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 | ADMINISTRATIVE DIRECTIVE |  
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TRANSMITTAL: 92 ADM-11

TO: Commissioners of  
 Social Services

DIVISION: Medical  
 Assistance

DATE: March 6, 1992

SUBJECT: Treatment of Lump Sum Payments and Windfalls for  
 MA-Only HR-Related Persons and Treatment of  
 Children's Savings Accounts

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 SUGGESTED

DISTRIBUTION: | Medical Assistance Staff  
 | Public Assistance Staff  
 | Fair Hearing Staff  
 | Staff Development Coordinators

CONTACT

PERSON: | MA Eligibility County Representative - 1-800-342-  
 | 3715, extension 3-7581  
 | MA New York City Representative - (212) 417-4853

ATTACHMENTS: | There are no attachments to this ADM.

FILING REFERENCES

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
91 ADM-8		360-		<u>MARG.</u>	MBL Trans-
89 ADM-55		2.2(d)(2)		pp.	mittal 91-6
85 ADM-12		360-4.1(c)		296,297,311	
		360-4.6(b)		<u>PASB</u>	GIS 91IM/DC
		Parts 352		XVI-O-1,	047
		370		XXI-A-5	

I. PURPOSE

The purpose of this Administrative Directive (ADM) is to advise social services districts of two recent changes to Department regulations. These changes involve the treatment of lump sum payments and windfalls when determining the Medical Assistance (MA) eligibility of applicants/recipients (A/Rs) who are related to the Home Relief (HR) category of assistance and the treatment of children's savings accounts of under \$500 when determining the MA eligibility of all medically needy A/Rs.

II. BACKGROUND

A. Lump Sum Payments and Windfalls

In determining eligibility of medically needy persons, the treatment of lump sum payments varies depending on the type of payment and the aid category of the A/R. Although there are instances where lump sum payments are an exempt resource for two, six, or nine months, payments to persons who are related to the federal Aid to Dependent Children (ADC) or Supplemental Security Income (SSI) programs are generally considered income in the month received and a resource in following months. Windfall payments, on the other hand, are only considered as non-exempt resources when determining MA eligibility for ADC- and SSI-related A/Rs.

For Public Assistance (PA) purposes, lump sum payments, including windfalls, are considered available income. The lump sum amount that the recipient chooses to keep or any balance left over after past assistance is repaid, is counted as income in the month the lump sum is received. When the lump sum plus other income (minus appropriate deductions) received in the month are more than the household's needs for the month, the remainder is counted as income in the subsequent month(s) and the household is ineligible for a calculated period of time. The PA lump sum provisions previously applied to MA-Only HR-related A/Rs.

Department regulation 360-2.2(d)(2)(ii) has been revised to allow lump sum payments and windfalls to be counted as income only in the month received when determining MA eligibility for HR-related A/Rs. Any payment remaining in subsequent months is to be applied towards the \$1,000 resource limit.

B. Children's Savings Accounts

Department regulations before the 1989 recodification of Part 360 included a provision to disregard savings accounts of children (under the age of 21) from resources when determining MA eligibility of medically needy persons. Children's savings account(s) of under \$500 accumulated from gifts of less than \$50

received from non-legally responsible relatives were considered to be restricted and disregarded in determining MA eligibility for ADC- and SSI-related A/Rs. While the provision for this disregard is included in New York's Title XIX State Plan, the disregard was erroneously omitted from the recodification of Part 360.

Department regulation 360-4.6(b) has been revised to add back in the provision to allow for the disregard of \$500 in a savings account owned by a child and resulting from accumulated gifts from non-legally responsible relatives. Clarification to disregard up to \$500 of a child's own wages when saved has been included. Also, the limitation on gifts of less than \$50 from non-legally responsible relatives has been removed. 18 NYCRR 360-2.2(d)(2)(ii) has been revised to specifically allow for this disregard for HR-related A/Rs as well.

### III. PROGRAM IMPLICATIONS

Recent changes to Department regulations allow for specific exceptions to the use of PA policy when determining MA eligibility for HR-related A/Rs. Changes also allow for the disregard of children's savings accounts of less than \$500 for A/Rs in all aid categories. Implications are summarized as follows:

#### A. Lump Sum Payments and Windfalls

In determining MA eligibility for HR-related A/Rs, lump sum payments, including windfalls, will be counted as income in the month received. Any of the payment remaining in subsequent months is applied toward the \$1,000 resource limit. This change allows for a more uniform treatment of lump sum payments for HR-, ADC- and SSI-related A/Rs of MA. In addition to creating a more uniform policy, this change will allow for MA eligibility for HR-related A/Rs who may otherwise have been ineligible for a calculated period of time under PA budgeting procedures.

