# SECTION TWO

# ELIGIBILITY CRITERIA

Rev. July 2019

## Residence

**General Principles**

- A person must live in the Texas county in which he applies. There is no durational requirement for residency.

- An inmate of a county correctional facility, who is a resident of another Texas county, would not be required to apply for assistance to their county of residence. They may apply for assistance to the county of where they are incarcerated.

- A person lives in the county if the person's home or fixed place of habitation is located in the county and he intends to return to the county after any temporary absences.

- A person with no fixed residence or a new resident in the county who declares intent to remain in the county is also considered a county resident.

- A person does not lose his residency status because of a temporary absence from the county. No time limits are placed on a person's absence from the county.

- A person cannot qualify for CIHCP from more than one county simultaneously.

- Persons Not Considered Residents:

o An inmate or resident of a state school or institution operated by any state agency,
o An inmate, patient, or resident of a school or institution operated by a federal agency,
o A minor student primarily supported by his parents whose home residence is in another county or state, and
o A person who moved into the county solely for the purpose of obtaining health care assistance.

**Verifying Residence**

Residency may be verified, if it is questionable.

Proof may include but is not limited to:

- Mail addressed to the applicant, his spouse, or children,
- Texas driver's license or other official identification,
- Rent, mortgage payment, or utility receipt,
- Property tax receipt,
- Voting record,
- School enrollment records, and
- Statement from a landlord, a neighbor, or other reliable source.

**Documenting Residence**

On Form 101, Worksheet, document why information regarding residence is questionable and how questionable residence is verified.

## Household

### General Principles

- A CIHCP household is a person living alone or two or more persons living together where legal responsibility for support exists, excluding disqualified persons.

- Legal responsibility for support exists between:

  - Persons who are legally married, (including common-law marriage)

  - A legal parent and a minor child, (including unborn children), or

  - A managing conservator and a minor child.

- Medicaid is the only program that disqualifies a person from the County Indigent Health Care Program.

### Definitions

**Adult** – a person at least age 18 or a younger person who is or has been married or had the disabilities of minority removed for general purposes.

**Common Law Marriage** – relationship in which the parties age 18 or older are free to marry, live together, and hold out to the public that they are spouses.

A minor child in Texas is not legally allowed to enter a common law marriage unless the claim of common law marriage began before September 1, 1997.

**Emancipated Minor** – a person under age 18 who has been married. The marriage must not have been annulled.

**Managing Conservator** – a person designated by a court to have daily responsibility for a child.

**Married Minor** – an individual, age 14-17, who is married. These individuals must have parental consent or court permission. An individual under age 18 may not be a party to an informal (common law) marriage.

**Minor Child** – a person under age 18 who is not or has not been married and has not had the disabilities of minority removed for general purposes

**CIHCP Household**

The CIHCP household is a person living alone or two or more persons living together where legal responsibility for support exists, excluding disqualified persons.

Disqualified Persons

- A person who receives or is categorically eligible to receive Medicaid,
- A person who receives SSI benefits,
- A person who receives Qualified Medicare Beneficiary (QMB), Medicaid Qualified Medicare Beneficiary (MQMB), Specified Low-Income Medicare Beneficiary (SLMB), Qualified Individual-1 (QI-1); or Qualified Disabled and Working Individuals (QDWI), and a Medicaid recipient who partially exhausts some component of his Medicaid benefits.

A disqualified person is not a CIHCP household member regardless of his legal responsibility for support.

CIHCP One-Person Household

- A person living alone,
- An adult living with others who are not legally responsible for the adult's support,
- A minor child living alone or with others who are not legally responsible for the child's support,
- A Medicaid-ineligible spouse,
- A Medicaid-ineligible parent whose spouse and/or minor children are
- Medicaid-eligible,
- A Medicaid-ineligible foster child, and
- An inmate in a county jail.

CIHCP Group Households – two or more persons who are living together and meet one of the following descriptions:

- Two persons legally married to each other,
- One or both legal parents and their legal minor children,
- A managing conservator and a minor child and the conservator's spouse and other legal minor children, if any,
- Minor children, including unborn children, who are siblings, and
- Both Medicaid-ineligible parents of Medicaid-eligible children.

## Household

**Screening Tools**

- Your Texas Benefits screens for potential eligibility for Medicaid and other programs provided by Texas state agencies. Your Texas Benefits may be accessed at:

  https://www.yourtexasbenefits.com

- The Benefit Eligibility Screening Tool (BEST) screens for potential eligibility for benefits from any of the programs that Social Security administers. BEST may be accessed at:

  http://www.ssabest.benefits.gov

**Verifying Household**

Verify household, if questionable.

Proof may include but is not limited to:

- Lease agreement or
- Statement from a landlord, a neighbor, or other reliable source

**Documenting Household**

On Form 101, Worksheet, document why information regarding household is questionable and how questionable household is verified

**General Principles**

- A household must pursue all resources to which the household is legally entitled unless it is unreasonable to pursue the resource. Reasonable time (at least three months) must be allowed for the household to pursue the resource, which is not considered accessible during this time.
- The resources of all CIHCP household members are considered.
- Resources are either countable or exempt.
- Resources from disqualified and non-household members are excluded, but may be included if processing an application for a sponsored alien.
- A household is not eligible if the total countable household resources exceed
  - $3,000.00 when a person living in the home is aged or has disabilities and they meet relationship requirements
  - $2,000.00 for all other households.
- A household is not eligible if their total countable resources exceed the limit on or after the first interview date or the process date for cases processed without an interview.
- In determining eligibility for a prior month, the household is not eligible if their total countable resources exceed the limit anytime during the prior month.
- Consider a joint bank account with a nonmember as inaccessible if the money in the account is used solely for the nonmember's benefit. The CIHCP household must provide verification that the bank account is used solely for the nonmember's benefit and that no CIHCP household member uses the money in the account for their benefit. If a household member uses any of the money for their benefit or if any household member's money is also in the account, consider the bank account accessible to the household.

