

Department of Public Health
and Human Services

Section:
Eligibility Determination

HEALTHY MONTANA KIDS

Subject:
Income Disregards

Supersedes: New to HMK Manual

General Rule -- Income disregards reduce a family's gross annual income. The income remaining after disregards are subtracted is countable income and it is compared to HMK's Annual Income Limit for the family size. A child may qualify for HMK coverage group benefits when:

1. the family's countable annual income does not exceed the HMK guideline for the family size; and
2. the child meets all other HMK eligibility criteria.

The following disregards are subtracted from the family's gross earned annual income:

1. \$1,440 per year for each family member whose earned income is counted; and

NOTE: Because income eligibility for the HMK **Plus** coverage group is calculated on a monthly basis, Offices of Public Assistance (OPA) use \$120.00 as the monthly work disregard.

2. \$2,400 per year (regardless of the actual expense amount) for each individual for whom dependent care is paid out-of-pocket and the care is provided so a parent can work, look for work or attend school.

NOTE: Because income eligibility for the HMK **Plus** coverage group is calculated on a monthly basis, OPAs use \$200.00 as the monthly dependent care disregard amount for each family member receiving care.

**WORK
DISREGARD**

Each income earner whose income is counted when determining eligibility for the HMK coverage group will have their gross annual income reduced by \$1,440. This deduction is meant to help cover work-related expenses (i.e., mandatory payroll deductions, transportation costs, etc).

NOTE: The \$1,440 work disregard may reduce an earner's income to a negative amount.

EXAMPLE: Barney's gross annual income is \$25,000. His income is reduced to \$23,560 (\$25,000 - \$1,440). His wife Judy's gross annual income is \$800. Her income is reduced to -\$640 (\$800 - \$1,440). This family's countable annual income would be \$22,920 (\$23,560 -\$640).

DEPENDENT CARE DISREGARD

Two thousand four hundred dollars (regardless of the actual expense amount) may be deducted from a family's gross annual income for each dependent child or incapacitated dependent adult who:

1. lives in the same house as the income earner; and
2. is cared for by someone who is not a member of the household.

NOTE: Out-of-pocket expenses to pay for day camp, School After Care (SAC), etc. are considered dependent care expenses.

To qualify for the dependent care disregard, the income earner must:

1. be billed for and responsible to pay dependent care expenses; and
2. incur the expense while at their place of employment, while looking for work, or attending school or training; or
3. incur the expense while enroute to or from their place of employment, training, school or dependent care site.

EXAMPLE: Joe and Karen are both employed outside their home. They pay dependent care as follows:

- o Justin - \$1,200 annually (\$100 monthly)
- o Todd - \$1,800 annually (\$150 monthly)
- o Sarah - \$3,600 annually (\$300 monthly)

This family's total annual dependent care disregard is \$7,200 (\$2,400 X 3 children).

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