

**Title 23: Division of Medicaid, Office of the Governor**

**Part 104: Income**

**Part 104 Chapter 2: What is Income**

*Rule 2.4: Forms of Income.*

- A. Whether earned or unearned, income may be received in either of two forms:
1. Cash, which is currency, checks, money orders or Electronic Funds Transfers (EFTs), such as:
    - a) Social Security;
    - b) Unemployment Compensation;
    - c) Wages.
  2. In-kind items, such as:
    - a) Shelter;
    - b) Food (Before September 30, 2024);
    - c) Clothing (Before March 9, 2005);
    - d) Non-cash wages (such as room and board as compensation for employment).

Source: Social Security Act §1902 (r)(2); 42 C.F.R. § 435.601(b) (Rev 1994).

History: Revised eff. 05/01/2026.

**Part 104 Chapter 3: What is Not Income**

*Rule 3.1: Items Not Considered Income for Medicaid Purposes.*

- A. Some items received by an individual are not income because they do not meet the definition of income. Other items are income by definition, but are excluded from an individual's income by federal statute. Only those items specifically listed in the law and regulations can be excluded from income. The items in this section are not considered income for Medicaid purposes, as follows:
1. Medical and Social Services. These services are not income for Medicaid purposes. Under the circumstances specified in this section, cash and in-kind items received in conjunction with medical and social services are also not income.

- a) Medical services are those services which are directed toward diagnostic, preventive, therapeutic or palliative treatment of a medical condition and which are performed, directed or supervised by a state licensed health professional.
  - 1) The term “medical services” includes any room and board (i.e., food or shelter) provided during a medical confinement, as well as in-kind medical items such as prescription drugs, eyeglasses, prosthetics and their maintenance, electric wheelchairs, modified scooters and specially trained animals, such as seeing eye dogs, and their maintenance. Transportation to and from medical treatment is also considered a medical service.
- b) A social service is any service (other than medical) which is intended to assist a handicapped or socially disadvantaged individual to function in society on a level comparable to that of an individual who does not have such a handicap or disadvantage.
  - 1) Some frequently encountered social services programs are programs funded under Title IV-B of the Social Security Act, Child Welfare Services; Title V of the Social Security Act, Maternal and Child Health and Crippled Children’s Services and the Rehabilitation Act of 1973.
  - 2) Education is not generally considered to be a social service, nor is vocational training that is not part of a vocational rehabilitation program.
  - 3) Government income maintenance programs such as TANF or Bureau of Indian Affairs General Assistance and Child Welfare Assistance are also not social services.
- c) When cash is received in conjunction with medical or social services, handle as follows:
  - 1) Any cash provided by a governmental medical or social services program is not income.
  - 2) Any cash from a nongovernmental medical or social services organization is not income when:
    - (a) The cash is for medical or social services already received by the individual and approved by the organization; however, if the individual receives an amount in excess of the expense of the medical or social services, the excess cash is unearned income; or
    - (b) The cash is a payment restricted to the future purchase of a medical or social service, or related excludable in-kind items.
  - 3) Cash from any insurance policy which pays “loss of time” benefits to the recipient and restricts payment to periods of hospital confinement is treated as a third-party

resource, not income. However, cash payments considered to be an income supplementation for lost income due to a disability are income. This includes weekly disability policies without regard to hospital confinement.

- d) When in-kind items are received in conjunction with medical or social services, handle as follows:
    - 1) In-kind items which meet the definition of medical services are not income regardless of their source.
    - 2) Room and board (food and shelter) provided during a medical confinement is not income. A medical confinement exists when an individual receives treatment in a medical treatment facility.
    - 3) Any in-kind items (including food and shelter) provided by a governmental medical or social services program are not income.
    - 4) In-kind items (other than food or shelter) provided by a nongovernmental medical or social services organization for medical or social services purposes are not income.
  - e) Cash payments for medical or social services that are not income are also not a resource for one calendar month following the month of receipt.
2. Personal Services. A personal service performed for an individual is not income.
- a) Examples of personal services for an individual which are not income are:
    - 1) Mowing the lawn;
    - 2) Doing housecleaning;
    - 3) Going to the grocery store; and
    - 4) Babysitting.
3. Conversion or Sale of a Resource. Receipts from the sale, exchange or replacement of a resource are not income, but are resources that have changed their form. This includes any cash or in-kind item that is provided to replace or repair a resource that has been lost, damaged or stolen.
- a) Example: Jerry sells his 1999 Buick for \$1000. The money he receives is not income, but a resource which has been converted from one form (a car) to another form (cash).
4. Rebates and Refunds. When an individual receives a rebate, refund or other return of money he has already paid, the money returned is not income.

- a) The key idea in applying this policy is the return of an individual's own money.
  - 1) Some rebates do not fit that category. If the rebate is a return on an investment, for example, the rebate would be treated as a dividend.
5. Income Tax Refunds. Any amount of income tax refunded to an individual is not income. Amounts withheld or paid as income tax during the course of a taxable year are included in the definition of income; therefore, any later refund of income taxes by a federal, state, or local taxing authority is not again treated as income, but it is treated as a resource. This is so even if the income from which the tax was withheld or paid was received in a period prior to the Medicaid application.
  - a) Federal tax refunds received after December 31, 2009, are not counted income or as a resource to the recipient or any person to whom the funds are given for a period of twelve (12) months following receipt.
    - 1) Any of these funds which are transferred are not subject to penalty.
    - 2) If placed in a trust, the funds are not subject to Medicaid trust provisions.
6. Credit Life and Credit Disability Insurance Payments. These payments are issued to or on behalf of borrowers to cover payments on loan, mortgages, etc., in the event of the borrower's death or disability.
  - a) Both types of insurance may be administered under group or individual policies.
  - b) The insurance payments are made directly to loan or mortgage companies, and are not available to the individual, either directly or by sale or conversion, for purposes of meeting his basic needs.
  - c) These payments made on behalf of an individual under credit life or credit disability policies are not income.
7. Other Insurance Payments. Each insurance policy must be examined to determine the type of benefit it provides and the purposes for which it can be used. Cash payments should be treated as follows:
  - a) Cash payments from any insurance policy made directly to the provider are not income since the beneficiary does not receive the payment. Any amounts paid to a facility for purposes other than medical care may be considered income if the facility actually pays the amount to the individual.
  - b) Cash payments from any insurance policy which are restricted for purchase or reimbursement of medical services covered under the policy are a third-party resource, not income.

- c) Cash payments from policies that restrict payments to periods of hospital confinement are a third-party resource, not income.
  - d) Cash payments from specialized policies, such as cancer or dismemberment policies, are reimbursements, not a third-party resource.
  - e) Cash payments from any insurance policy intended for income supplementation for lost income due to a disability are considered income. This includes weekly disability payments without regard to hospital confinement.
  - f) Long-term care insurance policies may be paid directly to the individual or to the nursing facility.
    - 1) If payments are made directly to the individual, consider them countable unearned income.
    - 2) If paid directly to the nursing facility, consider them a third-party resource.
8. Bills Paid by a Third Party. When someone other than the eligible individual or couple makes a payment directly to a vendor, the payment is not income to the Medicaid recipient because the individual does not receive the payment itself.
- a) However, a third-party vendor payment is a means by which an individual may receive unearned in-kind income if shelter is received.
9. Replacement of Income Already Received. If an individual's income is lost, stolen or destroyed and the individual receives a replacement, the replacement is not income. This is because once a payment has been issued and treated as income in determining an individual's eligibility, the reissuance of that same payment is not counted as income.
10. Return of Erroneous Payments. A payment is not income when the individual is aware that he or she is not due the money and returns the check uncashed or otherwise refunds all of the erroneously received money in the month of receipt or the following month.
- a) When the return is timely, accept the client's statement the money was returned and do not count it as income.
  - b) However, if there is a delay in return of the erroneous payment beyond the month following the month of receipt, verify return of the full payment and document the reason for the delay and any other relevant facts.
11. Weatherization Assistance. This type of assistance (insulation, storm doors, windows, etc.) is not income.
12. Receipt of Certain Non-Cash Items. The value of any noncash items (other than shelter)

is not income if the item would become a partially or totally excluded nonliquid resource if retained into the month after the month of receipt.