**Definitions**

**Accessible resources** – resources legally available to the household.

**Aged person** – someone age 60 or older as of the last day of the month for which benefits are being requested.

**Alien Sponsor** – a person who signed an affidavit of support (namely, INS Form I-864 or I-864-A) on or after December 19, 1997, agreeing to support an alien as a condition of the alien's entry into the United States

**Definitions**
(continued)

**Assets** – all items of monetary value owned by an individual.

**Equity** – the amount of money that would be available to the owner after the sale of a resource. Determine this amount by subtracting from the fair market value any money owed on the item and the costs normally associated with the sale and transfer of the item.

**Fair market value** – the amount a resource would bring if sold on the current local market.

**Inaccessible resources** – resources not legally available to the household. Examples include but are not limited to: irrevocable trust funds, property in probate, security deposits on rental property and utilities.

**Person with disabilities** – someone who is physically or mentally unfit for employment.

**Personal possessions** – appliances, clothing, farm equipment, furniture, jewelry, livestock, and other items if the household uses them to meet personal needs essential for daily living.

**Real property** – land and any improvements on it.

**Reimbursement** – repayment for a specific item or service.

**Relative** – a person who has one of the following relationships biologically or by adoption:

- Mother or father,
- Child, grandchild, stepchild,
- Grandmother or grandfather,
- Sister or brother,
- Aunt or uncle,
- Niece or nephew,
- First cousin,
- First cousin once removed, and
- Stepmother or stepfather.

Relationship also extends to:

- The spouse of the relatives listed above, even after the marriage is terminated by death or divorce,
- The degree of great-great aunt/uncle and niece/nephew, &
- The degree of great-great-great grandmother/grandfather

**Definitions**
(continued)

**Resources** – both liquid and non-liquid assets a person can convert to meet his needs. Examples include but are not limited to: bank accounts, boats, bonds, campers, cash, certificates of deposit, gas rights, livestock (unless the livestock is used to meet personal needs essential for daily living), mineral rights, notes, oil rights, real estate (including buildings and land, other than a homestead), stocks, and vehicles.

**Sponsored Alien** – a sponsored alien means a person who has been lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act (8 U.S.C. Section 1101 et seq.) and who, as a condition of admission, was sponsored by a person who executed an affidavit of support on behalf of the person.

## Resources

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|---|---|
| **Alien Sponsor's Resources** | If an entity chooses to include the resources of a person who executed an affidavit of support on behalf of a sponsored alien and the resources of the person's spouse, the entity shall adopt written procedures for processing the resources of the sponsor and the sponsor's spouse. |
| **Bank Accounts** | Count the cash value of checking and savings accounts unless exempt for another reason. |
| **Burial Insurance (Prepaid)** | Exempt up to $7,500 cash value of a prepaid burial insurance policy, funeral plan, or funeral agreement for each certified household member.<br><br>Count the cash value exceeding $7,500 as a liquid resource. |
| **Burial Plots** | Exempt all burial plots. |
| **Crime Victim's Compensation Payments** | Exempt. |
| **Energy Assistance Payments** | Exempt payments or allowances made under any federal law for the purpose of energy assistance. |
| **Exemption: Resources / Income Payments** | If a payment or benefit counts as income for a particular month, do not count it as a resource in the same month. If you prorate a payment as income over several months, do not count any portion of the payment as a resource during that time.<br><br>If the client combines this money with countable funds, such as a bank account, exempt the prorated amounts for the time you prorate it. |

**Homestead**

Exempt the household's usual residence and surrounding property not separated by property owned by others. The exemption remains in effect if public rights of way, such as roads, separate the surrounding property from the home. The homestead exemption applies to any structure the person uses as a primary residence, including additional buildings on contiguous land, a houseboat, or a motor home, as long as the household lives in it. If the household does not live in the structure, count it as a resource.

Houseboats and Motor Homes. Count houseboats and motor homes according to vehicle policy, if not considered the household's primary residence or otherwise exempt.

Own or Purchasing a Lot. For households that currently do not own a home, but own or are purchasing a lot on which they intend to build, exempt the lot and partially-completed home.

Real Property Outside of Texas. Households cannot claim real property outside of Texas as a homestead, except for migrant and itinerant workers who meet the residence requirements.

Homestead Temporarily Unoccupied. Exempt a homestead temporarily unoccupied because of employment, training for future employment, illness (including health care treatment), casualty (fire, flood, state of disrepair, etc.), or natural disaster, if the household intends to return.

Sale of a Homestead. Count money remaining from the sale of a homestead as a resource.

**Income-Producing Property**

Exempt property that:

- Is essential to a household member's employment or self-employment (examples: tools of a trade, farm machinery, stock and inventory). Continue to exempt this property during temporary periods of unemployment if the household member expects to return to work;
- Annually produces income consistent with its fair market value, even if used only on a seasonal basis; or
- Is necessary for the maintenance or use of a vehicle that is exempt as income-producing or as necessary for transporting a physically disabled household member. Exempt the portion of the property used for this purpose.

