

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 anyone in your household is under the age of 19 and receives Medicaid (or “MO HealthNet” as the program is called in Missouri) or Children’s Health Insurance Program (CHIP) coverage, the DFAP award is unlikely to have any effect on their coverage. Similarly, if anyone in your household has MO HealthNet for Pregnant Women, Show Me Healthy Babies, or Postpartum MO HealthNet coverage, the DFAP award should not affect their coverage.
- For any non-pregnant/postpartum adults age 19 or older on MO HealthNet for Families or the Adult Expansion Group coverage, the one-time DFAP award will be

considered a “lump-sum” payment and will only count as income in the month received. While this may affect your eligibility for these programs in the month the award is received, Missouri’s Family Support Division should calculate your eligibility for the following months using only your “usual” income. Income limits for these MO HealthNet programs are dependent on your household composition and change yearly. Please check with Missouri’s Family Support Division to confirm current limits.

- If you receive Medicaid through MO HealthNet for the Aged, Blind, and Disabled, your monthly income must be below \$1,067 for a single person and \$1,448 for a married couple. If your income exceeds those limits, you must spend down your income to the limit in order to qualify for coverage that month.
- Because the DFAP award will be income in the month of receipt, it is possible you may have a temporary change in Medicaid coverage for that month. Depending on your Medicaid coverage type before the settlement, you may temporarily move from non-spenddown Medicaid to spenddown, or you may see a temporary increase in your spenddown for that month.
- If you or anyone in your household receives Medicaid and are under age 65 and are not considered disabled for Medicaid purposes, there is no asset limit in your type of coverage, so your Medicaid is not at risk.
- If you are eligible for Medicaid because you are over 65, blind or disabled, the asset limit is \$5,909.25 for an individual and \$11,818.45 for a married couple.
- In Missouri, if you are on vendor Medicaid, the asset limit is the same as Aged, Blind, and Disabled Medicaid: \$5,905 for an individual, and \$11,818.45 for a couple. For someone on vendor Medicaid, there is functionally no income limit, but you must pay all available income to the Skilled Nursing Facility (SNF) for cost of care except for a \$50 personal needs allowance and a few specific allowable deductions.
- If you are on Medicare and Medicaid pays ONLY your Medicare premiums, the asset limits are also higher: \$9,430 for an individual and \$14,130 for a family of two. This coverage type is called a Medicare Savings Program (MSP), and the income limit depends on which specific MSP you are in.

- Qualified Medicare Beneficiary (QMB): \$1,255 for an individual, and \$1,704 for a married couple.
- Specified Low-Income Medicare Beneficiary (SLMB1): \$1,506 for an individual, and \$2,044 for a married couple.
- Specified Low-Income Medicare Beneficiary (SLMB2) or Qualifying Individual (QI): \$1,695 for an individual, and \$2,300 for a married couple.

WARNING: If your coverage type has an asset limit, and the USDA DFAP award increases your assets over the 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 1-855-FSD-INFO (1-855-373-4636) or visit <https://mydss.mo.gov/healthcare>.

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

Many USDA DFAP award recipients can request brief legal advice through the ABA Free Legal Answers platform at <https://abafreelegalanswers.org/>. You will need to select the state where you live and provide income and asset information to determine eligibility for free legal advice, which is generally available to people with household income below 250 percent of the federal poverty guidelines. When answering questions about your assets, do not include your USDA DFAP award. Once you are approved, you can create an account to ask a question and get advice from a volunteer attorney.

You can also contact the legal aid office that serves your community. Not all legal aid programs can assist with these kinds of questions, and they only serve people who meet financial and other eligibility requirements. You can look up your local legal aid at <https://www.lsc.gov/about-lsc/what-legal-aid/i-need-legal-help>.

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.