



**State of Florida
Department of Children and Families**

Rick Scott
Governor

Mike Carroll
Secretary

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TO: Economic Self-Sufficiency Operations Managers
Economic Self-Sufficiency Program Offices

FROM: Dianna Laffey, Chief, Program Policy (**Signature on File**)

SUBJECT: Determining When to Count a Child or Tax Dependent's Social Security and Railroad Retirement Income for Family-Related Medicaid

EFFECTIVE: Upon Receipt

This memo is to provide staff with policy clarification about when to count a child or tax dependent's Social Security and Railroad Retirement (SS/RR) income in the Family-Related Medicaid budget. This policy is being clarified due to guidance provided by the Centers for Medicare and Medicaid Services (CMS).

Background

Previously, all countable Modified Adjusted Gross Income (MAGI) of a child whose income exceeds the current year's tax filing earned or unearned income threshold was included in the Family-Related Medicaid budget. All countable MAGI of a tax dependent who is not a child, regardless if their income exceeds the tax filing threshold, was included in the Family-Related Medicaid budget.

Policy is not changing for parents/other caretaker relatives or individuals not considered tax dependents. Include all countable income for these individuals.

New Policy

Social Security and Railroad Retirement income will no longer be considered when determining if a child or tax dependent meets the threshold to be required to file a tax return. To determine if a child or tax dependent's countable income will be included in the household's income for Family-Related Medicaid, the FLORIDA System will complete an income test. If the countable income, excluding SS/RR, is below the tax filing threshold, none of that individual's countable income (including SS/RR) should be included in the Family-Related budget for themselves or any assistance group in which they are counted.

If one of the following requirements is met, a child or tax dependent (regardless of age) is not expected to be required to file taxes and all of their income will be excluded from the Family-Related Medicaid budget.

1. The child lives with their parent(s) and their earned income or other unearned income (excluding SS/RR income) does not exceed the current year's tax filing thresholds (\$6,200 annually for earned income or \$1,000 annually for unearned income), **or**
2. The tax dependent is claimed by a tax filer and their earned income and other unearned income (excluding SS/RR income) does not exceed the current year's tax filing threshold (\$6,200 annually for earned income or \$1,000 annually for unearned income), **or**
3. The child or tax dependent's only source of income is Social Security or Railroad Retirement (without regard to the amount).

Note: The tax filing threshold changes annually in January.

Examples

Example 1: The household consists of a father and his 7 year old daughter. The child receives \$14,400 annually/\$1,200 monthly in Social Security Survivors Income and no earned or other unearned income. The child meets the requirement to live with a parent. Since the child only receives Social Security, none of her income is counted in the Family-Related Medicaid budget.

Example 2: The household consists of an aunt and her 17 year old niece. The child is expected to be claimed as a tax dependent by her aunt. The child receives \$12,000 annually/\$1,000 monthly in Social Security Survivors Income and \$9,600 annually/\$800 monthly in earned income. The niece meets the requirement as a tax dependent and is required to file taxes since her earned income exceeds the tax filing threshold (\$6,200 annually). Since she is expected to be required to file taxes, include all income for the tax dependent (\$1,000 monthly in Social Security and \$800 monthly in earned income) in the Family-Related Medicaid budget.

Example 3: The household consists of a 16 year old and her 17 year old sister. Both receive \$14,400 annually/\$1,200 monthly in Social Security Survivors Income. Since neither individual meets the requirement to live with a parent and are not tax dependents, their Social Security Income is counted in the Family-Related Medicaid budget.

FLORIDA System Updates

When an individual's countable income is electronically verified, the FLORIDA system will input the appropriate verification code and automatically update the Family-Related Medicaid budget as appropriate. If the income type cannot be electronically verified (e.g. - self-employment), but will be excluded per this policy, the FLORIDA system will not place the Family-Related Medicaid AG(s) in a PASS status on AWAA. Staff must run EDBC through AWES and check the budget(s).

- If the income is excluded in the Family-Related Medicaid budget, update the verification field for the income type from “?” to “MV”, then rerun EDBC.
- If the income is counted in the Family-Related Medicaid budget, follow current verification policy.

The FLORIDA system will function for an adult as follows:

1. Tax dependent with SS or RR: the system will exclude the SS and RR income in the family Medicaid budget if under the income threshold.
2. Tax dependent with SS or RR: the system will include the SS and RR income in the family Medicaid budget if over the income threshold.
3. Not a tax dependent with SS or RR: the system will include the SS and RR income in the family Medicaid budget.

The FLORIDA system will function for a child as follows:

4. Tax dependent with SS or RR: the system will exclude all earned/unearned income if under the income threshold.
5. Tax dependent with SS or RR: the system will include all earned/unearned income if over the income threshold.
6. Not a tax dependent, living with parent and has SS or RR: the system will exclude only SS or RR income if under the income threshold.
7. Not a tax dependent, living with parent and has SS or RR: the system will include all income if over the income threshold.

Items number one and six require staff intervention: Exclude all of individual's other income by entering a value of 0.00 in the Family MA field. Note the exclusion in CLRC.

One-Time Conversion

A one-time conversion process will be run to update cases with open or enrolled Family-Related Medicaid assistance groups that meet the following criteria:

1. A counted or eligible child or tax dependent in a Family-Related Medicaid assistance group has Social Security or Railroad Retirement income.
2. The child or tax dependent is not required to file taxes, and
3. The case is in an open status with no pending AGs.

The conversion process will run EDBC on these cases through AWAA. Family-Related Medicaid AGs will be opened with reason code 040 and 080. Family-Related Medically Needy AGs will be enrolled with reason code 050 and 080. Family-Related Medically Needy AGs will be closed with reason code 350 when an individual becomes eligible for full Medicaid coverage. CLRC will be updated for cases converted via this one-time process.

When it becomes known that a child or tax dependent's countable income may be excluded from the Family-Related Medicaid budget for a period prior to the one-time conversion; staff may take action to update the budget.

If there are policy questions, Region offices may contact Dorthene Baker at (850) 717-4293. If there are system questions, Region offices may contact Ron Hardcastle at (850) 717-4645.

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