For farmers or fishermen, continue to exempt the value of the land or equipment for one year from the date that the self-employment ceases.

**Resources**

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| **Insurance Settlement** | Count, minus any amount spent or intended to be spent for the household's bills for burial, health care, or damaged/lost possessions. |
| **Lawsuit Settlement** | Count, minus any amount spent or intended to be spent for the household's bills for burial, legal expenses, health care expenses, or damaged/lost possessions. |
| **Life Insurance** | Exempt the cash value of life insurance policies. |
| **Liquid Resources** | Count, if readily available. Examples include but are not limited to: cash, checking accounts, savings accounts, certificates of deposit (CDs), notes, bonds, and stocks. |
| **Loans (Non-Educational)** | Exempt these loans from resources.<br><br>Consider financial assistance as a loan if there is an understanding that the loan will be repaid and the person can reasonably explain how he will repay it.<br><br>Count assistance not considered a loan as unearned income (contribution). |
| **Lump-Sum Payments** | Count lump-sum payments received once a year or less frequently as resources in the month received, unless specifically exempt.<br><br>Countable lump-sum payments include, but are not limited to, retroactive lump-sum RSDI, public assistance, retirement benefits, lump-sum insurance settlements, refunds of security deposits on rental property or utilities, and lump-sum payments on child support.<br><br>Effective January 1, 2013 exempt federal tax refunds permanently as income and resources for 12 months after receipt. Exempt the Earned Income Credit (EIC) for a period of 12 months after receipt through December 31, 2018.<br>Count lump-sum payments received or anticipated to be received more often than once a year as unearned income in the month received.<br><br>Exception: Count contributions, gifts, and prizes as unearned income in the month received, regardless of the frequency of receipt. |
| **Personal Possessions** | Exempt. |

**Real Property**

Count the equity value of real property unless it is otherwise exempt.
Exempt any portion of real property directly related to the maintenance or use of a vehicle necessary for employment or to transport a physically disabled household member. Count the equity value of any remaining portion unless it is otherwise exempt.

Good Faith Effort to Sell. Exempt real property if the household is making a good effort to sell it.

Jointly-Owned Property. Exempt property jointly owned by the household and other individuals not applying for or receiving benefits if the household provides proof that he cannot sell or divide the property without consent of the other owners and the other owners will not sell or divide the property

**Reimbursement**

Exempt a reimbursement in the month received. Count as a resource in the month after receipt.

Exempt a reimbursement earmarked and used for replacing and repairing an exempt resource. Exempt the reimbursement indefinitely.

**Retirement Accounts**

A retirement account is one in which an employee and/or his employer contribute money for retirement. There are several types of retirement plans.

Some of the most common plans authorized under Section 401 (a) of the Internal Revenue Services (IRS) Code are the 401 (k) plan, Keogh, Roth Individual Retirement Account (IRA), and a pension or traditional benefit plan. Common plans under Section 408 of the IRS Code are the IRA, Simple IRA and Simplified Employer Plan.

A pension or traditional defined benefit plan is employed based and promises a certain benefit upon retirement regardless or investment performance.

*(Retirement Accounts continued on next page)*

**Retirement Accounts** (continued)

Exclude all retirement accounts or plans established under:

- Internal Revenue Code of 1986, Sections 401(a), 403(a), 403(b),408, 408A, 457(b), 501(c)(18);
- Federal Thrift Savings Plan, Section 8439, Title 5, United States Code; and
- Other retirement accounts determined to be tax exempt under the Internal Revenue Code of 1986.

Count any other retirement accounts not established under plans or codes listed above.

**Trust Fund**

Exempt a trust fund if all of the following conditions are met:

- The trust arrangement is unlikely to end during the certification period; and
- No household member can revoke the trust agreement or change the name of the beneficiary during the certification period; and
- The trustee of the fund is either a
  - 0 Court, institution, corporation, or organization not under the direction or ownership of a household member; or
  - 0 Court-appointed individual who has court-imposed limitations placed on the use of the funds; and
- The trust investments do not directly involve or help any business or corporation under the control, direction, or influence of a household member. Exempt trust funds established from the household's own funds if the trustee uses the funds
  - 0 Only to make investments on behalf of the trust or
  - 0 To pay the education or health care expenses of the beneficiary.

**Vehicles**

Exempt a vehicle necessary to transport physically disabled household members, even if disqualified and regardless of the purpose of the trip.
Exempt no more than one vehicle for each disabled member. There is no requirement that the vehicle be used primarily for the disabled person.

**Vehicles** (continued)

Exempt vehicles if the equity value is less than $4,650, regardless of the number of vehicles owned by the household. Count the value in excess of $4,650 toward the household's resource limit. **Examples listed below**:

| | | | |
|---|---|---|---|
| $15,000 | (FMV) | $ 9,000 | (FMV) |
| - 12,450 | (Amount still owed) | - 0 | (Amount still owed) |
| $ 2,550 | (Equity Value) | $ 9,000 | (Equity Value) |
| - 4,650 | | - 4,650 | |
| $ 0 | (Countable resource) | $ 4,350 | (Countable resource) |

Income-producing Vehicles. Exempt the total value of all licensed vehicles used for income-producing purposes. This exemption remains in effect when the vehicle is temporarily not in use. A vehicle is considered income- producing if it:

- Is used as a taxi, a farm truck, or fishing boat,
- Is used to make deliveries as part of the person's employment,
- Is used to make calls on clients or customers,
- Is required by the terms of employment, or
- Produces income consistent with its fair market value.