- a) Such non-income items may include, but are not limited to, specially equipped vehicles, automobiles, household goods, and property essential to self-support.
- b) Consider these non-income items solely under resource rules.

13. Wage-Related Payments. The following payments by an employer are not income unless the funds for them are deducted from the employee's salary:

- a) Funds the employer uses to purchase qualified benefits under a cafeteria plan;
- b) Employer contributions to a health insurance or retirement fund;
- c) The employer's share of Federal Insurance Contributions Act (FICA) taxes or unemployment compensation taxes, in all cases;
- d) The employee's share of FICA taxes or unemployment taxes paid by the employer on wages for domestic services in the private home of the employer or for agricultural labor only; to the extent the employee does not reimburse the employer.

14. Proceeds of a Loan. Refer to Miss. Admin. Code Part 103, Chapter 3, Rule 3.3, for a complete discussion of the definitions associated with loans. For income purposes, the proceeds of a loan are treated as follows:

- a) The proceeds of a bona fide loan are not income to the borrower because of the borrower's obligation to repay. Money received as repayment of the principal of a bona fide loan is not income to the lender; however, the interest received on money loaned is income to the lender.
- b) If the loan is not bona fide, the proceeds received in the transaction are unearned income to the borrower in the month received. If the loan is not bona fide, payments toward principal and interest are unearned income to the lender. As indicated above, the interest received by the lender on money loaned is unearned income whether the loan is bona fide or not.

15. Promissory Notes and Property Agreements. Refer to Part 103, Chapter 3, Rule 3.3, for a complete discussion of the definitions associated with promissory notes and property agreements. For income purposes, they are treated as follows:

- a) Treatment for the borrower is as follows:
  - 1) Under both Supplemental Security Income (SSI) and liberalized policy, for the Medicaid client who is the borrower, cash paid by the lender to the borrower is not income if a promissory note or property agreement is bona fide. However, any

reserve may be a resource the following month;

- 2) Under both policies, if the agreement is non-bona fide or non-negotiable, cash paid by the lender to the borrower is income in the month received by the borrower and any retained cash (or property received) may be a resource the following month.
- b) Under SSI policy, treatment for the lender is as follows:
- 1) A bona fide, negotiable promissory note or property agreement is a resource.
    - (a) The goods or money represented in the agreement are not a resource because they are not accessible.
    - (b) The interest portion of the payment on a bona fide, negotiable agreement received by the Medicaid client who is the lender is unearned income.
  - 2) If the agreement is non-bona fide or non-negotiable, both principal and interest paid to the lender are income.
- c) For coverage groups subject to liberalized resource policy, treatment for the lender is as follows:
- 1) A bona fide, non-negotiable promissory note or agreement can be excluded as a resource if it produces at least a six percent (6%) net annual return of the principal balance.
    - (a) For this exclusion to apply to the non-institutionalized client, the income must be received by the client/spouse and counted as income.
    - (b) For all institutionalized individuals in either SSI or liberalized programs, the agreement may be excluded as a resource if it produces at least a six percent (6%) net annual return of the principal balance and meets all of the following criteria:
      - (i) The repayment terms of the note or agreement are actuarially sound;
      - (ii) The institutional client must reasonably expect to receive full payoff of the note or agreement during his lifetime. The average number of years of life expectancy remaining based on the Annuity Life Expectancy charts, compiled by the Office of Actuary of the Social Security Administration and applicable to the decision, must coincide with the payout of the note or agreement;
      - (iii) Principal and interest portions of payments are of uniform rate, with no deferred or balloon payments, and

(iv) The agreement prohibits cancellation of the debt upon death of the lender.

16. Fund Raising Proceeds. Benefits received through fund raising are a potential third-party liability source. The applicant/recipient must report all sources of income from fund raising to the regional office. The regional office will inform the Office of Third-Party Recovery of the availability of any source of payment for medical services.

a) Donated funds for the purpose of payment of medical services are considered a third-party source. In order for donated funds to be excluded as income, the following criteria must be met:

- 1) Prior to accepting donations, the applicant/recipient (or family of a child) must make arrangements to place donations in a trust fund or special account;
- 2) The trust fund or special account must be managed by an administrator (someone outside the family);
- 3) The funds must never be mixed with personal or family money;
- 4) The applicant/recipient should not have direct access to the trust fund or special account; and
- 5) The applicant/recipient or administrator must be able to produce documentation of how the funds were spent.

Source: Social Security Act §1902 (r)(2); 42 C.F.R. § 435.601(b) (Rev 1994); Miss. Code Ann. §43-13-121.1 (Rev. 2005).

History: Revised eff. 05/01/2026.

## **Part 104 Chapter 7: Sources and Treatment of Unearned Income**

*Rule 7.11: Department of Veterans Affairs (VA) Benefits.*

A. This type of income is defined as follows:

1. The Department of Veterans Affairs (VA) has numerous programs that make payments to recipients and their families. Types of VA payments include but are not limited to:
  - a) Pensions;
  - b) Compensation;
  - c) Educational Assistance;
  - d) Aid and Attendance Allowance;

- e) Housebound Allowance;
- f) Clothing Allowance;
- g) Payment Adjustment for Unusual Medical Expenses;
- h) Payments to Vietnam Veterans' children with Spina Bifida; and
- i) Insurance Payments.

B. Treatment of VA payments for SSI/Medicaid purposes depends on the nature of the payments and is included in Miss. Admin Code Part 104, Rules 7.12 through 7.26.

Source: Social Security Act §1902 (r)(2); 42 C.F.R. § 435.601(b) (Rev 1994).

History: Revised eff. 05/01/2026.

*Rule 7.42: Work-Related Unearned Income.*

The following work-related payments are counted as unearned income:

- A. Certain in-kind items provided as remuneration for employment, e.g., in-kind payments of shelter to domestic employees;
- B. Money paid to a resident of a public institution when no employer/employee relationship exists;
- C. Tips under twenty dollars (\$20) per month;
- D. Jury fees, i.e., fees for services, not expense money;

Source: Social Security Act §1902 (r)(2); 42 CFR § 435.601(b) (Rev 1994).

History: Revised eff. 05/01/2026.

*Rule 7.60: Job Corps.*

A. This program is defined as follows:

- 1. The Job Corps is a Workforce Investment Act (WIA) program.

B. Income from this program is treated as follows:

- 1. A Job Corps participant who is a student under age twenty-two (22) qualifies for the student earned income exclusion.

2. The living allowance is wages.
3. The readjustment allowance, including any amount deducted to pay the participant's share of a dependent's allowance, is wages.
4. Any bonus and incentive payments are also wages.
5. A bi-weekly dependent's allowance may be paid directly to a participant's dependent. This allowance is counted as unearned income to the dependent.
  - a) If the participant is a deemor and his dependent is eligible for Medicaid, only one-half of the dependent's allowance is unearned income to the dependent.
6. The clothing allowance is not income.
7. Supportive services such as medical services, transportation to and from medical treatment, counseling, job placement services provided in-kind which are medical or social services are not income.
8. The rules regarding temporary absence for deeming purposes apply to Job Corps participants who reside in a Job Corps Center or who are away at school.

Source: Social Security Act §1902 (r)(2); 42 C.F.R. § 435.601(b) (Rev 1994).

History: Revised eff. 05/01/2026.

