

1840.0904 SSA Income (MSSI, SFP)

Benefits that are paid by SSA are unearned income. These types of benefits include Title II Social Security benefits, SSI, special age 72 payments (PROUTY), and black lung benefits.

The gross entitlement amount (prior to any deduction) is entered into the FLORIDA system on AFMI. The cents should not be dropped. (The system automatically drops the cents when calculating the budget for food stamps and SSI-Related Programs.)

For MSSSI and SFP: Social Security benefits recouped by SSA are addressed in Chapter 2400.

For treatment of lump sum payments for SSA and for SSI-Related income refer to Chapter 2600.

1840.0905 Annuities, Pensions and Retirement Income (MSSI, SFP)

Annuities, pensions, retirement or disability payments are all included as unearned income. These payments result from the purchase of an annuity, retirement from employment, survivor benefits for a former employee's dependents, or injury or disability, and may be made by an employer, an insurance company, or public or private fund.

1840.0906 Veterans Benefits and Payments (MSSI, SFP)

Veterans' compensation and pensions are based primarily on service in the armed forces and may also be made to the veterans' dependents or survivors. These payments, including stipend payments for participation in a study of Vietnam era veterans' psychological problems (P.L. 99-576) and monthly payments to veterans of the Vietnam era as a result of exposure to Agent Orange (P.L. 102-4) are counted as unearned income. The following are excluded as income:

1. Reductions in basic pay while in active duty service or selected reserve service to provide for future basic educational assistance (P.L. 99-576).
2. Payments to a natural child of a Vietnam veteran born with spina bifida, except spina bifida occulta, as a result of the exposure of one or both parents to Agent Orange (P.L. 104-204).
3. Payments to a natural child of a woman Vietnam veteran born with one or more birth defects resulting in permanent physical or mental disability (P.L. 106-419).
4. Aid and attendance, a housebound allowance and unreimbursed medical expenses for MSSSI and HCDA.

1840.0906.01 Veterans Payments-Compensation (MSSI, SFP)

Compensation payments are included as unearned income. Compensation benefits generally are not based on need and a \$20 general exclusion is applied.

Compensations are paid to a veteran because of a service-connected disability and are paid to a widow, widower, child, or parent of a veteran because of the service-connected death of the veteran. Death compensation and dependency and indemnity compensation (DIS) do not generate the \$20 general exclusion because they are based on need. These payments are made to parents and based on the parents' income.

All applicants who appear potentially eligible for compensation payments must apply.

1840.0906.02 Veterans Payments-Pensions (MSSI, SFP)

VA pensions are included as unearned income, excluding the amount of aid and attendance, housebound allowance, and unreimbursed medical expenses. Except in OSS, refer to passage 1840.0906.10 for OSS information. VA pensions generally are based on need and, therefore, do not receive the \$20 general exclusion.



Pensions are paid to veterans based on a combination of services and age (65 or older), or a non-service connected disability. Pensions are paid to a widow, widower, or child of a veteran because of the non-service connected death of a veteran.

Three types of pensions are not based on need and do receive the \$20 general exclusion. These are pensions passed as a special act of Congress, service in the Spanish-American War (April 21, 1890 - July 3, 1902), and service in the Indian Wars (January 1, 1817 - December 31, 1898).

All applicants who appear potentially eligible for a pension must apply.

1840.0906.03 VA Increments for Dependents (MSSSI, SFP)

Increments included in the VA check designated for a dependent are only counted as income to the dependent.

The eligibility specialist must ask the individual if an increment is included for a dependent. If the individual states no, further action is not required. If the individual states he does receive for a dependent or that he does not know, verification of whether or not he receives an augment for a dependent and the amount of the increment must be verified with VA. Any increment for a dependent is deducted from the individual's VA income.