Solely-Owned Vehicles. A vehicle, whose title is solely in one person's name, is considered an accessible resource for that person. This includes the following situations:

- Consider vehicles involved in community property issues to belong to the person whose name is on the title.
- If a vehicle is solely in the household member's name and the household member claims he purchased it for someone else, the vehicle is considered as accessible to the household member.

**Exceptions**: The vehicle is inaccessible if the title holder verifies:

- That he sold the vehicle but has not transferred the title. In this situation, the vehicle belongs to the buyer. Note: Count any payments made by the buyer to the household member or the household member's creditors (directly) as self-employment income.
- That he sold the vehicle but the buyer has not transferred the title into the buyer's name.
- That the vehicle was repossessed.
- That the vehicle was stolen.
- That he filed for bankruptcy (Title 7, 11, or 13) and that the household member is not claiming the vehicle as exempt from the bankruptcy. Note: In most bankruptcy petitions, the court will allow each adult individual to keep one vehicle as exempt for the bankruptcy estate. This vehicle is a countable resource

**Vehicles** (continued)

A vehicle is accessible to a household member even though the title is not in the household member's name if the household member purchases or is purchasing the vehicle from the person who is the title holder or if the household member is legally entitled to the vehicle through an inheritance or divorce settlement.

Jointly-Owned Vehicles. Consider vehicles jointly-owned with another person not applying for or receiving benefits as inaccessible if the other owner is not willing to sell the vehicle.

Leased Vehicles. When a person leases a vehicle, they are not generally considered the owner of the vehicle because the

- Vehicle does not have any equity value,
- Person cannot sell the vehicle, and
- Title remains in the leasing company's name.

Exempt a leased vehicle until the person exercises his option to purchase the vehicle. Once the person becomes the owner of the vehicle, count it as a resource. The person is the owner of the vehicle if the title is in their name, even if the person and the dealer refer to the vehicle as leased. Count the vehicle as a resource.

How To Determine Fair Market Value of Vehicles.

- Determine the current fair market value of licensed vehicles using the average trade-in or wholesale value listed on a reputable automotive buying resource website (i. e., National Automobile Dealers Association (NADA), Edmunds, or Kelley Blue Book). **Note:** If the household claims that the listed value does not apply because the vehicle is in less-than-average condition, allow the household to provide proof of the true value from a reliable source, such as a bank loan officer or a local licensed car dealer.

- Do not increase the basic value because of low mileage, optional equipment, or special equipment for the handicapped.

- Accept the household's estimate of the value of a vehicle no longer listed on an automotive buying resource website unless it is questionable and would affect the household's eligibility. In this case, the household must provide an appraisal from a licensed car dealer or other evidence of the vehicle's value, such as a tax assessment or a newspaper advertisement indicating the sale value of similar vehicles.

Determine the value of new vehicles not listed on an automotive buying resource website by asking the household to provide an estimate of the average trade-in or wholesale value from a new car dealer or a bank loan officer. If this cannot be done, accept the household's estimate unless it is questionable and would affect eligibility. Use loan value only if other sources are unavailable. Request proof of the value of licensed antique, custom made, or classic vehicles from the household.

**Penalty for Transferring Resources**

A household is ineligible if, within three months before application or any time after certification, they transfer a countable resource for less than its fair market value to qualify for county health care assistance.

This penalty applies if the total of the transferred resource added to other resources affects eligibility.

Base the length of denial on the amount by which the transferred resource exceeds the resource maximum when added to other countable resources.

Use the chart below to determine the length of denial.

| Amount in Excess of Resource Limit | Denial Period |
|---|---|
| $ .01 to $ 249.99 | 1 month |
| $ 250.00 to $ 999.99 | 3 months |
| $1,000.00 to $2,999.99 | 6 months |
| $3,000.00 to $4,999.99 | 9 months |
| $5,000.00 to $5,000.00 and more | 12 months |

If spouses separate and one spouse transfers his property, it does not affect the eligibility of the other spouse.

**Verifying Resources**

Verify countable resources.

Proof may include but is not limited to:

- Bank account statements and
- Award letters.

**Documenting Resources**

On Form 101, Worksheet, document whether a resource is countable or exempt and why resources are verified.

## Income

### General Principles

- A household must pursue and accept all income to which the household is legally entitled, unless it is unreasonable to pursue the income. Reasonable time (at least three months) must be allowed for the household to pursue the income, which is not considered accessible during this time.
- The income of all CIHCP household members is considered.
- Income is either countable or exempt.
- If attempts to verify income are unsuccessful because the payer fails or refuses to provide information and other proof is not available, the household's statement is used as best available information.
- Income of disqualified and non-household members is excluded, but may be included if processing an application for a sponsored alien.

### Definitions

**Alien Sponsor** – a person who signed an affidavit of support (namely, INS Form I-864 or I-864-A) on or after December 19, 1997, agreeing to support an alien as a condition of the alien's entry into the United States.

**Budgeting** – the method used to determine eligibility by calculating income and deductions using the best estimate of the household's current and future circumstances and income.

**Earned income** – income a person receives for a certain degree of activity or work. Earned income is related to employment and, therefore, entitles the person to work-related deductions not allowed for unearned income.

