



How to Maintain SSI Benefits to Ensure Medicaid Coverage

WHY IS SSI ELIGIBILITY IMPORTANT FOR MEDICAID COVERAGE?

In New York State, recipients of Supplemental Security Income (SSI) automatically qualify for Medicaid. Medicaid is a health insurance program designed to serve persons with limited income and resources. It provides comprehensive healthcare at no cost. An SSI payment for as little as \$1 allows an individual's Medicaid benefit to remain intact. For that reason, maintaining SSI eligibility is a critical way of ensuring continued comprehensive health coverage.

HOW DO I MAINTAIN MY SSI ELIGIBILITY?

In order to be eligible for SSI, a person must be aged, blind or disabled, and must meet income and resource tests. If a person exceeds the income and/or resource test, s/he will be ineligible for SSI and lose SSI-related Medicaid benefits. Therefore, it is important to know how to reduce income that counts toward the income test, and how to keep resources below the statutory limit.

INCOME-RELATED STRATEGIES

Definition: Income is defined as any money received in cash or in kind that can be used to meet needs for food or shelter. Depending on household size and other countable income, this amount will vary.

Strategy: An SSI recipient has available certain income *exclusions* which allows for structuring money received in such a way that its value is discounted.

WAYS TO REDUCE COUNTABLE INCOME*

Strategy	What Is It?	Utilization Benefit?
Flexible Spending Accounts	These are also known as "Cafeteria Plans" and depending on the employer this may or may not be an offered benefit. The employee may designate a certain amount of pay that is set aside to cover expenses not typically covered by health insurance.	Money allocated to a Flexible Spending Account may include expenditure on anything from chiropractor visits to dependent child care or prescription purchases. Medical necessity is not a prerequisite. Any money deducted from pay for this purpose will not be considered income by the SSI program.
Child Support Payments	Child support encompasses any payments received for care of child. SSI counts 2/3 of the child support payment received in a month as income deemed to that child.	If possible, a child support payment should be restructured to pay direct to vendor for goods or services other than food or shelter. For example: clothing, telephone bill, cable, internet, car payment, insurance, tuition, home repairs and so forth are all items where payment no longer counts against a child as income.

* If a child is under the age 18, SSI considers the income/resources of the parents who reside in the same household as the child, that is, SSI deems the parents' income that of the child.

RESOURCES-RELATED STRATEGIES

Definition: Resources are defined as cash or liquid assets or real or personal property that an individual owns and can convert to cash in order to provide for food or shelter.

Strategy: An SSI recipient is allowed no more than \$2,000 in *non-exempt* assets. So, for example, a gift or court settlement could affect SSI eligibility. An SSI recipient should consider using extra assets to purchase *exempt* assets to avoid that outcome. Key exempt assets include:

WAYS TO KEEP RESOURCES BELOW \$2,000 LIMIT

Item(s)	What is it?	How is it treated?
Real Property	Residential home	Regardless of the value, this is not counted.
Automobile	Any car owned by or used for transportation by the SSI recipient or another household member	Regardless of the value, this is not counted.
Real or Personal Property	Property and tools essential for self-support	These are not counted toward the value of resources, however, rules may vary if the property is income-producing.
Life Insurance	Term Insurance (i.e., without cash surrender value) of any amount or life insurance with a cash surrender value of less than \$1500	These are excluded from resource computations unless the cash-surrender value is more than \$1500.
Burial Funds	Burial Funds up to \$1,500 for an individual and \$3,000 for a couple or an irrevocable burial contract for any amount	These are not counted toward resource levels; however, an individual cannot have both a burial account and a life insurance policy, or the total value of both cannot exceed \$1,500 for an individual.
Burial Spaces	Burial spaces for individuals and immediate family members	These are not counted toward resource levels
Earned Income Tax Credit (ETIC)	A tax credit or refund for certain eligible low income workers.	The EITC is excluded for 9 months following receipt
Relocation Assistance	Federal, state and local relocation assistance	These are excluded for 9 months following receipt
Retroactive Social Security and SSI payments	Funds must be identifiable, and includes payments made in installments	Each payment is excluded for 9 months from date of receipt
Tuition and Education Fees	Grants, scholarships, fellowships or gifts to be used for tuition or education fees	These are excluded for 9 months following receipt

RESOURCE PITFALLS TO LOOK OUT FOR

An SSI recipient is allowed no more than \$2,000 in non-exempt assets. The receipt of such assets may result in the loss of SSI eligibility.

Item(s)	What is it?	How is it treated?
Prizes and Awards		

Gifts and Estates	Money received by gift or will	First month, gifts are income; thereafter if more than \$2,000, person ineligible for SSI
Fundraisers	Money raised by family, friends, or organizations to assist SSI recipients	These are treated like “gifts” if paid directly to recipient. The best strategy is to have the person or community group hold the proceeds and purchase goods and services (other than food/shelter) as needed.
Settlements	Personal injury settlement	These present the same difficulties as “gifts” or “fundraisers.” One strategy for preserving SSI eligibility is to place the proceeds in a special needs trust. See a lawyer experienced in this area for more on this topic.

WORK INCENTIVE PROVISIONS

Definition: The SSI program instituted certain work incentive provisions to encourage recipients in their pursuit of work without fearing loss of eligibility. These incentives take the form of earned income deductions. Earned income is defined as wages from employment or self-employment. The deductions permit SSI eligibility at higher levels of income.

Strategy: To fully use all possible deductions at the recipient’s disposal.

Item(s)	What is it?	How is it treated?
Student Earnings	For full-time students under age 22) up to \$1,870 per month may be deducted	Deduction pertains only to students
General Income Exclusion	\$65 may be deducted in any month from “earned” income amount	Available to anyone with earned income
Ancillary Income Exclusion I	Additional \$20 income exclusion	Available to anyone with earned or unearned income
Ancillary Income Exclusion II	One-half of remaining earned income in a month	Available to anyone with earned income – after the \$85 exclusions above, recipient keeps \$1 of every \$2 earned.
Impairment-Related Work Expenses (IRWEs)	Expenses necessary for the SSI recipient to work. Examples include: special transportation expenses, purchase of modified computer equipment	Available to person with relevant disability
Blind Work Expenses (BWEs)	Similar to IRWEs as relates to disability. Examples include guide dog expenses and the cost of readers if paid by the individual.	Specific benefit for blind persons
Amounts Set Aside in Plan for Achieving Self Support (PASS)	PASS allows an SSI recipient to set aside or exclude income that would otherwise be counted for a vocational objective. Items like a computer, college tuition, or a vehicle can be set aside in a PASS	Special PASS accounts are excellent ways to address gifts, fundraisers, child support obligations, or personal injury settlements. These will not be counted if paid directly to a PASS account. Additionally persons not eligible for SSI can become so through PASS

WHO CAN I CONTACT IF I HAVE QUESTIONS?

You may call MFY Legal Services, Inc.'s Government Benefits Project at 212-417-3732 on Mondays from 10:00 a.m. to 12:00 p.m. If you are a mental health consumer you may call MFY’s Mental Health Law Project at 212-417-3830 on Mondays, Tuesdays, and Thursdays from 10:00 a.m. to 5:00 p.m.

DISCLAIMER: This fact sheet gives general information for NYC residents; it is NOT legal advice.