

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.

Families and Children Categories

- Parent/Caretaker Relatives Medicaid. The Parents/Caretaker Relatives coverage group replaces the former Aid to Families with Dependent Children (AFDC) Medicaid coverage group for parents and other caretaker relatives. The parent or caretaker relative must be living in the household with a dependent child for whom they assume primary responsibility. Income must be under the Parent/Caretaker Relative Medicaid limit. No asset test.
- AFDC- Related Medicaid. If income or assets exceed the limits for Parents/Caretaker Relatives Medicaid, the family may become eligible by including medical expenses which “spend down” its income to a Medically Needy Income Level. The household

asset limits are \$2,000 for one person and \$3,000 for two people. Above two persons, \$50 is added to the limit for each person.

- Children with Disability Community Services. A child with a disability who has been denied Supplemental Security Income (SSI) due to the excess income and/or assets of a parent(s) may qualify for Medicaid if the cost of the care at home is less than the cost of institutionalization. The income limit is 300 percent of the current SSI level. The asset limit is \$2,000. Only the income of the child is counted.
- Pregnant Women. Pregnant women with family income at or below 185 percent of the current Federal Poverty Level (FPL) may qualify. No asset test. The pregnant women remain eligible for one year postpartum. Children born to mothers on Medicaid remain eligible for one year after birth without the need for a Medicaid application.
- Children Under Age 19. The income limit for coverage is 158 percent of FPL for children ages 0-1; 141 percent of FPL for children ages 1-5; 100 percent of FPL for children ages 6-19. No asset test.
- WV CHIP. Although CHIP is not a Medicaid coverage group, the Department of Health and Human Resources takes applications and determines eligibility for children who may qualify. The child must be under the age of 19, and family income must be at or below 211 percent of the current FPL. Those with family income at or below 300 percent of FPL may qualify for WV CHIP with a premium payment. Additional information about WV CHIP is available online at www.chip.gov.

Coverage for Adult Groups

- Adult Group. Effective January 1, 2014, Medicaid coverage is provided in the adult group to individuals age 19 or older and age 65 who are not eligible for another categorical mandatory Medicaid coverage group (SSI, Deemed SSI, Parents/Caretakers Relatives, Pregnant Women, Children Under Age 19, Former WV Foster Children), and not entitled to or enrolled in Medicare Part A or B. The income limit is 133 percent of FPL. No asset test.
- Former Foster Children. Effective January 1, 2014, Medicaid coverage is provided in the Former Foster Children group to individuals who are under 26 years of age and

were in foster care under the responsibility of the State and receiving Medicaid on the date of attaining 18 years of age, or on the date they aged out of foster care (up to age 21). There is no income or asset test.

- SSI-Related Medicaid. Aged, blind or disabled individuals who do not qualify financially for SSI, may qualify for this coverage group by “spending down” income to an established income level by use of incurred medical expenses. Assets must also be within established limits, which are \$2,000 for one person and \$3,000 for a couple.
- Breast and Cervical Cancer. Women who are diagnosed with breast or cervical cancer by a Center for Disease Control (CDC) program may qualify for Medicaid coverage when certain other non-financial requirements are met. The individual must be under age 65 and cannot be enrolled in Medicare or have creditable health insurance. If all requirements for the coverage group are met, there is no income or asset test.
- Qualified Medicare Beneficiaries (QMB). Medicare recipients with income below 100 percent for the current FPL and assets no greater than \$8,400 for an individual and \$12,600 for a couple qualify for payment of the Medicare Part B premium and payment of Medicare C-payments and deductibles. A burial exclusion of \$1,500 per person applies.
- Specified Low-Income Medicare Beneficiaries (SLIMB). Medicare recipients with income over 100 percent and at or below 120 percent of the current FPL and assets no greater than \$8,400 for an individual and \$12,600 for a couple qualify for payment of the Medicare Part B premium. A burial exclusion of \$1500 per person applies.
- Qualified Individual 1 (QI-1). Medicare recipients with income above 120 percent and at or below 135 percent of the current FPL and assets not greater than \$8,400 for an individual and \$12,600 for a couple qualify for payment of the Medicare Part B premium if the individual does not qualify for coverage under any other Medicaid group. A burial exclusion of \$1500 applies.
- Qualified Disabled Working Individuals (QDWI). Former recipients of Social Security Disability benefits and Medicare, with earnings which exceed the Social Security limits, may qualify for payment of the Medicare Part A premium if income is at or

below 200 percent of FPL and assets are below \$4,000 for an individual and \$6,000 for a couple.

- Medicaid Work Incentive (M-WIN). This Medicaid coverage group is for individuals who are disabled and are between ages 16 and 65. Individuals who meet the Social Security disability requirement and who are employed may qualify when total gross income is at below 250 percent of FPL and when the unearned income is at or below the current SSI payment Level. The asset limit is \$2,000 for an individual and \$3000 for an individual with a spouse, but the program provides more liberal disregards to help individuals qualify. The individual must pay a \$50 enrollment fee and a monthly premium based on income. Coverage may continue during some periods of temporary unemployment or when a disability improves.
- SSI-Related Medicaid (which pays for nursing home care). This Medicaid coverage pays for care for aged, blind or disabled persons in a nursing home, as well as other medical expenses not covered by Medicare or other private health insurance. The income limit is 300 percent of Maximum Payment for One Person. Persons with income in excess of the 300 percent limit may qualify for Medicaid payment if monthly nursing care costs exceed the Medicaid Medically Needy Income Limit and all other requirements are met. The asset Limit is \$2,000 for an individual and \$3,000 for a couple.
- Home and Community Based Care for the Aged, Blind and Disabled. The income Limit is 300 percent of the Maximum SSI Payment for One Person. The asset limit is \$2,000 for an individual and \$3,000 for a couple.
- Intermediate Care Facility/ Individuals with Intellectual Disabilities (ICF/IDD). The income limit is 300 percent of Maximum SSI Payment for One Person. The asset limit is \$2,000 for an individual.
- Intellectual and Development Disability (I/DD). The income limit is 300 percent of Maximum SSI Payment for One Person. The asset limit is \$2,000 for an individual.

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?

WV PATH: Website where you can apply for Department of Human Services (DoHS) assistance programs online including SNAP and Medicaid. WV PATH is the recommended method of application for most types of healthcare.

Health Insurance Marketplace: Federal website to apply for West Virginia Medicaid, WVCHIP and standard health insurance with tax credits. The 24-hour federal call center helpline is 1-800-318-2596 or TTY 1-855-4325.

Local County Offices: You can visit your local county office to apply for WV DoHS assistance programs including Medicaid. If you have any questions about the Medicaid application process, contact your local DoHS office for guidance.

Customer Service Center Hotline: Call the DoHS hotline at 1-877-716-1212 for questions, guidance, to report a change in your situation, or to apply for some types of Medicaid and WVCHIP.

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.