**Gross income** – income before deductions.

**Income** – any type of payment that is of gain or benefit to a household.

**Net income** – gross income minus allowable deductions.

**Real Property** – land and any improvements on it.

**Sponsored Alien** – a sponsored alien means a person who has been lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act (8 U.S.C. Section 1101 et seq.) and who, as a condition of admission, was sponsored by a person who executed an affidavit of support on behalf of the person.

## Income

**Definitions** (continued)

**Tip Income** –income earned in addition to wages that is paid by patrons to people employed in service-related occupations, such as beauticians, waiters, valets, pizza delivery staff, etc.

**Unearned income** – payments received without performing work-related activities.

**Adoption Payments**

Exempt.

**Alien Sponsor's Income**

If an entity chooses to include the income of a person who executed an affidavit of support on behalf of a sponsored alien and the income of the person's spouse, the entity shall adopt written procedures for processing the income of the sponsor and the sponsor's spouse.

**Cash Gifts and Contributions**

Count as unearned income unless they are made by a private, nonprofit organization on the basis of need; and total $300 or less per household in a federal fiscal quarter. The federal fiscal quarters are January - March,
April - June, July - September, and October-December. If these contributions exceed $300 in a quarter, count the excess amount as income in the month received.

Exempt any cash contribution for common household expenses, such as food, rent, utilities, and items for home maintenance, if it is received from a non-certified household member who:

- Lives in the home with the certified household member,
- Shares household expenses with the certified household member, and
- No landlord/tenant relationship exists.

If a noncertified household member makes additional payments for use by a certified member, it is a contribution.

## Income

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| **Child's Earned Income** | Exempt a child's earned income if the child, who is under age 18 and not an emancipated minor, is a full-time student (including a home schooled child) or a part-time student employed less than 30 hours a week. |
| **Child Support Payments** | Count as unearned income after deducting up to $75 from the total monthly child support payments the household receives.<br><br>Count payments as child support if a court ordered the support, or the child's caretaker or the person making the payment states the purpose of the payment is to support the child.<br><br>Count ongoing child support income as income to the child even if someone else living in the home receives it.<br><br>Count child support arrears as income to the caretaker.<br><br>Exempt child support payments as income if the child support is intended for a child who receives Medicaid, even though the parent actually receives the child support.<br><br>Child Support Received for a Non-Member. If a caretaker receives ongoing child support for a non-member (or a member who is no longer in the home) but uses the money for personal or household needs, count it as unearned income. Do not count the amount actually used for or provided to the non-member for whom it is intended to cover.<br><br>Lump-Sum Child Support Payments. Count lump-sum child support payments (on child support arrears or on current child support) received, or anticipated to be received more often than once a year, as unearned income in the month received. Consider lump-sum child support payments received once a year or less frequently as a resource in the month received.<br><br>Returning Parent. If an absent parent is making child support payments but moves back into the home of the caretaker and child, process the household change. |
| **Crime Victim's Compensation Payments** | Exempt.<br><br>These are payments from the funds authorized by state legislation to assist a person who has been a victim of a violent crime; was the spouse, parent, sibling, or adult child of a victim who died as a result of a violent crime; or is the guardian of a victim of a violent crime. The payments are distributed by the Office of the Attorney General in monthly payments or in a lump sum. |

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| **Disability Insurance Payments** | Count disability payments as unearned income, including Social Security Disability Insurance (SSDI) payments and disability insurance payments issued for non-medical expenses. Exception: Exempt Supplemental Security Income (SSI) payments |
| **Dividends and Royalties** | Count dividends as unearned income. Exception: Exempt dividends from insurance policies as income.<br><br>Count royalties as unearned income, minus any amount deducted for production expenses and severance taxes. |
| **Educational Assistance** | Exempt educational assistance, including educational loans, regardless of source. Educational assistance also includes college work study. |
| **Energy Assistance** | Exempt the following types of energy assistance payments:<br><br>• Assistance from federally-funded, state or locally-administered programs, including HEAP, weatherization, Energy Crisis, and one-time emergency repairs of a heating or cooling device (down payment and final payment);<br><br>• Energy assistance received through HUD, USDA's Rural Housing<br>Service (RHS), or Farmer's Administration (FmHA);<br><br>• Assistance from private, non-profit, or governmental agencies based on need.<br><br>If an energy assistance payment is combined with other payments of assistance, exempt only the energy assistance portion from income (if applicable). |
| **Foster Care Payments** | Exempt. |
| **Government Disaster Payments** | Exempt federal disaster payments and comparable disaster assistance provided by states, local governments and disaster assistance organizations if the household is subject to legal penalties when the funds are not used as intended.<br><br>Examples: Payments by the Individual and Family Grant Program, Small Business Administration, and/or FEMA. |