Additionally, all PA cases closed due to PA treatment of lump sum payments must be referred for a separate determination of eligibility for Medical Assistance.

#### B. Children's Savings Accounts

Up to \$500 in a child's savings account accumulated from gifts from non-legally responsible relatives or from the child's own wages will be disregarded in determining MA eligibility for all A/Rs. The disregard of such savings will increase resources allowed to families since the child's savings will not be considered as available to the family.

IV. REQUIRED ACTION

A. Lump Sum Payments and Windfalls

Social services districts are no longer to apply PA lump sum provisions to HR-related A/Rs when determining MA eligibility. Social services districts must count lump sum payments, including windfalls, as income in the month they are received, barring certain exceptions as noted below. If any of the payment is retained the following month, it must be added to other countable resources and compared to the \$1,000 resource limit.

Lump sum payments received as a result of employment must be budgeted as earned income in the month received (i.e., bonuses, retroactive pay increases, year-end profit sharing, severance pay, insurance payments for lost or back wages). In budgeting a lump sum payment as earned income, social services districts must apply the \$90 earned income disregard for the month of receipt. The \$30 and one-third or \$30 income disregard is also to be given when the A/R is eligible for such a deduction. If the A/R has other earnings for the month, both of these deductions are applied first to the other earned income source. Any remainder is then taken from the lump sum payment. When the A/R has other earned income for the month, the child care deduction may also be applied toward the lump sum payment if the deduction amount is greater than the other earnings. If the A/R has no other earnings for the month, the child care deduction would not be appropriate and, therefore, must not be applied to the lump sum payment.

As described in Income Maintenance GIS 91 IM/DC047, non-recurring Workers Compensation payments must be treated as a lump sum rather than as a resource. These payments must be treated as unearned income in the month received when determining MA eligibility.

Social services districts should note the following exceptions to the lump sum budgeting described above:

1. Insurance payments - Payments for replacing or repairing an exempt resource (i.e., car, home or personal belonging) which has been lost, damaged, or stolen are excluded in the month received and treated as an excluded resource for six months following the month of receipt. Any interest received from such payments is also excluded. If an A/R uses the insurance money to purchase a non-exempt resource, the value of the non-exempt resource is immediately countable and the A/R's eligibility must be reevaluated.

- 2 Income tax refunds and earned income tax credits (EITC) -  
These payments continue to be exempt in the month received and the following month. If retained beyond this period, the refund and/or EITC become a countable resource.

B. Children's Savings Accounts

For all applications, or at recertification of existing cases, social services districts must no longer consider \$500 in a child's savings account as countable resources if the \$500 is made up solely from gifts from a non-legally responsible relative or from the child's own wages. Districts must consider such savings as restricted and disregard up to \$500 when determining MA eligibility. In addition, although savings may be accumulated from gifts from non-legally responsible relatives, the gifts need not be less than \$50 in order to be considered exempt.

To exempt liquid resources in accounts belonging to children, social services districts must obtain verification of name and address of the bank and the account number. Districts must obtain a signed statement from the A/R indicating the date(s) and dollar amount(s) of resources actually received from a non-legally responsible relative, the identity of the person, or, if applicable, the amount of the child's own wages that have been saved. Only one savings account per child will be disregarded up to a maximum of \$500. When a child has more than one savings account, the district will allow the A/R 30 days to consolidate the accounts into a single account.

If a child has savings in excess of \$500, the excess amount must be considered a resource. In addition, any funds accumulated from gifts from a legally responsible relative must be considered a resource for purposes of determining MA eligibility.

V. SYSTEMS IMPLICATIONS

System support of the lump sum policy contained in this ADM is available as of December 2, 1991. For details, please refer to MBL Transmittal 91-6.

For those cases which have children with exempt bank accounts, enter on MBL only the amount of the account which must be considered a resource.

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VI. EFFECTIVE DATE

The provisions of this ADM are effective March 1, 1992.

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Jo-Ann A. Costantino  
Deputy Commissioner  
Division of Medical Assistance