



COMBINED MEDICAID 502-1 Earned Income

Supersedes: CMA 502-1 04/01/2025

Reference: ARM 37.82.101, .903; 42 CFR 435.601; 20 CFR 416 Subpart K

Overview: All earned income the filing unit receives is considered when determining Medicaid eligibility. All earned income, whether countable or excluded per policy is entered into the eligibility system.

ADVANCE ON WAGES:

Count advanced wages in the month the advance is expected. **NOTE:** Exclude the amount withheld from subsequent pay to repay the advance, even if the advance wasn't counted when received.

AMERICORPS/AMERICORPS VISTA:

ACA: Count AmeriCorps VISTA, AmeriCorps State and National and AmeriCorps NCCC payments.

ABD and Family Medically Needy: Exclude AmeriCorps VISTA, AmeriCorps State and National and AmeriCorps NCCC payments.

ATTENDANT CARE PAYMENT:

Count attendant care pay only to the person who earns it. **NOTE:** Exclude attendant care pay paid to the disabled/elderly household member receiving the care; it is considered a reimbursement.

BONUS PAY:

Count bonus pay that can be prospected in the month received.

CHILDREN'S EARNED INCOME:

ACA: Student status has no bearing on whether a child's earned income is counted or excluded. A child and/or dependent's income is countable if they are required to file a tax return based on the current tax year. A child's earned income is countable if the gross income amount meets/exceeds the 2024 Tax Threshold limit of \$14,600.

Family Medically Needy: Exclude a dependent child's earned income when the child is attending school (any attendance at school qualifies the child as a student). Count the earnings if the child is not attending school.

ABD: Countable. If the child is a disabled student, refer to the following: Exclude a disabled student under age 22's earnings of up to \$2410 per month up to a maximum of \$9730 per calendar year for 2026.

CLERGY:

Salary/wages received from the church are earned income and coded as wages. A housing allowance paid to the individual is excluded income. Any income received from conducting marriages, baptisms, funerals, etc. are considered self-employment.

ACA/ABD/Family Medicaid: countable as wages and self-employment

COMMISSION:

Count commissions that can be prospected. Count commissions received less often than monthly over period intended to cover). **NOTE:** Commissions are earned by and obligated to the wage earner; bonuses are not (see 'Bonus' caption).

CONTRACTUAL INCOME:

Contractual income is income paid over a specific, set period. For all categories, except ABD-related, the income is averaged over the months covered by the contract, regardless of whether the employee chooses to spread their income evenly throughout the contract period or chooses payment only during the times actually worked.

EXAMPLE: A school aid is employed under a yearly contract, but only receives a paycheck for the months of September through June. The total yearly income contracted should be divided by 12 to determine the monthly income.

ACA NOTE: When tax returns are the only verification provided, the amount is always averaged over 12 months.

ABD: Contractual income is averaged over the number of months it is intended to cover.

EXAMPLE: A school aid is employed under a yearly contract, but only receives a paycheck for the months of September through June. The pay for September through June should be divided by 9 months to determine the monthly income and be included in the budget from September to June.

DISPLACED HOMEMAKER:

Count State Displaced Homemaker program earnings.

DOMESTIC VOLUNTEER SERVICE ACT:

ACA: Count all Domestic Volunteer Service Act payments.

ABD and Family Medically Needy: Exclude the following payments:

- RSVP – Retired Senior Volunteer Program
- Foster Grandparents Program
- SCORE – Service Corps of Retired Executives
- ACE – Active Corps of Executives
- Senior Companion Program

GARNISHMENTS DEDUCTED FROM WAGES:

ACA: Count the gross income amount.

ABD and Family Medically Needy: Count the gross wages when garnished for a debt. Count the net amount when wages are reduced for a previous advance.

ABD and Family Medically Needy: Payment of a legally obligated child support debt is an allowable expense. See CMA 602-1 Income Disregards and Deductions

GOVERNMENT TRAINING ALLOWANCES:

ACA: Countable if taxed.

ABD and Family Medically Needy: Count or exclude based on the specific funding source.

INDIVIDUAL DEVELOPMENT ACCOUNTS:

Exclude funds withdrawn from a TANF-funded IDA. Exclude interest earned on an IDA.

IRREGULAR/INFREQUENT INCOME:

ACA: Count or exclude based on income type (e.g. gifts, contributions, etc.)

ABD and Family Medically Needy: Count any amount of income that can reasonably be prospected.

JURY DUTY:

ACA: Countable, unless the client verifies that they gave the payment to their employer.

ABD and Family Medically Needy: Count jury duty paid over a period of days or weeks at a specific rate (e.g., \$15 per day) when it can be prospected.

Exclude jury duty pay when it meets the definition of either irregular/infrequent income or a reimbursement, and when the client verifies that they gave the payment to their employer.

LUMP SUM PAYMENTS:

ACA: Count taxable lump sum payments.

ABD and Family Medically Needy: Count lump sum payments that can be prospected, unless received from an excluded source. Payments are countable income in the month received and a resource the following month, if retained.