| Income | |
|---|---|
| **In-Kind Income** | Exempt. An in-kind contribution is any gain or benefit to a person that is not in the form of money/check payable directly to the household, such as clothing, public housing, or food. |
| **Interest** | Count as unearned income. |
| **Job Training** | Exempt all payments made under the Workforce Investment Act (WIA).<br><br>Exempt portions of non-WIA job training payments earmarked as reimbursements for training-related expenses. Count any excess as earned income.<br><br>Exempt on-the-job training (OJT) payments received by a child who is under age 19 and under parental control of another household member. |
| **Loans (Non-educational)** | Count as unearned income unless there is an understanding that the money will be repaid and the person can reasonably explain how he will repay it. |
| **Lump-Sum Payments** | Count as income in the month received if the person receives it or expects to receive it more often than once a year.<br><br>Consider retroactive or restored payments to be lump-sum payments and count as a resource. Separate any portion that is ongoing income from a lump-sum amount and count it as income.<br><br>Exempt lump sums received once a year or less, unless specifically listed as income. Count them as a resource in the month received. Effective January 1, 2013 exempt federal tax refunds permanently as income and resources for 12 months after receipt. Exempt the Earned Income Credit (EIC) for a period of 12 months after receipt through December 31, 2018.<br><br>If a lump sum reimburses a household for burial, legal, or health care bills, or damaged/lost possessions, reduce the countable amount of the lump sum by the amount earmarked for these items. |
| **Military Pay** | Count military pay and allowances for housing, food, base pay, and flight pay as earned income, minus pay withheld to fund education under the G.I. Bill. |
| **Mineral Rights** | Count Payments for mineral rights as unearned income. |

**Pensions**

Count as unearned income. A pension is any benefit derived from former employment, such as retirement benefits or disability pensions.

**Reimbursement**

Exempt a reimbursement (not to exceed the individual's expense) provided specifically for a past or future expense. If the reimbursement exceeds the individual's expenses, count any excess as unearned income. Do not consider a reimbursement to exceed the individual's expenses unless the individual or provider indicates the amount is excessive.

Exempt a reimbursement for future expenses only if the household plans to use it as intended.

**RSDI Payments**

Count as unearned income the Retirement, Survivors, and Disability Insurance (RSDI) benefit amount including the deduction for the Medicare premium, minus any amount that is being recouped for a prior RSDI overpayment.

If a person receives an RSDI check and an SSI check, exempt both checks since the person is a disqualified household member.

If an adult receives a Social Security survivor's benefit check for a child, this check is considered the child's income.

**Self- Employment Income**

Count as earned income, minus the allowable costs of producing the self-employment income.

Self-employment income is earned or unearned income available from one's own business, trade, or profession rather than from an employer. However, some individuals may have an employer and receive a regular salary. If an employer does not withhold FICA or income taxes, even if required to do so by law, the person is considered self-employed.

Types of self-employment include:

- Odd jobs, such as mowing lawns, babysitting, and cleaning houses;
- Owning a private business, such as a beauty salon or auto mechanic shop;
- Farm income; and
- Income from property, which may be from renting, leasing, or selling property on an installment plan. Property includes equipment, vehicles, and real property.

If the person sells the property on an installment plan, count the payments as income. Exempt the balance of the note as an inaccessible resource.

## Income

| | |
|---|---|
| **SSI Payments** | Exempt Supplemental Security Income (SSI) benefits.<br><br>A person receiving any amount of SSI benefits also receives Medicaid and is, therefore, a disqualified household member. |
| **TANF** | Exempt Temporary Assistance to Needy Families (TANF) benefits. |
| **Terminated Income** | Count terminated income in the month received. Use actual income and do not use conversion factors if terminated income is less than a full month's income.<br><br>Income is terminated if it will not be received in the next usual payment cycle.<br><br>Income is not terminated if:<br><br>• Someone changes jobs while working for the same employer,<br>• An employee of a temporary agency is temporarily not assigned,<br>• A self-employed person changes contracts or has different customers without having a break in normal income cycle, or<br>• Someone received regular contributions, but the contributions are from different sources. |
| **Third-Party Payments** | Exempt the money received that is intended and used for the maintenance of a person who is not a member of the household.<br><br>If a single payment is received for more than one beneficiary, exclude the amount actually used for the non-member up to the non-member's identifiable portion or prorated portion, if the portion is not identifiable. |
| **Tip Income** | Count the actual (not taxable) gross amount of tips as earned income. Add tip income to wages before applying conversion factors.<br><br>Tip income is income earned in addition to wages that is paid by patrons to people employed in service-related occupations, such as beauticians, waiters, valets, pizza delivery staff, etc.<br><br>Do not consider tips as self-employment income unless related to a self-employment enterprise |

**Trust Fund**

Count as unearned income trust fund withdrawals or dividends that the household can receive from a trust fund that is exempt from resources.

**Unemployment Compensation Payments**

Count as unearned income the gross benefit less any amount being recouped for a UIB overpayment.

Count the cash value of UIB in a UI debit account, less amounts deposited in the current month, as a resource. Account inquiry is accessible to a UIB recipient online at www.myaccount.chase.com or at any Chase Bank automated teller machine free of charge.

Exception: Count the gross amount if the household agreed to repay a food stamp overpayment through voluntary garnishment.

**VA Payments**

Count the gross Veterans Administration (VA) payment as unearned income, minus any amount being recouped for a VA overpayment. Exempt VA special needs payments, such as annual clothing allowances or monthly payments for an attendant for disabled veterans.

**Vacation Pay**

| **If an individual receives vacation pay….** | **Consider it…** |
|---|---|
| during or before termination of employment, | earned income. |
| after termination of employment in one lump sum, | a liquid resource in the month received. |
| after termination of employment in multiple checks, | unearned income. |

**Vendor Payments**

Exempt vendor payments if made by a person or organization outside the household directly to the household's creditor or person providing the service.

Exception: Count as income money that is legally obligated to the household, but which the payer makes to a third party for a household expense.

**Wages, Salaries, Commissions**

Count the actual (not taxable) gross amount as earned income.