*Rule 7.61: Payments for Clinical Trial Participation.*

A. These payments are defined as follows:

1. Payments for participation in clinical trials which research and test treatment of rare diseases or conditions, as defined in the Improving Access to Clinical Trials Act of 2009.

B. These payments are treated as follows:

1. As applicable, exclude the first two thousand dollars (\$2,000) of compensation per calendar year received by a Medicaid client, spouse or deemor as compensation for participation in clinical trials.
2. Payments which are reimbursements for expenses incurred while participating in the trial do not reduce the two thousand dollars (\$2,000) calendar year maximum.
3. Apply the exclusion, if applicable. Otherwise, use regular income counting rules.

Source: Social Security Act §1902 (r)(2); 42 C.F.R. § 435.601(b) (Rev 1994); Clinical Trials Improvement Act of 2009.

History: Revised eff. 05/01/2026.

## **Part 104 Chapter 9: Sources and Treatment of Earned Income**

### *Rule 9.7: Royalties and Honoraria.*

A. These payments are defined as follows:

1. Royalties include compensation paid to the owner for the use of property, usually copyrighted material (e.g., books, music, or art) or natural resources (like minerals, oil, gravel or timber). Royalty compensation may be expressed as a percentage of receipt from using the property or as an amount per unit produced.
  - a) To be considered royalties, payments for the use of natural resources also must be received:
    - 1) Under a formal or informal agreement whereby the owner authorizes another person to manage and extract a product like timber or oil; and
    - 2) In an amount that is dependent on the amount of the product actually extracted.
2. An honorarium is an honorary or free gift, reward or donation usually provided gratuitously for services rendered (like a guest speaker), for which no compensation can be collected by law. The amount also may include payment for items other than services rendered, e.g., lodging or travel expenses.

B. These payments are treated as follows:

1. Royalties are earned income when they are:
  - a) Received as part of a trade or business; or
  - b) Received by a person in connection with any publication of his work such as publication of a manuscript, magazine article or artwork.
2. While royalties may involve natural resources, an outright sale of natural resources by the owner of the land or by the owner of rights to use the land constitutes conversion of a resource. Proceeds from the conversion of a resource are not income.
3. Absent evidence to the contrary, assume the amount of any honorarium received is in consideration of the actual services provided by the individual and treat as earned income. Any other payment received in cash or in-kind connected with service is unearned income to the extent it exceeds the individual's expenses.

- a) Deductions of the expense of obtaining income from royalties/honoraria that are earned income are not allowed. However, such expenses are deductible from royalties/honoraria that are unearned income.

Source: Social Security Act §1902 (r)(2); 42 C.F.R. § 435.601(b) (Rev 1994).

History: Revised eff. 05/01/2026.

## **Part 104 Chapter 10: Income Computations and Deeming**

### *Rule 10.4: In-Kind Income.*

A. In-kind income is defined as follows:

1. In-kind income is any income other than cash income.
  - a) To meet the definition of income, the in-kind item received by the individual must be:
    - 1) Shelter; or
    - 2) Something the individual can sell or convert to obtain food or shelter.
      - (a) If the in-kind item is not shelter, and it cannot be sold or converted to cash, then it is not income.

B. In-kind income is treated as follows:

1. In-kind Support and Maintenance (ISM) is unearned income in the form of shelter. Receipt of clothing is no longer counted as ISM effective March 9, 2005. Receipt of food is no longer counted as ISM effective September 30, 2024.
  - a) ISM is an Supplemental Security Income (SSI) policy principal that may be applicable to all categories of eligibility as described below:
    - 1) Whenever in-kind payments, as defined above, are received by individuals in SSI-related categories, such as SSI retroactive cases and former SSI recipient cases, the value of the ISM is determined by one of the three methods discussed below and the ISM is counted as unearned income.
    - 2) For cases associated with the Federal Poverty Level (FPL) or Institutional Income limit, the source of the in-kind payment determines whether the ISM is countable. If the source of the in-kind payment is for the benefit of the client and the in-kind payment is for shelter, the actual amount of the ISM is countable unearned income.
      - (a) Example: The client is the beneficiary of a trust, which is not a resource. A

monthly disbursement of three hundred dollars (\$300) is made from the trust to pay his shelter costs. The amount of the disbursement is countable unearned income.

(b) Example: The client's mother pays his rent of three hundred dollars (\$300) to his landlord from her own funds. This third-party payment is not countable ISM to the Medicaid recipient.

- b) To determine the value of ISM for an eligible individual or couple in an SSI-related category of eligibility, use the lesser of the three (3) values discussed below when the individual or couple:
  - 1) Lives in the household of another,
  - 2) Receives rent free shelter,
  - 3) Has someone else (a third party) pay for goods and services provided to the eligible individual, or
  - 4) Receives rental subsidies.
- c) Current Market Value (CMV). This is the amount for which something can be purchased locally on the open market.
  - 1) Depending on the type of support and maintenance received, the determination of the CMV may be based on various factors such as the assessed value from a knowledgeable source, property owner's statement, and the individual's payment.
- d) Actual Value (AV). The current market value is divided by the number of people receiving support and maintenance minus any payment made out of an individual's own funds. If he makes no payment, AV and CMV may be the same amount.
- e) Presumed Maximum Value (PMV). This is an amount equivalent to one-third of the applicable Federal Benefit Rate (FBR) plus twenty dollars (\$20).
  - 1) The PMV rules apply to in-kind support and maintenance that is countable as unearned income. The PMV never applies to earned income.
  - 2) Use of the PMV in determining an individual's countable income is rebuttable by the individual's showing that the AV of the in-kind support and maintenance he receives is less than the PMV.
    - (a) The lower of these two figures is always used, but never an amount in excess of the PMV, regardless of the number of sources of such income or the variety of living arrangements during any one given period.

- 3) PMV is not used to determine the value of ISM for individuals in FPL or institutional categories.
- f) ISM is counted as income in the month in which the individual has use of the shelter item, with the exception that a third-party vendor payment received as a gift is income in the month in which the payment is made.

Source: Social Security Act §1902 (r)(2); 42 C.F.R. § 435.601(b) (Rev 1994).

History: Revised eff. 05/01/2026.

*Rule 10.5: In-Kind Items Received as Remuneration for Employment (Supplemental Security Income (SSI) Categories Only).*

A. In-kind items may be provided as remuneration for employment, as follows:

1. Wages may include the value of shelter, or other items received in lieu of cash for individuals in SSI-related categories only.
2. In-kind payment of shelter to the following people or under the following conditions is unearned income:
  - a) Agricultural employees;
  - b) Domestic employees;
  - c) Service not in the course of the employer's trade or business;
  - d) Service by certain home workers;
  - e) Members of the Uniformed Services;
  - f) In the form of shelter which is on the employer's business premises for the employer's convenience and its acceptance by the employee is a condition of employment.

Source: Social Security Act §1902 (r)(2); 42 C.F.R. § 435.601(b) (Rev 1994).

History: Revised eff. 05/01/2026.

## **Part 104 Chapter 11: Introduction to Income – MAGI Programs**

*Rule 11.1: Income Rules*

- A. The Affordable Care Act (ACA) requires that state Medicaid programs use modified adjusted gross income or MAGI-based methodology for determining the income of an individual and the individual's household. MAGI methodology and rules are required in determining

eligibility for Medicaid or Children’s Health Insurance Program (CHIP) or an 1115 demonstration that involve MAGI covered populations of children, pregnant women and parents and needy caretaker relatives. The Aged, Blind and Disabled population is exempt from MAGI rules.

- B. The MAGI methodology is aligned with the process used to determine eligibility for the premium tax credits and cost sharing reductions available to certain individuals purchasing coverage through the federal health insurance marketplace. The requirement that both Medicaid and the marketplace use MAGI-based income methodologies is designed to promote coordination and avoid gaps in coverage, to the extent possible, for individuals that transfer between different types of insurance affordability programs.
- C. The use of liberalized income rules under 1902(r)(2) of the Social Security Act is prohibited under MAGI based methodology. This provision is only available to certain ABD covered categories of eligibility.