1840.0906.04 Veterans Administration Improved Pension (MSSSI, SFP)

The Veterans and Survivors Pension Improvement Act changed the method of determining the pension payable and pension rates effective January 1979, but the new rates of payment are not automatic. Since the new rates are not automatic, the veteran or survivor who was receiving benefits prior to January 1979 must apply to VA to establish entitlement under the Act. All individuals who apply for or receive Medicaid benefits must apply for the Veterans Administration Improved Pension Program (VAIP). An individual who receives a VA pension under the old law must apply for improved pension under the new law unless the individual's VA benefit would be lowered under the improved pension. If an individual's pension would be lower under the improved pension, he may continue to receive the pension under the old law. VAIP includes allowances for aid and attendance, housebound, and unreimbursed medical expenses.

Section 8003 of the Omnibus Budget Reconciliation Act of 1990 (OBRA '90) provides for a reduction in Veterans Administration Improved Pensions (VAIP) for single veterans and surviving spouses residing in Title XIX nursing facilities who have no dependents and who are Medicaid eligible. The pension will be reduced to \$90 or less per month, which is all considered aid and attendance and is not counted as income for the eligibility determination. Also, it's not added back into the patient responsibility.

However, if the veteran is enrolled in the Medically Needy Program in the nursing home and Medicaid is not paying for nursing home care, the veteran is entitled to the full VA benefit, and must apply to receive it.

1840.0906.05 VA Aid and Attendance (MSSSI, SFP)

The policy does not apply to OSS.

The VA provides additional compensation when the individual needs routine aid and attendance by another. This compensation may be paid to disabled veterans and to spouses, widows, widowers, and parents of veterans. Aid and attendance payments provided to an eligible individual and paid by the individual to his ineligible spouse, parent, or child living in the same household in return for taking care of him are excluded from income for deeming purposes. Aid and attendance payments made directly to the ineligible spouse, parent or child on behalf of the eligible individual are also excluded as income for deeming purposes.

Note: If an ineligible spouse or parent receives payments for services provided to anyone other than his eligible spouse or child, the payments are included as earned income subject to deeming to the eligible individual.

VA considers an individual in need of regular aid and attendance if the individual is categorized as one of the following:

1. blind or nearly blind,
2. a nursing home patient due to mental or physical incapacity,
3. unable to keep clean and presentable without assistance,
4. unable to dress or undress without assistance, or
5. has frequent need of adjustment of any prosthetic or orthopedic device and the adjustment cannot be made without assistance.

1840.0906.06 VA Housebound Allowance (MSSI, SFP)

This policy does not apply to OSS.

VA pays a housebound allowance to eligible individuals who do not qualify for regular aid and attendance payments. This allowance can be paid to a veteran or widow or a widower who receives dependency or indemnity compensation. It is excluded income.

1840.0906.07 VA Unreimbursed Medical Expenses (MSSI, SFP)

This policy does not apply to OSS.

VA provides an allowance for unreimbursed medical expenses (UME) incurred by the veteran that exceed five percent of an individual's annual income. UME is excluded income.

1840.0906.08 VA Lump Sum Payments (MSSI, SFP)

Lump sum payments, minus A&A, housebound, and UME, are included as unearned income in the month received. Any balance, including A&A, housebound, and UME, left as of the next month is counted as an asset.

1840.0906.09 VA Payments in OSS (SFP)

All VA payments, including aid and attendance, housebound, and UME are included as unearned income in OSS.

1840.0908 Workers' Compensation Payments (MSSI, SFP)

Workers' Compensation payments are included as unearned income.

Workers' Compensation payments are awarded to an injured employee or to the employee's survivors. Any portion of the payment designated for medical expenses paid or deducted at the source and not controlled by the individual is excluded from the income amount.

For MSSSI only, legal or related expenses pertaining to Workers' Compensation are also deducted from the income amount.

1840.0909 Railroad Retirement Payments (MSSI, SFP)

Retirement, survivor, unemployment, sickness and strike benefits from railroad payments are included as unearned income. Premiums for medical insurance under Medicare that may have been deducted must be added to the payment amount in determining the amount of unearned income. Entitlement or potential entitlement for railroad benefits should be suspected if the individual's SSN begins with the number "7".