If a person asks his employer to hold his wages or the person's wages are garnished, count this money as income in the month the person would otherwise have been paid. If, however, an employer holds his employees' wages as a general practice, count this money as income in the month it is paid. Count an advance in the month the person receives it.

**Workers' Compensation Payments**

Count the gross payment as unearned income, minus any amount being recouped for a prior worker's compensation overpayment or paid for attorney's fees. NOTE: The Texas Workforce Commission (TWC) or a court sets the amount of the attorney's fee to be paid.

Do not allow a deduction from the gross benefit for court-ordered child support payments.

Exception: Exclude worker's compensation benefits paid to the household for out-of-pocket health care expenses. Consider these payments as reimbursements.

**Other Types of Benefits and Payments**

Exempt benefits and payments from the following programs:

- Americorp,
- Child Nutrition Act of 1966,
- Food Stamp Program - SNAP (Supplemental Nutrition Assistance Program),
- Foster Grandparents,
- Funds distributed or held in trust by the Indian Claims Commission for Indian tribe members under Public Laws 92-254 or 93-135,
- Learn and Serve,
- National School Lunch Act,
- National Senior Service Corps (Senior Corps),
- Nutrition Program for the Elderly (Title III, Older American Act of 1965),
- Retired and Senior Volunteer Program (RSVP),
- Senior Companion Program,
- Tax-exempt portions of payments made under the Alaska Native Claims Settlement Act,
- Uniform Relocation Assistance and Real Property Acquisitions Act (Title II),
- Volunteers in Service to America (VISTA), and
- Women, Infants, and Children (WIC) Program.

## Income

### Verifying Income

Verify countable income, including recently terminated income, at initial application and when changes are reported.

Proof may include but is not limited to:

- Pay stubs,
- Statements from employers,
- W-2 forms,
- Notes for cash contributions,
- Business records,
- Award letters,
- Court orders or public decrees (support documents),
- Sales records,
- Income tax returns, and
- Statements completed, signed, and dated by the self-employed person.

### Documenting Income

On Form 101, Worksheet, document the following items.

- Exempt income and the reason it is exempt

- Unearned income, including the following items:
  - Date income is verified,
  - Type of income,
  - Check or document seen,
  - Amount recorded on check or document,
  - Frequency of receipt, and
  - Calculations used.

- Self-employment income, including the following items:
  - The allowable costs for producing the self-employment income,
  - Other factors used to determine the income amount.

- Earned income, including the following items:
  - Payer's name and address,
  - Dates of each wage statement or pay stub used,
  - Date paycheck is received,
  - Gross income amount,
  - Frequency of receipt, and
  - Calculations used.

- Allowable deductions.

**General Principles**

- Count income already received and any income the household expects to receive. If the household is not sure about the amount expected or when the income will be received, use the best estimate.
- Income, whether earned or unearned, is counted in the month that it is received.
- Count terminated income in the month received. Use actual income and do not use conversion factors if terminated income is less than a full month's income.
- View at least two pay amounts in the time period beginning 45 days before the interview date or the process date for cases processed without an interview. However, do not require the household to provide verification of any pay amount that is older than two months before the interview date or the process date for cases processed without an interview.
- When determining the amount of self-employment income received, verify four recent pay amounts that accurately represent their pay. Verify one month's pay amount that accurately represent their pay for self-employed income received monthly. Do not require the household to provide verification of self-employment income and expenses for more than two calendar months before the interview date or the case process date if not interviewed, for income received monthly or more often.
- Accept the applicant's statement as proof if there is a reasonable explanation of why documentary evidence or a collateral source is not available and the applicant's statement does not contradict other individual statements or other information received by the entity.
- The self-employment income projection, usually 12 months, is the period of time that the household expects the income to support the family.
- There are deductions for earned income that are not allowed for unearned income.
- The earned income deductions are not allowed if the income is gained from illegal activities, such as prostitution and selling illegal drugs.

## Steps for Budgeting Income

- Determine countable income.
- Determine how often countable income is received.
- Convert countable income to monthly amounts.
- Convert self-employment allowable costs to monthly amounts.
- Determine if countable income is earned or unearned.
- Subtract converted monthly self-employment allowable costs, if any, from converted monthly self-employment income.
- Subtract earned income deductions, if any.
- Subtract the deduction for Medicaid individuals, if applicable.
- Compare the monthly net income to the CIHCP monthly income standard.

**Step 1 Determine countable income, using CIHCP guidelines.**

Evaluate the household's current and future circumstances and income.

Decide if changes are likely during the current or future months.

If changes are likely, then determine how the change will affect eligibility.

**Step 2 Determine how often countable income is received, such as yearly, monthly, twice a month, every other week, weekly.**

All income, excluding self-employment. Based on verifications or the person's statement as best available information, determine how often income is received. If the income is based hourly or for piecework, determine the amount of income expected for one week of work.

Self-employment Income.

- Compute self-employment income, using one of these three methods:
  - Annual. Use this method if the person has been self-employed for at least the past 12 months.
  - Monthly. Use this method if the person has at least one full representative calendar month of self-employment income.
  - Daily. Use this method when there is less than one full representative calendar month of self-employment income, and the source or frequency of the income is unknown or inconsistent.

**Step 2** (continued)

- Determine if the self-employment income is annual or seasonal, since that will determine the length of the projection period.

  - The projection period is annual if the self-employment is intended to support the household for at least the next 12 months. The projection period is 12 months whether the income is received monthly or less often.