Source: 42 C.F.R. § 435.603 (Rev. 2012).

History: Revised eff. 05/01/2026.

*Rule 11.3: Household Income*

- A. Modified Adjusted Gross Income (MAGI) based income rules require that financial eligibility is based on household income for MAGI related programs.
- B. Household income is the sum of the MAGI-based income of every individual included in the individual’s household minus an amount equivalent to five (5) percentage points of the federal poverty level for the applicable family size, with the following exceptions:
  - 1. The MAGI-based income of an individual who is included in the household of his or her natural, adopted or stepparent that is not required to file a tax return is not included in the household income whether or not the individual files a tax return.
  - 2. The MAGI-based income of a tax dependent other than a spouse or child that is not required to file a tax return is not included in the household income whether or not the individual files a tax return.
- C. No other income disregards are permitted from gross income other than the five (5) percentage points disregard.

Source: 42 C.F.R. § 435.603 (Rev. 2012).

History: Revised eff. 05/01/2026.

**Part 104 Chapter 12: Income That Does Not Count Under IRS Rules – Modified Adjusted Gross Income (MAGI) Programs**

*Rule 12.1: Income That Does Not Count*

- A. The following is not an exhaustive list of income that does not count but represents the types more commonly encountered. If not addressed herein, Internal Revenue Service (IRS) tax rules provide the governing policy.
1. Alimony paid from divorce or separation agreements finalized on or before December 31, 2018, are deducted from the income of the payor. Alimony paid from divorce or separation agreements finalized after December 31, 2018, are not deducted from income.
  2. Black Lung benefits are not taxable income and are not counted as income.
  3. Child Support benefits are not counted as income to the payee or the child(ren) for whom it is paid; however, Child Support is not a deduction allowable from the income of the payer.
  4. Veterans Affairs (VA) Benefits are not counted as income. Benefits paid by the Department of Veterans Affairs are not taxable income.
  5. Workers' Compensation Benefits are not taxable income and are not counted as income.
  6. Life Insurance Proceeds paid due to the death of the insured person are not taxable income and are not counted as income, unless the policy was sold or reassigned for a price.
  7. Accelerated Death Benefits paid under a life insurance contract prior to the insured's death are excluded from income if the insured is terminally ill.
  8. Public Assistance Benefits, such as Supplemental Security Income (SSI), Temporary Assistance for Needy (TANF), and the value of assistance from programs such as Supplemental Nutrition Assistance Program (SNAP) and Women, Infants and Children's Nutrition Program (WIC) are excluded from income. Title IV-E Foster Care and Adoption Assistance payments are also excluded from income.
  9. Disaster relief income or grants from a qualified disaster relief payment, meaning the payment is to reimburse certain necessary living expenses following a federally declared disaster, are excluded from income.

Source: 42 C.F.R. § 435.603 (Rev. 2012).

History: Revised eff. 05/01/2026.

**Part 104 Chapter 13: Income That Counts Under IRS Rules – Modified Adjusted Gross Income (MAGI) Programs**

*Rule 13.1 – Income That Counts*

- A. The following is not an exhaustive list of the types of income that counts but is meant to cover the types most commonly encountered. If not addressed herein, Internal Revenue Service (IRS) tax rules provide the governing policy.
1. Employee Compensation includes all things received in payment for personal services, such as wages, salaries, commissions, fees, bonuses, tips, severance pay, sick pay paid by an employer while out on sick leave and backpay awards. Employment income that counts is the gross income prior to any payroll deductions.
  2. Volunteer Income. The treatment of income received as a volunteer is as follows:
    - a) Peace Corp – living allowances paid to the volunteer for housing, utilities, supplies, food and clothing are not counted as income. Countable wages include allowances paid to a spouse and minor children while the volunteer is a volunteer leader training in the U.S.; living allowances designated as basic compensation; leave allowances and readjustment allowances.
    - b) VISTA (Volunteers in Service to America) – meal and lodging allowances paid to the volunteer are counted as wages.
    - c) AmeriCorps education awards and living allowances are countable income.
    - d) National Senior Service Corps programs, include the RSVP or Retired Senior Volunteer Program, Foster Grandparent Program, and Senior Companion Program. Income received for supportive services or reimbursements for out-of-pocket expenses are not counted as income.
  3. Military Pay – payments received as a member of a military service are wages. Military retirement benefits are treated as pensions. Allowances, such as a basic allowance for housing or subsistence, are generally not taxable income and do not count as income.
  4. Self-Employment – for IRS purposes, an individual is considered to be self-employed if the individual has a trade or business as a sole proprietor, an independent contractor, is a member of a partnership that carries on a trade or business or is otherwise in business for himself/herself, including a part-time business. Self-employment is business income less allowable business expenses that results in a net profit or loss. Net profit counts as income. Annualize the income to arrive at a monthly countable amount provided the business has been in existence for a twelve (12) month period. Annualize even if the income is received over a short period of time during the year unless the business is designed to be seasonal, such as a summer business that operates only three (3) months out of the year. Such business income would be averaged over the period of time the business covers. If a business has been in existence less than a full taxable year, average over the period of time the business has been in existence.
    - a) Partnership income – each partner’s distributive share of profit counts as self-employment income which is annualized.

5. Rental Income – countable income includes the net proceeds after allowing all IRS allowed deductions for rental income.
6. Farm Income – farm income that counts is the net earnings or profit that remains after allowing all IRS allowed business expenses involved in raising livestock, poultry or fish or from the growing of fruits or vegetables. Farm income is annualized or averaged over the time the farming business operates, as appropriate.
7. Royalties from copyrights, patents and oil, gas and mineral properties are taxable income and therefore countable.
8. Unemployment Compensation – all unemployment compensation benefits are countable as income.
9. Retirement, Survivors and Disability Insurance (RSDI) or benefits paid by the Social Security Administration are only partially taxable as income under certain conditions but are fully countable as income for insurance affordability programs.
10. Alimony payments received from divorce or separation agreements finalized on or before December 31, 2018, are countable as income to the divorced or separated spouse receiving the payment. Alimony payments received from divorce or separation agreements finalized after December 31, 2018, are not countable income.
11. Annuities – payments from annuities are countable as income.
12. Pensions and Retirement benefits are countable as income, including pensions paid by any private, municipal, county, state or federal plan.
13. Estate and trust income is countable income when distributed or when it should have been distributed, regardless of whether it was actually distributed.
14. Gambling, Lotteries and Raffle Winnings – cash winnings are countable income in the month received. Lottery and gambling winnings of eighty thousand dollars (\$80,000) or greater that require lump sum winnings are not only counted as unearned income in the month received, but for the person receiving the lump sum (the winner), it is counted as income up to one hundred and twenty (120) months, depending on the amount of the winnings. The only person potentially impacted beyond the month of receipt of lump sum is the lottery or gambling winner. Otherwise, a lump sum received under this provision continues to count in month of receipt only for household members.
15. Jury duty pay is countable as income.

16. Alternative trade adjustment assistance (ATAA) payments received from a state agency under the Demonstration Project for Alternative Trade Adjustment Assistance for Older Workers is countable as income.
17. Interest income, including tax-exempt interest, is countable under MAGI rules.
18. Disability benefits received through an accident or health insurance plan – the IRS rules for counting such benefits are as follows:
  - a) If both the individual and the employer paid the premiums for the plan, only the amount received for disability that is due to the employer's payments is countable as income,
  - b) If the individual paid the entire cost of the plan, the payments are not countable as income,
  - c) If the premiums of a plan were paid through a cafeteria plan and the amount of the premium was not taxable income to the individual, the premiums are considered paid by the employer and the disability payments are countable as income.

