

Department of Public Health
and Human Services

Section:
Financial Requirements

HEALTHY MONTANA KIDS

Subject:
Unearned Income

Supersedes: **New to HMK Manual**

General Rule – All unearned income received by the family must be considered when determining whether a child qualifies for benefits under the Healthy Montana Kids (HMK) coverage group. Unearned income includes:

NOTE: Unearned income of a child between age 19 and 23 who attends school (e.g., university, vocational technical, etc.) is excluded when determining countable family income.

NOTE: Some unearned income is counted differently by the HMK and HMK *Plus* coverage groups.

1. **Adoption Subsidies** – adoption subsidies are intended to pay for general living expenses and therefore, are **countable** unearned income to the child for whom it is intended.
2. **Agent Orange Settlement** – payments made from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the Agent Orange Product Liability Litigation (Public Law 101-201) is **excluded**.
3. **Annuities** – The principal portion of annuity payments are **excluded** income but the interest portion is **countable** income.
4. **Assistance Programs** – Federal, state or local assistance paid directly to the family is considered unearned income:
 - a. **Supplemental Security Income (SSI)** – income is **excluded** and attributable to the individual who receives the income.

NOTE: A family member who receives SSI cash benefits is not included in the household size nor is his/her income counted.

- b. **Tribal TANF** (Temporary Assistance for Needy Families) – income is **excluded**.
- c. **Bureau of Indian Affairs (BIA) General Assistance** – income is **excluded**.

5. **Child Care Block Grant** – child care payments made to a parent whose child is receiving child care must be paid to the child care provider. Therefore, payments are **excluded**.
NOTE: If a family member is a child care provider (caring for children other than their own), the payment is counted as earned income from self-employment.
6. **Child Support** – payments are **countable** income to the custodial parent.
7. **Contract for Deed** – The interest portion of a payment received on a Contract for Deed is **countable** income.

NOTE: The principal portion of a payment received on a Contract for Deed is considered an asset (i.e., the value of the Contract is reduced by the amount of principal paid).
8. **Crime Victim Compensation** – Payments received through this program are **excluded**.
9. **Disaster Relief Act** – Payments issued as a result of a Presidentially Declared Emergency or major disaster are **excluded**. This exclusion applies to federal assistance and to comparable disaster assistance provided by states, local governments, and disaster assistance organizations.
10. **Educational Income** – Educational grants, loans, scholarships and Veterans Administration (VA) education payments directly related to the individual's attendance at an institution of higher education are **excluded**.
11. **Energy Payments** – Energy payments made to a family based on financial need are **excluded**. These include Section 8/HUD Utility Payments, low income energy assistance payments (LIEAP), and Farmer's Home Administration (FmHA) rent subsidy payments.
12. **FEMA Funds** – Federal Emergency Management Assistance (FEMA) funds are **counted** when paid to a homeless individual to pay for rent, food and utilities and no major disaster or emergency is designated.
13. **Foster Care** – Foster care payments are **excluded** income to the foster family. Foster care payments are for the benefit of the foster child. A foster child is not considered a family member when determining HMK eligibility.

NOTE: When a foster child is applying for HMK coverage, refer the application to the Enrollment Manager.

14. **Gifts** – Non-recurring monetary gifts received by household members of \$600 per year per household member are **excluded**.
15. **Interest, Dividend or Royalty Income** – Interest, dividends or royalty payments received are **countable** income.
16. **Loan Proceeds** – Proceeds received from any valid loan taken out by the family, including a loan from a private individual, are **excluded**.
17. **Loan Repayments to the Family** – When a loan previously given by a family is repaid, only the interest portion of the payment is **counted** as income. The portion of the repayment which is principal is excluded (i.e., the loan repayment agreement is an asset to the family and any portion of a repayment which reduces the principal is also reducing the value of the asset).
18. **Lump Sum Payments** – Non-recurring lump sum payments are **excluded** income. Examples include: income tax refunds, rebates or credit refunds, insurance settlements, crop insurance proceeds, severance pay, etc.
19. **Native American Income** – All unearned tribal income received by Native American families is evaluated. The income may or may not be counted depending on the source and amount. (see chart below)
20. **Payments to Protective Payee** – Money received and used for the care and maintenance of a third party beneficiary who is not included in the protective payee's household is **excluded** as income to the protective payee.
21. **Pension or Retirement Payments** – Recurring payments from pension plans are **counted** income.
22. **Recoupment for Prior Overpayments** – **Count** the net income (amount after the repayment is taken) when money is withheld from the income source to repay a previous overpayment from that same income source. Example: SSI benefits are reduced due to a parent receiving a third paycheck during the month.
23. **Reimbursements** – Reimbursement for past or future expenses are **excluded** to the extent they do not exceed actual expenses. Example: Travel reimbursement.