  - The projection period is seasonal if the self-employment income is intended to support the household for less than 12 months since it available only during certain months of the year. The projection period is the number of months the self-employment is intended to provide support.

- Determine the costs of producing self-employment income by accepting the deductions listed on the 1040 U.S. Individual Income Tax Return or by allowing the following deductions:

  - Capital asset improvements,
  - Capital asset purchases, such as real property, equipment, machinery and other durable goods, i. e., items expected to
  - last at least 12 months,
  - Fuel,
  - Identifiable costs of seed and fertilizer,
  - Insurance premiums,
  - Interest from business loans on income-producing property,
  - Labor,
  - Linen service,
  - Payments of the principal of loans for income-producing property,
  - Property tax,
  - Raw materials,
  - Rent,
  - Repairs that maintain income-producing property,
  - Sales tax,
  - Stock,
  - Supplies,
  - Transportation costs. The person may choose to use 50.0 cents per mile instead of keeping track of individual transportation expenses. Do not allow travel to and from the place of business.
  - Utilities.

NOTE: If the applicant conducts a self-employment business in his home, consider the cost of the home (rent, mortgage, utilities) as shelter costs, not business expenses, unless these costs can be identified as necessary for the business separately

**Step 2** (continued)

Self-Employment Income. (continued)

The following are not allowable costs of producing self-employment income:

- Costs not related to self-employment,
- Costs related to producing income gained from illegal activities, such as prostitution and the sale of illegal drugs,
- Depreciation,
- Net loss which occurred in a previous period, and
- Work-related expenses, such as federal, state and local income taxes, and retirement contributions.

**Step 3** **Convert countable income to monthly amounts**, if income is not received monthly.

When converting countable income to monthly amounts, use the following conversion factors:

- Multiply weekly amounts by 4.33.
- Multiply amounts received every other week by 2.17.
- Add amounts received twice a month (semi-monthly).
- Divide yearly amounts by 12

**Step 4** **Convert self-employment allowable costs to monthly amounts.**

When converting the allowable costs for producing self-employment to monthly amounts, use the conversion factors in Step 3 above.

**Step 5** **Determine if countable income is earned or unearned.**

For earned income, proceed with Step 6. For unearned income, skip to Step 8.

**Step 6** **Subtract converted monthly self-employment allowable costs, if any, from converted monthly self-employment income.**

**Step 7** **Subtract earned income deductions, if any.** Subtract these deductions, if applicable, from the household's monthly gross income, including monthly self-employment income after allowable costs are subtracted:

- Deduct $120.00 per employed household member for work-related expenses.
- Deduct 1/3 of the remaining earned income per employed household member.
- Dependent childcare or adult with disabilities care expenses shall be deducted from the total income when determining eligibility, if paying for the care is necessary for the employment of a member in the CIHCP household. This deduction is allowed even when the child or adult with disabilities is not included in the CIHCP household. Deduct the actual expenses up to:
  - $200 per month for each child under age 2,
  - $175 per month for each child age 2 or older, and
  - $175 per month for each adult with disabilities.

Exception: For self-employment income from property, when a person spends an average of less than 20 hours per week in management or maintenance activities, count the income as unearned and only allow deductions for allowable costs of producing self-employment income.

**Step 8** **Subtract the deduction for Medicaid individuals, if applicable.** This deduction applies when the household has a member who receives Medicaid and, therefore, is disqualified from the CIHCP household. Using the Deduction chart below, deduct an amount for the support of the Medicaid member(s) as follows: Subtract an amount equal to the deduction for the number (#) of Medicaid-eligible individuals

**Deduction for Medicaid-Eligible Individuals**

| # of Medicaid-Eligible Individuals | Single Adult or Adult with Children | Minor Children Only |
|---|---|---|
| **1** | $ 78 | $ 64 |
| **2** | $163 | $ 92 |
| **3** | $188 | $130 |
| **4** | $226 | $154 |
| **5** | $251 | $198 |
| **6** | $288 | $214 |
| **7** | $313 | $267 |
| **8** | $356 | $293 |

**Step 9** **Subtract the Deduction for Child Support, Alimony, and Other Payments to Dependents Outside the Home, if applicable.**

Allow the following deductions from members of the household group, including disqualified members:

- The actual amount of child support and alimony a household member pays to persons outside the home.
- The actual amount of a household member's payments to persons outside the home that a household member can claim as tax dependents or is legally obligated to support.

**Consider the remaining income as the monthly net income for the CIHCP household**.

**Step 10** **Compare the household's monthly net income to the 21% FPG Minimum Income Standard**, using the CIHCP Monthly Income Standards chart below.

**CIHCP Monthly Income Standards Effective April 2019**
Based on the 2019 Federal Poverty Guideline (FPG)

| # of Individuals in the CIHCP Household | 21% FPG Minimum Income Standard | 50% FPG Maximum Income Standard |
|---|---|---|
| 1 | $219 | $521 |
| 2 | $296 | $705 |
| 3 | $374 | $889 |
| 4 | $451 | $1,073 |
| 5 | $528 | $1,258 |
| 6 | $606 | $1,442 |
| 7 | $683 | $1,626 |
| 8 | $761 | $1,810 |
| 9 | $838 | $1,994 |
| 10 | $915 | $2,178 |
| 11 | $993 | $2,363 |
| 12 | $1,070 | $2,547 |

A household is eligible if its monthly net income, after rounding down cents, does not exceed the monthly income standard for the CIHCP household's size