Source: 42 C.F.R. § 435.603 (Rev. 2012).

History: Revised eff. 05/01/2026.

## **Part 104 Chapter 14: Verification of Income – MAGI Programs**

### *Rule 14.2 – Reasonable Compatibility Rules*

- A. Income verified from electronic data sources that is reasonably compatible with self-attested income allows a Medicaid or Children's Health Insurance Program (CHIP) decision regarding eligibility without requesting paper verification from the applicant.
- B. The first test of reasonable compatibility for income is the comparison of income reported from the Mississippi Department of Human Services Supplemental Nutrition Assistance Program (SNAP) program against income declared or self-attested on the application form. If both sources are at or below the appropriate Medicaid income limit for the household size, Medicaid approval is allowed for individuals in the household who otherwise qualify for Medicaid. If both sources are above the Medicaid limit, Medicaid is denied but CHIP eligibility for children in the household will be assessed and adults in the household will be referred to the Federal Market Place as appropriate.
- C. Discrepancies in income that result from comparing income from SNAP to self-attested income will result in a hierarchy of attempts to resolve the discrepancy prior to requesting that the applicant provide paper verification. Attempts include the comparison of income to a state-established threshold that would allow a decision and/or pending the decision awaiting

secondary data sources to arrive for comparison purposes. A written request for paper verification will be requested only when:

1. The applicant fails to provide a reasonable explanation for the discrepancy when contacted.
2. Efforts to contact the individual to discuss reasons for any discrepancy fail.
3. Reported income is not available for verification through an electronic data source.

Source: 42 C.F.R. § 435.945 (rev. 2012).

History: Revised eff. 05/01/2026.

## **Title 23: Division of Medicaid, Office of the Governor**

### **Part 104: Income**

#### **Part 104 Chapter 2: What is Income**

*Rule 2.4:- Forms of Income.*

A. Whether earned or unearned, income may be received in either of two forms:

1. Cash, which is currency, checks, money orders or Electronic Funds Transfers (EFTs), such as:
  - a) Social Security;
  - b) Unemployment Compensation;
  - c) Wages.
2. In-kind items, such as:
  - a) Shelter;
  - b) Food (Before September 30, 2024);
  - c) Clothing (Before March 9, 2005);
  - d) Non-cash wages (such as room and board as compensation for employment).

Source: Social Security Act §1902 (r)(2); 42 C.F.R. § 435.601(b) (Rev 1994).

History: Revised eff. 05/01/2026.

#### **Part 104 Chapter 3: What is Not Income**

*Rule 3.1: Items Not Considered Income for Medicaid Purposes.*

- A. Some items received by an individual are not income because they do not meet the definition of income. Other items are income by definition, but are excluded from an individual's income by federal statute. Only those items specifically listed in the law and regulations can be excluded from income. The items in this section are not considered income for Medicaid purposes, as follows:
1. Medical and Social Services. These services are not income for Medicaid purposes. Under the circumstances specified in this section, cash and in-kind items received in conjunction with medical and social services are also not income.

- a) Medical services are those services which are directed toward diagnostic, preventive, therapeutic or palliative treatment of a medical condition and which are performed, directed or supervised by a state licensed health professional.
  - 1) The term “medical services” includes any room and board (i.e., food or shelter) provided during a medical confinement, as well as in-kind medical items such as prescription drugs, eyeglasses, prosthetics and their maintenance, electric wheelchairs, modified scooters and specially trained animals, such as seeing eye dogs, and their maintenance. Transportation to and from medical treatment is also considered a medical service.
- b) A social service is any service (other than medical) which is intended to assist a handicapped or socially disadvantaged individual to function in society on a level comparable to that of an individual who does not have such a handicap or disadvantage.
  - 1) Some frequently encountered social services programs are programs funded under Title IV-B of the Social Security Act, Child Welfare Services; Title V of the Social Security Act, Maternal and Child Health and Crippled Children’s Services and the Rehabilitation Act of 1973.
  - 2) Education is not generally considered to be a social service, nor is vocational training that is not part of a vocational rehabilitation program.
  - 3) Government income maintenance programs such as TANF or Bureau of Indian Affairs General Assistance and Child Welfare Assistance are also not social services.
- c) When cash is received in conjunction with medical or social services, handle as follows:
  - 1) Any cash provided by a governmental medical or social services program is not income.
  - 2) Any cash from a nongovernmental medical or social services organization is not income when:
    - (a) The cash is for medical or social services already received by the individual and approved by the organization; however, if the individual receives an amount in excess of the expense of the medical or social services, the excess cash is unearned income; or
    - (b) The cash is a payment restricted to the future purchase of a medical or social service, or related excludable in-kind items.
  - 3) Cash from any insurance policy which pays “loss of time” benefits to the recipient and restricts payment to periods of hospital confinement is treated as a third-party

resource, not income. However, cash payments considered to be an income supplementation for lost income due to a disability are income. This includes weekly disability policies without regard to hospital confinement.

- d) When in-kind items are ~~is~~ received in conjunction with medical or social services, handle as follows:
  - 1) In-kind items which meet the definition of medical services are not income regardless of their source.
  - 2) Room and board (food and shelter) provided during a medical confinement is not income. A medical confinement exists when an individual receives treatment in a medical treatment facility.
  - 3) Any in-kind items (including food and shelter) provided by a governmental medical or social services program are not income.
  - 4) In-kind items (other than food or shelter) provided by a nongovernmental medical or social services organization for medical or social services purposes are not income.
- e) Cash payments for medical or social services that are not income are also not a resource for one calendar month following the month of receipt.

2. Personal Services. A personal service performed for an individual is not income.

a) Examples of personal services for an individual which are not income are:

- 1) Mowing the lawn;
- 2) Doing housecleaning;
- 3) Going to the grocery store; and
- 4) Babysitting.

3. Conversion or Sale of a Resource. Receipts from the sale, exchange or replacement of a resource are not income, but are resources that have changed their form. This includes any cash or in-kind item that is provided to replace or repair a resource that has been lost, damaged or stolen.

a) Example: -Jerry sells his 1999 Buick for \$1000. The money he receives is not income, but a resource which has been converted from one form (a car) to another form (cash).

4. Rebates and Refunds. When an individual receives a rebate, refund or other return of money he has already paid, the money returned is not income.

- a) The key idea in applying this policy is the return of an individual's own money.
  - 1) Some rebates do not fit that category. If the rebate is a return on an investment, for example, the rebate would be treated as a dividend.
  
- 5. Income Tax Refunds. Any amount of income tax refunded to an individual is not income. Amounts withheld or paid as income tax during the course of a taxable year are included in the definition of income; therefore, any later refund of income taxes by a federal, state, or local taxing authority is not again treated as income, but it is treated as a resource. This is so even if the income from which the tax was withheld or paid was received in a period prior to the Medicaid application.
  - a) ~~The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 provides that federal~~ Federal tax refunds received ~~from January 1, 2010, through December 31, 2012,~~ after December 31, 2009, are not counted income or as a resource to the recipient or any person to whom the funds are given for a period of twelve (12) months following receipt.
    - 1) ~~Through December 31, 2012,~~ a) Any of these funds which are transferred are not subject to penalty.
    - 2) If placed in a trust, the funds are not subject to Medicaid trust provisions.
  
- 6. Credit Life and Credit Disability Insurance Payments. These payments are issued to or on behalf of borrowers to cover payments on loan, mortgages, etc., in the event of the borrower's death or disability.
  - a) Both types of insurance may be administered under group or individual policies.
  - b) The insurance payments are made directly to loan or mortgage companies, and are not available to the individual, either directly or by sale or conversion, for purposes of meeting his basic needs.
  - c) These payments made on behalf of an individual under credit life or credit disability policies are not income.
  