Examples of lump sum payments include:

- Severance pay or sick leave (see sections CMA 501-1 Unearned Income and CMA 502-1 Earned Income);
 - Income tax refunds
 - Rebates or credit refunds
 - Crop insurance proceeds (see section CMA 503-1 Self-Employment Income);
 - Retroactive Social Security, retroactive SSI, retroactive TANF or Tribal TANF, retroactive Railroad Retirement or insurance settlements
 - One-time or installment lottery payments
 - Windfall or other one-time payments.

MILITARY PAY:

ACA: Exclude Combat Pay; count other earned military pay.

ABD and Family Medically Needy: Count earned military pay. See section CMA 501-1 Unearned Income for Veteran's Benefits and Military Allowances.

OLDER AMERICANS ACT:

Count income earned under Title V of the Older Americans Act of 1987, including:

- Experience Works aka Green Thumb
- Forest Service
- American Association of Retired People (AARP)
- National Council on Aging
- National Council of Senior Citizens

PLAN FOR ACHIEVING SELF-SUPPORT (PASS):

Exclude income paid to an SSI recipient under a PASS during the period the PASS is effective.

ROYALTY INCOME:

Countable. Royalties received as part of a trade or business, or as the result of an individual's work being published is countable earned income. All other royalties are countable unearned income. Expenses can only be deducted from earned royalties when the income is derived from a current self-employment business. Royalty income is counted when received; recurrent payments may be averaged to prospect future payments.

SALE OF BODILY FLUIDS:

ACA: Excluded

ABD and Family Medically Needy: Count earned income received from the sale of blood, blood plasma or other bodily fluids.

SEVERENCE PAY:

Counted in the month received.

SICK LEAVE/ VACATION PAY:

ACA: Sick leave or vacation paid after job termination is severance pay (earned income).

ABD and Family Medically Needy: Sick leave paid out more than six months after job termination is countable unearned income. Sick leave paid out within six months of job termination is countable earned income in the month received.

All Medicaid Programs: Sick leave or vacation pay received while still employed is wages.

ABD and Family Medically Needy: Vacation paid after job termination is severance pay (earned income).

TAX REFUND OR CREDIT:

ACA: Exclude Federal Income Tax refunds and Earned Income Tax Credit payments; Count State Income Tax refunds included on State Income Tax returns.

ABD and Family Medically Needy: Exclude State and Federal income tax refunds and Earned Income Tax Credit payments.

TIPS:

Tips given to people working in personal service occupations are often a significant part of their income. Wages and salaries paid to such persons are often quite low because tips are expected to provide a large portion of their income. Tips may vary seasonally or by the quality and type of service rendered.

Some occupations for which tips may constitute a substantial portion of earnings are:

- Food Servers
- Taxi drivers/Uber drivers
- Bartenders
- Delivery persons
- Barbers, cosmetologists, and hair stylist
- Massage therapist
- Caddies
- Entertainers who play in restaurants, bars or nightclubs

Since the list is not all inclusive, income from tips is considered for anyone who is engaged in a service occupation.

VENDOR PAYMENTS (AKA IN-KIND):

See 'Vendor Payments' in Section CMA 501-1 Unearned Income for additional information. See 'Bartering' in Section CMA 503-1 Self-Employment Income for policy regarding in-kind services exchanged between two or more self-employment businesses.

ACA: Exclude vendor payments/in-kind income unless it is taxable. Count taxable vendor/in-kind income. **ACA Exception:** Special rules apply to clergy; exclude income designated for housing that is included in their pay.

ABD: Count as vendor payments/in-kind income only those vendor payment/in-kind benefits received in the form of food or shelter or as something that can be used to get food or shelter (e.g. Walmart or other prepaid card that can be used to buy food).

ABD: Earned Vendor/In-kind benefits (food or shelter) are those benefits provided to an employee who has the option of either receiving in-kind benefits or increased wages.

ABD Vendor/In-kind Benefit Value – see ‘Vendor Payments’ in CMA 501-1 Unearned Income for how to value vendor/in-kind benefits.

ABD and Family Medically Needy: Vendor/in-kind income is not included in any deeming process.

Count earnings owed or otherwise payable to the household when diverted to a third party for a household expense (e.g., employer diverts \$200 of wages to employee’s landlord for rent).

WAGES:

Count gross wages, including salary and commission.

WORK STUDY INCOME:

ACA: Countable.

ABD and Family Medically Needy: Exclude all educational income, including work study, when directly related to attendance at an institution of higher education.

WORKFORCE INNOVATION AND OPPORTUNITY ACT (WIOA):

The Workforce Innovation and Opportunity Act (WIOA) replaced the Workforce Investment ACT (WIA).

ACA: Countable.

ABD and Family Medically Needy: Exclude all Workforce Innovation and Opportunity Act (WIOA) payments, including Work Experience (WEX) and On-the-Job Training (OJT). Count wages a client receives under OJT; WIOA OJT payments reimburse the employer for the client’s wages, but do not actually pay the wages.

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