



## State of New Jersey

DEPARTMENT OF HUMAN SERVICES  
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

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VALERIE HARR  
*Director*

**MEDICAID COMMUNICATION NO. 14-11**

**DATE: October 3, 2014**

**TO:** County Welfare Agency Directors  
Institutional Services Section (ISS) Area Supervisors

**SUBJECT:** Post-Eligibility Treatment of Income – 2014 Adjusted Utility Allowance **N.J.A.C. 10:71-5.7**

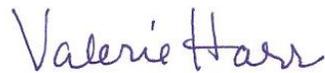
In determining the amount that may be deducted from the income of an institutionalized Medicaid eligible individual for the maintenance of a community spouse, consideration is given to the excess shelter expenses of the community spouse. When calculating the amount of the shelter expenses, the standard utility allowance is utilized when the community spouse directly incurs utility charges.

As you are aware, these utility allowances are the same as those applicable in determining eligibility under the authority of the Division of Family Development's (DFD) Supplemental Nutrition Assistance Program (SNAP). DFD has announced that the standard utility allowance will increase from \$454.00 per month to **\$491.00 per month, effective October 1, 2014.**

County Welfare Agencies (CWA) and Institutional Services Section (ISS) offices shall apply the new standards in the post-eligibility treatment of income beginning with the month of October, 2014 for all new cases and cases subject to redetermination. All other cases in which there is a community spouse shall be reviewed for the potential of increased maintenance deductions no later than December 31, 2014. For any such case, the CWA must assure that any change in the maintenance deduction be applied retroactively to October 1, 2014.

For your convenience, attached to this Medicaid Communication is a fact sheet on post-eligibility treatment of income maintenance deductions including computation examples. If you have any questions regarding this Medicaid Communication, please refer them to the Division's Office of Eligibility Policy field service staff for your agency at 609-588-2556.

Sincerely,

A handwritten signature in blue ink that reads "Valerie Harr".

Valerie Harr  
Director

c: Jennifer Velez, Commissioner  
Department of Human Services

Dawn Apgar, Deputy Commissioner  
Department of Human Services

Lowell Arye, Deputy Commissioner  
Department of Human Services

Lynn Kovich, Assistant Commissioner  
Division of Mental Health and Addiction Services

Liz Shea, Assistant Commissioner  
Division of Developmental Disabilities

Joseph Amoroso, Director  
Division of Disability Services

Jeanette Page-Hawkins, Director  
Division of Family Development

Allison Blake, Commissioner  
Department of Children and Families

Mary E. O'Dowd, Commissioner  
Department of Health

## POST-ELIGIBILITY TREATMENT OF INCOME MAINTENANCE DEDUCTIONS

### SPOUSAL DEDUCTION

A deduction may be made from an eligible institutionalized individual's income, prior to the application of income to the cost of care, for the maintenance of the community spouse.

- A community spouse for purposes of this deduction is a person who is legally married (under provisions of State law) to the institutionalized spouse. A community spouse will not include an individual who is holding himself or herself out to the community as a spouse of the institutionalized individual when, in fact, the couple is not legally married.
- In order to qualify for the community spouse maintenance deduction, the community spouse must have resided with the institutionalized individual immediately prior to the institutionalization and cannot be institutionalized himself or herself.

Effective July 1, 2014, the basic community spouse deduction standard is \$1966.25 monthly.

- In determining the amount of the community spouse maintenance deduction, the maintenance allowance is reduced by the community spouse's *gross income (both earned and unearned)*. (Note: In determining the amount of the community spouse's earned income, mandatory payroll deductions are not subtracted from the gross earnings.)

To the extent that the community spouse's shelter expenses exceed \$589.88 monthly, the community spouse maintenance deduction limit shall be increased.

Shelter expenses include

- rent and mortgage (including principal and interest)
- taxes
- insurance
- monthly maintenance charge for a condominium or cooperative
- a standard utility allowance

The standard utility allowance can only be used if the community spouse directly incurs charges for utilities. If such charges are included in the rent or maintenance charge, no utility allowance may be used. Effective **October 1, 2014**, if the community spouse directly pays for *any utility charges*, a utility allowance of **\$491.00** shall be included as a shelter expense.

If either member of the couple alleges that the community spouse maintenance deduction is insufficient, the couple can file for a fair hearing. If the couple can demonstrate that because of exceptional circumstances the

amount of the community spouse deduction is inadequate, a higher deduction can be authorized for as long as is specified in the final agency decision.

## FAMILY MEMBER DEDUCTION

A family member deduction shall be authorized beyond the community spouse deduction for the following family members AS LONG AS THEY RESIDE WITH THE COMMUNITY SPOUSE. If the family member(s) do not reside with the community spouse or if the community spouse is deceased, no maintenance allowance may be made.

- Children under the age of 21
- Children over the age of 21 who are claimed as dependents for federal tax purposes by either member of the couple.
- Parents of either member of the couple who are claimed as dependents for federal tax purposes.
- Siblings of either member of the couple who are claimed as dependents for federal tax purposes. Siblings include:
  - brothers or sisters
  - half-brothers or half-sisters
  - siblings through adoption

The family member deduction is calculated individually for each family member.

- subtract the family member's *gross* income from \$1966.25
- 1/3 of the remaining amount shall be the deduction authorized for that member

*Example: David, who is disabled, resides with his mother and is claimed by her as a tax dependent. David receives \$679 monthly in Social Security benefits. His father is institutionalized.*

$$\begin{array}{r} \$1966.25 \text{ Standard} \\ - \quad 679 \text{ David's gross income} \\ \hline \$1287.25 \end{array}$$

$$\$ 1287.25 \times 1/3 = \$429.08 \text{ allowable deduction from David's father's income}$$