- 7. Other Insurance Payments. Each insurance policy must be examined to determine the type of benefit it provides and the purposes for which it can be used. Cash payments should be treated as follows:
  - a) Cash payments from any insurance policy made directly to the provider are not income since the beneficiary does not receive the payment. Any amounts paid to a facility for purposes other than medical care may be considered income if the facility actually pays the amount to the individual.

- b) Cash payments from any insurance policy which are restricted for purchase or reimbursement of medical services covered under the policy are a ~~third party~~third-party resource, not income.
  - d) Cash payments from policies that restrict payments to periods of hospital confinement are a ~~third party~~third-party resource, not income.
  - d) Cash payments from specialized policies, such as cancer or dismemberment ~~policies~~policies, are reimbursements, not a ~~third party~~third-party resource.
  - e) Cash payments from any insurance policy intended for income supplementation for lost income due to a disability are considered income. This includes weekly disability payments without regard to hospital confinement.
  - f) ~~Long~~Long-term care insurance policies may be paid directly to the individual or to the nursing facility.
    - 1) If payments are made directly to the individual, consider them countable unearned income.
    - 2) If paid directly to the nursing facility, consider them a ~~third party~~third-party resource.
8. Bills Paid by a Third Party. When someone other than the eligible individual or couple makes a payment directly to a vendor, the payment is not income to the Medicaid recipient because the individual does not receive the payment itself.
- a) However, a ~~third party~~third-party vendor payment is a means by which an individual may receive unearned in-kind income if ~~food or~~ shelter is received.
9. Replacement of Income Already Received. If an individual's income is lost, stolen or destroyed and the individual receives a replacement, the replacement is not income. This is because once a payment has been issued and treated as income in determining an individual's eligibility, the reissuance of that same payment is not counted as income.
10. Return of Erroneous Payments. A payment is not income when the individual is aware ~~the~~that he or she is not due the money and returns the check uncashed or otherwise refunds all of the erroneously received money in the month of receipt or the following month.
- a) When the return is timely, accept the client's statement the money was returned and do not count it as income.
  - b) However, if there is a delay in return of the erroneous payment beyond the month following the month of receipt, verify return of the full payment and document the reason for the delay and any other relevant facts.

11. Weatherization Assistance. This type of assistance (insulation, storm doors, windows, etc.) is not income.
12. Receipt of Certain Non-Cash Items. The value of any noncash items (other than ~~an item of food or shelter~~) is not income if the item would become a partially or totally excluded nonliquid resource if retained into the month after the month of receipt.
  - a) Such non-income items may include, but are not limited to, specially equipped vehicles, automobiles, household goods, and property essential to self-support.
  - b) Consider these non-income items solely under resource rules.
13. Wage-Related Payments. The following payments by an employer are not income unless the funds for them are deducted from the employee's salary:
  - a) Funds the employer uses to purchase qualified benefits under a cafeteria plan;
  - b) Employer contributions to a health insurance or retirement fund;
  - c) The employer's share of Federal Insurance Contributions Act (FICA) taxes or unemployment compensation taxes, in all cases;
  - d) The employee's share of FICA taxes or unemployment taxes paid by the employer on wages for domestic services in the private home of the employer or for agricultural labor only; to the extent the employee does not reimburse the employer.
14. Proceeds of a Loan. Refer to Miss. Admin. Code Part 103, Chapter 3, Rule 3.3, for a complete discussion of the definitions associated with loans. For income purposes, the proceeds of a loan are treated as follows:
  - a) The proceeds of a bona fide loan are not income to the borrower because of the borrower's obligation to repay. Money received as repayment of the principal of a bona fide loan is not income to the lender; however, the interest received on money loaned is income to the lender.
  - b) If the loan is not bona fide, the proceeds received in the transaction are unearned income to the borrower in the month received. If the loan is not bona fide, payments toward principal and interest are unearned income to the lender. As indicated above, the interest received by the lender on money loaned is unearned income whether the loan is bona fide or not.
15. Promissory Notes and Property Agreements. Refer to Part 103, Chapter 3, Rule 3.3, for a complete discussion of the definitions associated with promissory notes and property agreements. For income purposes, they are treated as follows:
  - a) Treatment for the borrower is as follows:

- 1) Under both Supplemental Security Income (SSI) and liberalized policy, for the Medicaid client who is the borrower, cash paid by the lender to the borrower is not income if a promissory note or property agreement is bona fide. However, any reserve may be a resource the following month;
  - 2) Under both policies, if the agreement is non-bona fide or non-negotiable, cash paid by the lender to the borrower is income in the month received by the borrower and any retained cash (or property received) may be a resource the following month.
- b) Under SSI policy, treatment for the lender is as follows:
- 1) A bona fide, negotiable promissory note or property agreement is a resource.
    - (a) The goods or money represented in the agreement are not a resource because they are not accessible.
    - (b) The interest portion of the payment on a bona fide, negotiable agreement received by the Medicaid client who is the lender is unearned income.
  - 2) If the agreement is non-bona fide or non-negotiable, both principal and interest paid to the lender are income.
- c) For coverage groups subject to liberalized resource policy, treatment for the lender is as follows:
- 1) A bona fide, non-negotiable promissory note or agreement can be excluded as a resource if it produces at least a six percent (6%) net annual return of the principal balance.
    - (a) For this exclusion to apply to the non-institutionalized client, the income must be received by the client/spouse and counted as income.
    - (b) For all institutionalized individuals in either SSI or liberalized programs, the agreement may be excluded as a resource if it produces at least a six percent (6%) net annual return of the principal balance and meets all of the following criteria:
      - (i) The repayment terms of the note or agreement are actuarially sound;
      - (ii) The institutional client must reasonably expect to receive full payoff of the note or agreement during his lifetime. The average number of years of life expectancy remaining based on the Annuity Life Expectancy charts, compiled by the Office of Actuary of the Social Security Administration and applicable to the decision, -must coincide with the payout of the note or agreement;

(iii) Principal and interest portions of payments are of uniform rate, with no deferred or balloon payments, and

(iv) The agreement prohibits cancellation of the debt upon death of the lender.

16. Fund Raising Proceeds. Benefits received through fund raising are a potential ~~third~~ third-party liability source. The applicant/recipient must report all sources of income from fund raising to the regional office. The regional office will inform the Office of Third-Party Liability Recovery ~~unit~~ of the availability of any source of payment for medical services.

a) Donated funds for the purpose of payment of medical services are considered a third-party source. In order for donated funds to be excluded as income, the following criteria must be met:

- 1) Prior to accepting donations, the applicant/recipient (or family of a child) must make arrangements to place donations in a trust fund or special account;
- 2) The trust fund or special account must be managed by an administrator (someone outside the family);
- 3) The funds must never be mixed with personal or family money;
- 4) The applicant/recipient should not have direct access to the trust funds or special account; and
- 5) The applicant/recipient or administrator must be able to produce documentation of how the funds were spent.

Source: Social Security Act §1902 (r)(2); 42 C.F.R. § 435.601(b) (Rev 1994); Miss. Code Ann. §43-13-121.1 (Rev. 2005).

History: Revised eff. 05/01/2026.

## **Part 104 Chapter 7:- Sources and Treatment of Unearned Income**

*Rule 7.11:- Department of Veterans Affairs (VA) Benefits.*

A. This type of income is defined as follows:

1. The Department of Veterans Affairs (VA) has numerous programs that make payments to recipients and their families. ~~The most common types of VA payments discussed in this section are~~ Types of VA payments include but are not limited to:

a) Pensions;

- b) Compensation;
- c) Educational Assistance;
- d) Aid and Attendance Allowance;
- e) Housebound Allowance;
- f) Clothing Allowance;
- g) Payment Adjustment for Unusual Medical Expenses;
- h) Payments to Vietnam Veterans' children with Spina Bifida; and
- i) Insurance Payments.

