Policy Clarification 2016-06-01

Title: Income Allocation from Parent to Child

Date: 6/14/2016

From: Rod Estes, Elderly & Disabled Medical Policy Manager

Program impacted: Long Term Care Medical Assistance Programs

1. **Question**: PA in a facility and has 2 minor children. The children reside with the grandparents. Can income be allocated? We do not know how to interpret KEESM 8243:

  "All income allocated by an individual in an HCBS arrangement for the support of a minor child who is not living with a community spouse (or where a community spouse does not exist) and who is without sufficient income to meet his or her maintenance needs shall be exempt."

Exempt from what? We aren't sure how to interpret this.

Answer: It means the income allocated to the minor child is exempt for the HCBS individual.

2. **Question**: So, can we allocate income to the minor child when the child is residing with someone else other than the community spouse?

Answer: Yes, see KEESM 8143 (4) for situation where there is not a community spouse or children are not living with a community spouse (i.e. living with ex-spouse, grandparent, or some other relative). You would use the ES-3104.5 form. If child has income above the $475 PIL + $20 disregard ($495 total) they would not qualify for an allocation. The income allocation is calculated based on the income of the legally responsible persons with whom the children reside.

Below are the instructions for completing the ES-3104.5:

If there is no community spouse, you cannot use the ES-3163 form. You would use the ES-3104.5 Determination of Need (Medical Assistance) form. The way you would use the form (3104.5) is to total up the earned and unearned income for the children and any responsible person they are living with in sections A. and B. Put that income in C.8. (C.9-19 are not needed). Compare income in C.8. to PIL table in lower left of form. If income is greater than the PIL for household of that size, no allocation is allowed. If income is less than amount in table, then child can be allocated the difference.