

USDA Discrimination Financial Assistance Program (DFAP) Awards and Medicaid

The information below is for the farmers and ranchers who applied for and received a one-time, lump-sum award from the United States Department of Agriculture (USDA) under the USDA Discrimination Financial Assistance Program (DFAP). DFAP was created to address the consequences of prior discrimination by USDA in USDA farm lending. This general information will help people who receive these USDA DFAP awards understand the potential impact of such money on Medicaid coverage.

The USDA DFAP Award may affect your Medicaid eligibility. Everyone's situation is different. Be sure to consult an attorney or advocate knowledgeable about Medicaid in your state for advice.

See below for a list of resources.

What is Medicaid?

Medicaid is a joint federal and state program that helps cover medical costs for some people with limited income and resources. The federal government has general rules that all state Medicaid programs must follow, but each state runs its own program. This means eligibility requirements and benefits can vary from state to state.

How could my USDA DFAP award affect my Medicaid?

Your USDA DFAP award will increase your income and resources in the month you receive it. Your Medicaid eligibility is based on having limited income and, for some categories, resources. Depending on the category in which you are eligible for Medicaid, the DFAP award may have a small or large effect on your Medicaid eligibility.

When is my USDA DFAP award considered “income?”

The USDA DFAP award is “income” in the month you receive it. Income is any item an individual receives in cash or in-kind that can be used to meet their need for food or shelter. Medicaid eligibility depends on both earned and unearned income. Earned income includes payment for work. Unearned income is all other income, such as retroactive benefits or a settlement payment. The DFAP award is unearned income in the month you receive it. This is unlikely to have any practical effect on you if you are already getting Medicaid.

When is my USDA DFAP award considered a “resource” or “asset?”

A resource or asset is something you own, such as a bank account, land or personal property that could be used or sold to get money for food or shelter. Some categories of Medicaid count your assets on the first moment of the first day of the month. If the value of your assets is greater than the maximum allowed in your state, you are not eligible for Medicaid in that category that month. The unspent portion of your USDA DFAP award will count as a resource on the first day of the month following the month you receive it.

What are the Medicaid income and asset limits in my state for different Medicaid eligibility categories?

How the USDA DFAP award affects your Medicaid eligibility depends on the category of your Medicaid eligibility.

- If you are eligible for Medicaid and are under age 65, not disabled and not pregnant (Medicaid expansion), there is no asset limit in these categories, so your Medicaid is not at risk.
- If you are eligible for Medicaid because you are on SSI (Supplemental Security Income), or over age 65 or disabled, the asset limit for SSI and SSI-linked Medicaid is \$2,000 for one person living alone, and \$3,000 if you live with your spouse. If you have minor children who get SSI, the resource rules are different and complicated. However, individuals under 65 receiving SSI that lose SSI-related Medicaid must be considered for other forms of Medicaid before being terminated. No resource tests apply, so ineligibility is unlikely.

- If you or your spouse are in a nursing home, much higher income limits apply. Delaware's Long Term Care Medicaid income limit is 250 percent of SSI, \$2,357.50 for an eligible individual in 2024. SSI income counting rules are used, meaning \$20 is deducted from gross income and an additional \$65, and then half the remainder is deducted from any earned income. The resource limit is \$2,000 for an individual and \$3,000 for a couple. Delaware also has community-based long-term care Medicaid programs that these rules apply to, so they are not limited to individuals in a nursing home, but also apply to those in the community receiving the equivalent of a nursing home level of care.
- In Delaware, if you are only in the Medicare Savings Program, your DFAP award will have no effect on your eligibility for this benefit. Delaware's Medicare Savings Program eligibility categories (QMB, SLMB, QI) are not subject to a resource test. The income limit is 100 percent of the federal poverty level for QMB (\$1,255 in 2024 for a family of one), 120 percent of the federal poverty level for SLMB (\$1,506 in 2024 for a family of one), and 135 percent of the federal poverty level for QI (\$1,694.25 in 2024 for a family of one).
- If you are on Medicaid through the Medicaid for Workers with Disabilities program, there is no resource limit. The income limit for this program has two tests: unearned income must be below \$1,335.00 in 2024, and total countable income must be less than 275 percent of the federal poverty level, \$3,451.25 for an individual in 2024. Just as with the Medicare Savings Program, your DFAP award will have no effect on your eligibility for Medicaid for Workers with Disabilities benefits.

WARNING: If the USDA DFAP award increases your assets, AND you are receiving Medicaid because you are over age 65, blind or disabled, AND you do not spend down to the allowable limit, you will become ineligible for Medicaid.

What can I do to avoid or lessen the impact of the USDA DFAP award on my Medicaid?

If you are receiving Medicaid because you are over age 65, blind or disabled, you can avoid or lessen the impact of the USDA DFAP award by spending the money on an exempt resource. Examples of exempt resources include buying a home, car, household good or personal item, property essential for supporting yourself, life insurance, burial plot and burial insurance.

For example, if you use the DFAP award to pay off a mortgage, pay off credit card or other debt, make home improvements or repairs, purchase a burial plot or plan, or trade in a car for a new one, you can spend down the amount of money necessary to be under the resource limit. **DO NOT GIVE THE MONEY AWAY.** This could make you ineligible for some Medicaid services for up to five years.

Do I need to report the USDA DFAP award to Medicaid?

Yes. You should report to Medicaid the amount of the award as soon as you receive the money. If you do not report the award to Medicaid, you will have to pay back money you should not have received for covered health care expenses, and you may face other penalties or sanctions.

How do I get information from Medicaid about my benefits?

Call Delaware Department of Health and Social Services Customer Relations at 1-866-843-7212.

Where can I find more resources related to the impact of the USDA DFAP award on my Medicaid?

For the state of Delaware, DFAP awardees may also contact Community Legal Aid Society, Inc. (CLASI) for more information and possible representation. CLASI serves all three counties in Delaware. See office addresses below:

WILMINGTON (serves New Castle County)
110 West 10th Street, Suite 801
Wilmington, DE 19801
302-575-0660

DOVER (serves Kent County)
840 Walker Road
Dover, DE 19904
302-674-8500

GEORGETOWN (serves Sussex County)
Georgetown Professional Park
20151 Office Circle
Georgetown, DE 19947
302-856-0038

Another resource for DFAP awardees seeking legal assistance is the Delaware Volunteer Legal Services, Inc. (DVLS). Individuals calling DVLS for help need to be at 125-200 percent of the federal poverty guidelines in order to be eligible for their services. To contact DVLS for an intake, call 302-478-8680.

Additional resources and information are available at <https://www.nlada.org/USDA-DFAP/award-recipients>.

For general questions about your USDA DFAP award, contact the DFAP Call Center at 1-800-721-0970.