~~B. The Utilization of Benefits provision applies to most VA income.~~

- ~~1. VA Aid and Attendance (A&A) is not a required benefit under the Utilization of Benefits Provision. The potentially eligible client must be advised to apply for A&A, but there is no penalty for failing to apply when it is the only benefit involved.~~

BC. Treatment of VA payments for SSI/Medicaid purposes depends on the nature of the payments and is included in ~~the discussion of each type of VA income~~ Miss. Admin Code Part 104, Rules 7.12 through 7.26.

Source: Social Security Act §1902 (r)(2); 42 C.F.R. § 435.601(b) (Rev 1994).

History: Revised eff. 05/01/2026.

*Rule 7.42: -Work-Related Unearned Income.*

A.—The following work-related payments are counted as unearned income:

~~1A.~~ 1A. Certain in-kind items provided as remuneration for employment, e.g., in-kind payments of ~~food~~ ~~or~~ shelter to domestic employees;

2B. Money paid to a resident of a public institution when no employer/employee relationship exists;

3C. Tips under twenty dollars (\$20) per month;

4D. Jury fees, i.e., fees for services, not expense money;

Source: Social Security Act §1902 (r)(2); 42 CFR § 435.601(b) (Rev 1994).

History: Revised eff. 05/01/2026.

*Rule 7.60: Job Corps.*

A. This program is defined as follows:

1. The Job Corps is a Workforce Investment Act (WIA) program.

B. Income from this program is treated as follows:

1. A Job Corps participant who is a student under age twenty-two (22) qualifies for the student earned income exclusion.
2. The living allowance is wages.
3. The readjustment allowance ~~is income~~, including any amount deducted to pay the participant's share of a dependent's allowance, is wages.
4. Any bonus and incentive payments are also wages.
5. A bi-weekly dependent's allowance may be paid directly to a participant's dependent. This allowance is counted as unearned income to the dependent.
  - a) If the participant is a deemor and his dependent is eligible for Medicaid, only one-half of the dependent's allowance is unearned income to the dependent.
6. The clothing allowance is not income.
7. Supportive services such as medical services, transportation to and from medical treatment, counseling, job placement services provided in-kind which are medical or social services are not income.
8. The rules regarding temporary absence for deeming purposes apply to Job Corps participants who reside in a Job Corps Center or who are away at school.

Source: Social Security Act §1902 (r)(2); 42 C.F.R. § 435.601(b) (Rev 1994).

History: Revised eff. 05/01/2026.

*Rule 7.61: Payments for Clinical Trial Participation.*

A. These payments are defined as follows:

1. Payments for participation in clinical trials which research and test treatment of rare

diseases or conditions, as defined in the Improving Access to Clinical Trials Act of 2009.

B. These payments are treated as follows:

1. As applicable, exclude the first two thousand dollars (\$2,000) of compensation per calendar year received by a Medicaid client, spouse or deemor as compensation for participation in clinical trials.
2. Payments which are reimbursements for expenses incurred while participating in the trial do not reduce the two thousand dollars (\$2,000) calendar year maximum.
3. Apply the exclusion, if applicable. Otherwise, use regular income counting rules.
4. ~~The Act specifies this exclusion will expire on October 5, 2015. Any unspent compensation under this exclusion will count as a resource at that time.~~

Source: Social Security Act §1902 (r)(2); 42 C.F.R. § 435.601(b) (Rev 1994); Clinical Trials Improvement Act of 2009.

History: Revised eff. 05/01/2026.

## **Part 104 Chapter 9: Sources and Treatment of Earned Income**

*Rule 9.7: Royalties and Honoraria.*

A. These payments are defined as follows:

1. Royalties include compensation paid to the owner for the use of property, usually copyrighted material (e.g., books, music, or art) or natural resources (like minerals, oil, gravel or timber). Royalty compensation may be expressed as a percentage of receipt from using the property or as an amount per unit produced.
  - a) To be considered royalties, payments for the use of natural resources also must be received:
    - 1) Under a formal or informal agreement whereby the owner authorizes another person to manage and extract a product like timber or oil; and
    - 2) In an amount that is dependent on the amount of the product actually extracted.
2. An honorarium is an honorary or free gift, reward or donation usually provided gratuitously for services rendered (like a guest speaker), for which no compensation can be collected by law. The amount also may include payment for items other than services rendered, e.g., lodging or travel expenses.

B. These payments are treated as follows:

1. Royalties are earned income when they are:
  - a) Received as part of a trade or business; or
  - b) Received by a person in connection with any publication of his work such as publication of a manuscript, magazine article or artwork.
2. While royalties may involve natural resources, an outright sale of natural resources by the owner of the land or by the owner of rights to use the land constitutes conversion of a resource. Proceeds from the conversion of a resource are not income.
3. Absent evidence to the contrary, assume the amount of any honorarium received is in consideration of the actual services provided by the individual and treat as earned income. Any other payment received in cash or in-kind connected with service is unearned income to the extent it exceeds the individual's expenses.
  - a) Deductions of the expense of obtaining~~If the~~ income from royalties/honoraria that are earned income are not allowed. However, such expenses are deductible from royalties/honoraria that are unearned income.

Source: —Social Security Act §1902 (r)(2); 42 C.F.R. § 435.601(b) (Rev 1994).

History: Revised eff. 05/01/2026.

## **Part 104 Chapter 10: Income Computations and Deeming**

### *Rule 10.4:- In-Kind Income.*

A. In-kind income is defined as follows:

1. In-kind income is any income other than cash income.
  - a) To meet the definition of income, the in-kind item received by the individual must be:
    - 1) ~~Food or shelter~~Shelter; or
    - 2) Something the individual can sell or convert to obtain food or shelter.
      - (a) If the in-kind item is ~~neither food nor~~not shelter, and it cannot be sold or converted to cash, then it is not income.

B. In-kind income is treated as follows:

1. In-kind Support and Maintenance (ISM) is unearned income in the form of ~~food or shelter,~~  
~~or both~~. Receipt of clothing is no longer counted as ISM effective March 9, 2005. Receipt

of food is no longer counted as ISM effective September 30, 2024.

a) ISM is an Supplemental Security Income (SSI) policy principal that may be applicable to all categories of eligibility as described below:

1) Whenever in-kind payments, as defined above, are received by individuals in SSI-related categories, such as SSI retroactive cases and former SSI recipient cases, the value of the ISM is determined by one of the three methods discussed below and the ISM is counted as unearned income.

2) For cases associated with the Federal Poverty Level (FPL) or Institutional Income limit, the source of the in-kind payment determines whether the ISM is countable. If the source of the in-kind payment is for the benefit of the client and the in-kind payment is for ~~food or~~ shelter, the actual amount of the ISM is countable unearned income.

(a) Example: The client is the beneficiary of a trust, which is not a resource. A monthly disbursement of three hundred dollars (\$300) is made from the trust to pay his shelter costs. The amount of the disbursement is countable unearned income.

(b) Example: The client's mother pays his rent of three hundred dollars (\$300) to his landlord from her own funds. This ~~third-party~~third-party payment is not countable ISM to the Medicaid recipient.

b) To determine the value of ISM for an eligible individual or couple in an SSI-related category of eligibility, use the lesser of the three (3) values discussed below when the individual or couple:

1) Lives in the household of another,

2) Receives rent free shelter,

3) Has someone else (a third party) pay for goods and services provided to the eligible individual, or

4) Receives rental subsidies.

c) Current Market Value (CMV). This is the amount for which something can be purchased locally on the open market.

1) Depending on the type of support and maintenance received, the determination of the CMV may be based on various factors such as the assessed value from a knowledgeable source, property owner's statement, and the individual's payment.

d) Actual Value (AV). The current market value is divided by the number of people

receiving support and maintenance minus any payment made out of an individual's own funds. If he makes no payment, AV and CMV may be the same amount.

