



COMBINED MEDICAID 602-1 Income Disregards and Deductions

Supersedes: CMA 602-1 (01/01/2024)

Reference: ARM 37.82.101, .903; 42 CFR 435.601; 20 CFR 416.1112

Overview: Certain household income is disregarded or deducted when determining Medicaid eligibility.

ACA: Households receive a 5% income disregard of the 100% FPL for that household size. No other disregards or deductions are applied to ACA Medicaid cases.

ABD and Family Medically Needy: Specific earned and obligated income disregards are subtracted from household income when determining eligibility.

WORK DISREGARDS:

ABD: Disregard the first \$65 and one-half of remaining earned income for each eligible ABD client. When the filing unit consists of an eligible client and an ineligible, deemed spouse, both spouse's income is combined and then the \$65 and ½ of remaining earned income disregard is applied once to the combined earnings. When both spouses qualify for ABD Medicaid (i.e., an eligible couple), the \$65 and ½ of remaining earned income is disregarded from each spouse's earned income.

Blind or Disabled clients are allowed additional work expenses on top of the standard work disregard.

BLIND/DISABLED WORK EXPENSES

Each blind or disabled client living in the community may have their gross countable earned income reduced by allowable work expenses. Different expenses are allowed for blind and disabled clients. Work expenses must be verified and cannot be payable by a third party (e.g., Medicaid, insurance, etc.). When appropriate, reasonable transportation and lunch expenses are allowed, based on the client's stated costs. Monthly work expenses cannot exceed monthly income and cannot be carried into future months. The following expenses are allowed for both blind and disabled clients:

1. Transportation to and from work
 - a. Actual bus/cab fare, or
 - b. \$.33/mile for private vehicle
2. Service animal (including care and upkeep)

In addition to the expenses listed above, **blind individuals** are allowed the following work expenses (not all-inclusive):

1. Braille instruction
2. Optical aids
3. Uniforms
4. Lunches
5. Federal, State, and local income taxes and Social Security taxes

In addition to the expenses allowed for both blind and disabled individuals, **disabled individuals** are allowed the following work expenses (not all-inclusive):

1. Adaptive equipment/durable medical equipment
2. Attendant care services (20 CFR 416.976(c)(1))
3. Prosthetic or medical devices necessary to work
4. Drugs/medical services not covered by Medicaid or other third party
5. Installation, maintenance, and repair costs for deductible items
6. Vehicle modifications necessary for a disabled person to operate/use the vehicle (cost of the vehicle is not allowed)

Family Medically Needy: For households that pass the Gross Monthly Income (GMI) test (below), disregard the first \$200 and 25% of remaining earned income for each wage earner. An additional disregard of up to \$200 per dependent per month may also be deducted from household earnings for dependent care costs. Legally obligated and paid child support may also be disregarded.

Income Limits

Household 1	\$683
Household 2	\$923
Household 3	\$1164
Household 4	\$1404
Household 5	\$1644
Household 6	\$1884
Household 7	\$2124
Household 8	\$2365

CHILD SUPPORT/ALIMONY:

ABD: Clients who verify they are paying legally obligated child support and/or alimony will have the actual amount paid (up to full obligation) deducted from their income before any other disregards or deductions are applied. The payments are deducted from unearned income first, and then any amount remaining is deducted from earned income. **NOTE:** Individuals who receive a spousal or family income maintenance allowance cannot also be allowed a child support/alimony disregard.

If the payment includes both current support and arrears, the full amount is deducted as long as the arrears were legally obligated when incurred.

Family Medically Needy: Clients who verify they are paying legally obligated child support have the amount actually paid deducted from their countable income after all other disregards are applied.

DEPENDENT CARE DISREGARD:

Family Medically Needy: Up to \$200 per month may be deducted for each dependent or incapacitated adult who lives with the earner, receives Medicaid under any program, and who is cared for by someone outside the filing unit. Verified dependent care costs are allowed for a household member to accept/continue employment, seek employment, or attend school/training necessary to gain employment.

GENERAL INCOME DISREGARD:

ABD: A \$20 general income disregard is first applied to unearned income; any disregard remaining is then applied to earned income.

MEDICALLY NEEDY INCOME DEDUCTION:

ABD: After a case has been determined medically needy, a \$380 deduction (regardless of filing unit size) is applied that reduces the spend down by \$380. If the spend down is less than \$380, it is reduced to \$0.00. This deduction will increase each year by the COLA increase.

The medically needy deduction is not applied to any non-medically needy program.

Revised Date: January 1, 2025