
The customer child's ineligible parent has other children or step-children in the home	A child allocation amount is calculated for each child other than the customer and the total is deducted from the income of the ineligible parent when deeming the parent's income to the customer child.

#### Maximum Child Allocation Standards:

	Effective 1/1/12 to 12/31/12	Effective 1/1/13 to 12/31/13	Effective 1/1/14 to 12/31/14

Maximum Child Allocation	\$350.00	\$356.00	\$361.00
--------------------------	----------	----------	----------

### How to Calculate the Child Allocation:

The child allocation is determined by subtracting the child's counted income from the Maximum Child Allocation Amount. A child's income must be verified in order to deduct a child allocation.

**NOTE** Even though it is not counted for income eligibility, the child's SSI payment is counted income for the Child Allocation.

The child allocation is calculated as follows:

Step	Action
1	Counted earned income of the child  - <u>Student earned income deduction (if any)</u>  = Net earned income.
2	Counted unearned income of the child  <u>+ Net earned income</u>  = Total net income.
3	Maximum child allocation  <u>- Total net income</u>  = Child allocation (if a negative number results, the deduction is zero).
4	Total the individual allocations of each child.

**9) Infrequent or Irregular Income Exclusion**

Unearned Income

The first \$60 of unearned income that is received infrequently or irregularly in a calendar quarter is excluded.

Earned Income

The first \$30 of earned income that is received infrequently or irregularly in a calendar quarter is excluded.

The infrequent or irregular exclusion is not applied to an income type if another exclusion has already been applied.

**NOTE** Earned and unearned exclusions are determined separately, but both may be applied during the same month. As much as \$90.00 can be excluded in a calendar quarter.

SEE **HOW TO CALCULATE INFREQUENT OR IRREGULAR INCOME** FOR ADDITIONAL INFORMATION.

Term	Definition
Ineligible parent	A natural or adoptive parent, or stepparent who is NOT receiving SSI-Cash, ALTCS, Freedom to Work, MSP or SSI-MAO.
Regular Attendance	Regular attendance means that the individual takes one or more courses of study and attends classes: <ul style="list-style-type: none"> <li>● In a college or university for at least 8 hours a week under a semester or quarter system;</li> <li>● In grades 7-12 for at least 12 hours a week and taking standard academic or vocational courses;</li> <li>● In a course of study to prepare him for gainful employment for at least 15 hours a week if the course involves shop practice, or 12 hours a week if it does not involve shop practice.</li> </ul>

Payments Based on Need	The person must demonstrate financial need to qualify for the payment.
Available public transportation	Public transportation is considered available only if it is within a reasonable distance of the individual's place of work and that it runs when the person needs it.
Child	Means a person who: <ul style="list-style-type: none"> <li>• Is not married (including divorced); and</li> <li>• Is under age 18; or</li> <li>• For child allocation deductions only, is under age 22 and is a student regularly attending a school, college or university, or a course of vocational or technical training to prepare for gainful employment (<a href="#">MA610</a>).</li> </ul>
Ineligible Parent	A natural or adoptive parent or stepparent who is NOT receiving SSI-Cash benefits, ALTCS, Freedom to Work, MSP or SSI-MAO.
Infrequent income	Income that is received no more than once in a calendar quarter from a single source (e.g., a cash gift received from the customer's adult son every six months to help the customer pay his living expenses).
Irregular income	Income that cannot reasonably be expected to be received because it is not paid on a scheduling or is unpredictable so that it cannot be counted on or budgeted for.

---

## Proof

Federal and State Data Services Hubs are checked first for proof. If proof is not available, or more proof is needed to see if the person qualifies for a deduction, other items that can be used for proof are listed under each type of information:

Proof of child support received or paid:

Proof of child support income includes:

- Court documents;

- Division of Child Support Services (DCSS) documents;
- For child support income received, a signed statement from the absent parent; or
- Collateral contact with the DCSS.

### Proof of student status

Proof of student status and school attendance includes:

- A Request for Verification of School Attendance form (DE-208) completed by the school;
- School records;
- Collateral contact with the school or program.

### Proof of work expenses (for IRWE and BWE)

- Receipts;
- Bills;
- Employer statements;
- Any evidence that indicates:
  - The nature of the expense;
  - Payment of the expense; and
  - Date payment was made.

NOTE The customer's statement of transportation expenses and meals may be accepted without proof if they are reasonable.

---

## **Programs and Legal Authorities**

This requirement applies to the following programs:

<b>Program</b>	<b>Legal Authorities</b>
ALTCS Acute	20 CFR 416.1112(c)
SSI-MAO	20 CFR 416.1124(c)
Medicare Savings Program (MSP)	20 CFR 416.1166(b)



Effective Until 1/14/2015