

Medicaid Eligibility – Questions and Answers

Treatment of Economic Stimulus Tax Rebates & Digital Television Converter Box Coupons

Q. How will the recently enacted **economic stimulus tax rebates** be treated under Medicaid? Should they be counted as income and/or resources?

A. The answer is no, the rebates are not counted as income or resources under Medicaid, although the amount of time the rebates are not counted as resources is limited. The economic stimulus legislation (P.L. 110-185) provides that credits or refunds issued under the bill are not to be counted as income or resources in the month of receipt, and for the following two months, for purposes of determining eligibility for or the amount of benefits under any federal program, or under any state or local program financed in whole or in part with federal funds. Obviously that includes the Medicaid program.

Q. What does “amount of benefits” mean? Does that mean the rebates are not counted as income under the post-eligibility treatment of income process? What about transfers of assets for less than fair market value and estate recovery?

A. The rebates are not countable as income for post-eligibility. Counting the rebates as income under post-eligibility would result in increased income to the individual, which in turn would result in Medicaid’s reducing its payment to the provider. That means the amount of benefits payable on behalf of the individual would be reduced if the rebates are counted as income under post-eligibility.

With regard to transfers of assets for less than fair market value, rebates given away during the three-month period in which they are not countable as income or resources would not be subject to a transfer penalty. However, if given away after the three-month exempt period expires, the rebates would be subject to penalty. The same would apply to counting a rebate as part of a person’s estate for estate recovery purposes. If the rebate becomes part of a person’s estate during the three-month exempt period, it would not be subject to recovery. However, if the rebate becomes part of a person’s estate after the three-month exempt period expires, it would be subject to recovery.

Q. The Department of Commerce is planning to send **“coupons” worth \$40 each to households for the purpose of purchasing television digital converter boxes**. The coupons are to help defray the cost of purchasing the boxes, which will be needed by people who do not have digital television receivers when television signals are no longer broadcast in analog format beginning in 2009. Will the value of these coupons be countable as income under the Medicaid program?

A. No, the coupons will not count as income under Medicaid. The coupon Commerce is distributing is actually a form of credit card, each worth \$40. A person would take his

coupon to a retailer and exchange it for a converter box. If the converter box costs more than \$40, the person would pay only the difference.

According to Commerce, there is nothing else a person can do with this coupon except buy a converter box. The coupon cannot be converted to cash at a bank, for example, or used to buy anything but a converter box. That means the \$40 coupons would not be considered income under Medicaid. For Medicaid, income is broadly defined as anything a person receives that can be used to purchase food or shelter. Since the coupons can only be used to purchase a converter box, the coupons do not meet the definition of income and thus would not be counted as income under Medicaid.

February 25, 2008 - Division of Eligibility, Enrollment and Outreach - Disabled and Elderly Health Programs Group - Center for Medicaid and State Operations - Centers for Medicare and Medicaid Services