24. **Sale of an Asset** – When an asset is sold on an installment payment basis, the interest received on periodic payments is **counted** income but the amount paid toward the principal is **excluded**.
25. **Social Security Disability Insurance Benefit (SSDIB)** – the gross benefit is **counted** whether it is received as a beneficiary or dependent of a beneficiary.
- NOTE: When a parent receives SSDIB income, their dependents usually receive monthly SSDIB income. So long as the parent remains disabled, a child may receive SSDIB income until age 18 or 19, if attending high school. When a child loses SSDIB income, the income is typically redistributed to the remaining dependents (i.e., no loss of income to the family).
- NOTE: After receiving SSDIB for two years, the beneficiary is eligible for Medicare coverage. The Medicare premium is withheld from the gross monthly benefit.
26. **Social Security Retirement** – beginning at age 62, an individual may voluntarily begin drawing Social Security Retirement income. The gross benefit is **counted** whether it is received as a beneficiary or as a dependent of a beneficiary.
- NOTE: When parents receive Social Security Retirement, their minor dependents usually receive monthly income. A child can receive Social Security Retirement income until age 18 or 19, if attending high school.
- NOTE: Early retirees are not eligible for Medicare coverage until age 65. The Medicare premium is withheld from the gross monthly benefit.
27. **Striker Income** – Income received from a union during a strike (e.g., income for walking a picket line) is **counted** income.
28. **Temporary Disability Insurance** – Insurance proceeds paid directly to an individual are **counted** income.
29. **Trust Funds** – Money withdrawn from the principal of a trust fund is **excluded** income. Money withdrawn from the interest of a trust fund is **counted** income.
- NOTE: Trust funds are considered assets. Assets are not counted when determining HMK eligibility.

30. **Unemployment Compensation** – Unemployment compensation is **counted** income.
31. **Vendor Payments** – When an individual or organization outside the family uses its own funds to make a direct payment to the family's creditor, it is considered a vendor payment. Vendor payments are **excluded** income.
32. **Veterans Administration Payments** – Retirement or disability payments from the Veterans Administration are **counted**.
33. **Veterans Administration Aid and Attendance Payments** – Aid and Attendance (A&A) payments are **excluded**. A&A payments given to veterans to pay for assistance from a third party; this allows the veteran to remain in his or her own home. Example: Paraplegic pays an individual with A&A monies to assist him or her with personal hygiene and household tasks.
34. **Workers Compensation** – Workers Compensation payments are **counted** income.

NOTE: If attorney fees are withheld from Workers Compensation payments, the gross amount of the Workers Compensation payment is counted as income because the gross amount is legally obligated and otherwise payable to the individual.

TYPE OF UNEARNED INCOME	COUNTED	EXCLUDED
Adoption Subsidies	✓	
Agent Orange Settlement		✓
Annuities		
- interest	✓	
- principal		✓
Assistance Programs		
- Bureau of Indian Affairs General Assistance (BIA)		✓
- Supplement Security Income (SSI)		✓
- Tribal TANF		✓
Child Care Block Grant		✓
Child Support	✓	
Contract for Deed		
- interest	✓	
- principal		✓
Crime Victim Compensation		✓

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Disaster Relief Act		✓
Educational Income		✓
Energy Payments		✓
FEMA Funds (no major emergency)	✓	
Foster Care Payments (see above)		✓
Gifts (non-recurring)		✓
Interest, Dividends or Royalties	✓	
Loan Proceeds		✓
Loan Repayment to the Family		
- interest	✓	
- principal		✓
Lump Sum Payments (e.g., tax refunds insurance settlements, rebates, etc)		✓
Native American Income		
- Tribal Land income (e.g., income from farm lease, grazing lease, mineral rights, oil and gas royalties, etc) – first \$2,000		✓
- Tribal Land income (e.g., income from farm lease, grazing lease, mineral rights, oil and gas royalties, etc) – over and above the first \$2,000	✓	
- Income from farm land which is other than tribal land	✓	
- Tribal disbursements (per capita, judgments, trusts)		✓
- Interest earned on Native American funds that are not counted (e.g., per capita payment)		✓
- Transfer of counted money from other Native American Agencies	✓	
Payments to Protective Payee		✓
Pension or Retirement Payments (recurring)	✓	
Recoupment for Prior Overpayments	✓	
Reimbursements		✓
Sale of an Asset		
- interest	✓	
- principal		✓
Social Security Disability Insurance Benefit (SSDIB)	✓	
Social Security Retirement	✓	
Striker Income	✓	
Supplement Security Income (SSI)		✓
Temporary Disability Insurance	✓	

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Trust Fund		
- interest	✓	
- principal		✓
Unemployment Compensation	✓	
Vendor Payments		✓
Veterans Administration Payments	✓	
Workers Compensation	✓	

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