- e) Presumed Maximum Value (PMV). This is an amount equivalent to one-third of the applicable Federal Benefit Rate (FBR) plus twenty dollars (\$20).
  - 1) The PMV rules apply to in-kind support and maintenance that is countable as unearned income. The PMV never applies to earned income.
  - 2) Use of the PMV in determining an individual's countable income is rebuttable by the individual's showing that the AV of the in-kind support and maintenance he receives is less than the PMV.
    - (a) The lower of these two figures is always used, but never an amount in excess of the PMV, regardless of the number of sources of such income or the variety of living arrangements during any one given period.
  - 3) PMV is not used to determine the value of ISM for individuals in FPL or institutional categories.
- f) ISM is counted as income in the month in which the individual has use of the ~~food or~~ shelter item, with the exception that a ~~third party~~third-party vendor payment received as a gift is income in the month in which the payment is made.

Source: Social Security Act §1902 (r)(2); 42 C.F.R. § 435.601(b) (Rev 1994).

History: Revised eff. 05/01/2026.

*Rule 10.5:- In-Kind Items Received as Remuneration for Employment (Supplemental Security Income (SSI) Categories Only).*

A. In-kind items may be provided as remuneration for employment, as follows:

- 1. Wages may include the value of ~~food and/or shelter (ISM)~~, or other items received in lieu of cash for individuals in SSI-related categories only.
- 2. In-kind payment of ~~food or~~ shelter to the following people or under the following conditions is unearned income:
  - a) Agricultural employees;
  - b) Domestic employees;
  - c) Service not in the course of the employer's trade or business;
  - d) Service by certain home workers;

- e) Members of the Uniformed Services;
- f) In the form of ~~food and/or shelter~~ which is on the employer's business premises for the employer's convenience and, ~~if shelter~~, its acceptance by the employee is a condition of employment.

Source: Social Security Act §1902 (r)(2); 42 C.F.R. § 435.601(b) (Rev 1994).

History: Revised eff. 05/01/2026.

**Part 104 Chapter 11: Introduction to Income – ~~FCC~~ MAGI Programs**

*Rule 11.1: Income Rules*

- A. The Affordable Care Act (ACA) requires that state Medicaid programs use modified adjusted gross income or MAGI-based methodology for determining the income of an individual and the individual’s household. MAGI methodology and rules are required in determining eligibility for Medicaid or Children’s Health Insurance Program (CHIP) or an 1115 demonstration that involve ~~FCC~~ MAGI covered populations of children, pregnant women and parents and needy caretaker relatives. The Aged, Blind and Disabled population is exempt from MAGI rules.
- B. The MAGI methodology is aligned with the process used to determine eligibility for the premium tax credits and cost sharing reductions available to certain individuals purchasing coverage through the federal health insurance marketplace. The requirement that both Medicaid and the marketplace use MAGI-based income methodologies is designed to promote coordination and avoid gaps in coverage, to the extent possible, for individuals that transfer between different types of insurance affordability programs.
- C. The use of liberalized income rules under 1902(r)(2) of the Social Security Act is prohibited under MAGI based methodology. This provision is only available to certain ABD covered categories of eligibility.

Source: 42 C.F.R. § 435.603 (Rev. 2012).

History: Revised eff. 05/01/2026.

*Rule 11.3: ~~Household~~ Income*

- A. Modified Adjusted Gross Income (MAGI) based income rules require that financial eligibility is based on household income for ~~FCC~~ MAGI related programs.
- B. Household income is the sum of the MAGI-based income of every individual included in the individual’s household minus ans amount equivalent to five (5) percentage points of the federal poverty level for the applicable family size, with the following exceptions:;

1. The MAGI-based income of an individual who is included in the household of his or her natural, adopted or step-parent ~~that~~ and is not required to file a tax return is not included in the household income whether or not the individual files a tax return.
2. The MAGI-based income of a tax dependent other than a spouse or child ~~that~~ and is not required to file a tax return is not included in the household income whether or not the individual files a tax return.

C. No other income disregards are permitted from gross income other than the five (5) percentage points disregard.

Source: ~~42;~~ 42 C.F.R. § 435.603 (Rev. 2012).

History: Revised eff. 05/01/2026.

**Part 104 Chapter 12: Income That Does Not Count Under IRS Rules – FCC-Modified Adjusted Gross Income (MAGI) Programs**

*Rule 12.1:- Income That Does Not Count*

- A. The following is not an exhaustive list of income that does not count but represents the types more commonly encountered. If not addressed herein, Internal Revenue Service (IRS) tax rules provide the governing policy.
1. Alimony paid from divorce or separation agreements finalized on or before December 31, 2018, are deducted from the income of the payor. Alimony paid from divorce or separation agreements finalized after December 31, 2018, are not deducted from income. ~~Alimony is deducted from the income of the payer and is therefore a type of non-countable income; however, alimony payments received by an individual count as income.~~
  2. Black Lung benefits are not taxable income and are not counted as income.
  3. Child Support benefits are not counted as income to the payee or the child(ren) for whom it is paid; however, Child Support is not a deduction allowable from the income of the payer.
  4. Veterans Affairs (VA) Benefits are not counted as income. Benefits paid by the Department of Veterans Affairs are not taxable income.
  5. Workers' Compensation Benefits are not taxable income and are not counted as income.
  6. Life Insurance Proceeds paid due to the death of the insured person are not taxable income and are not counted as income, unless the policy was sold or reassigned for a price.
  7. Accelerated Death Benefits paid under a life insurance contract prior to the insured's death are excluded from income if the insured is terminally ill.

8. Public Assistance Benefits, such as Supplemental Security Income (SSI), Temporary Assistance for Needy (TANF), and the value of assistance from programs such as Supplemental Nutrition Assistance Program (SNAP) and Women, Infants and Children's Nutrition Program (WIC) are excluded from income. Title IV-E Foster Care and Adoption Assistance payments are also excluded from income.
9. Disaster relief income or grants from a qualified disaster relief payment, meaning the payment is to reimburse certain necessary living expenses following a federally declared disaster, are excluded from income.

Source: ~~42: 42~~ C.F.R., § 435.603 (Rev. 2012).

History: Revised eff. 05/01/2026.

### **Part 104 Chapter 13: Income That Counts Under IRS Rules – ~~FCC~~ Modified Adjusted Gross Income (MAGI) Programs**

#### *Rule 13.1 – Income That Counts*

- A. The following is not an exhaustive list of the types of income that counts but is meant to cover the types most commonly encountered. If not addressed herein, Internal Revenue Service (IRS) tax rules provide the governing policy.
  1. Employee Compensation includes all things received in payment for personal services, such as wages, salaries, commissions, fees, bonuses, tips, severance pay, sick pay paid by an employer while out on sick leave and ~~back pay~~backpay awards. Employment income that counts is the gross income prior to any payroll deductions.
  2. Volunteer Income. The treatment of income received as a volunteer is as follows:
    - a) Peace Corp – living allowances paid to the volunteer for housing, utilities, supplies, food and clothing are not counted as income. Countable wages includes allowances paid to a spouse and minor children while the volunteer is a volunteer leader training in the U.S.; living allowances designated as basic compensation; leave allowances and readjustment allowances.
    - b) VISTA (Volunteers in Service to America) – meal and lodging allowances paid to the volunteer are counted as wages.
    - c) AmeriCorps education awards and living allowances are countable income.
    - d) National Senior Service Corps programs, includes the RSVP or Retired Senior Volunteer Program, Foster Grandparent Program, and Senior Companion Program. Income received for supportive services or reimbursements for out-of-pocket expenses are not counted as income.

3. Military Pay – payments received as a member of a military service are wages. Military retirement benefits are treated as pensions. Allowances, such as a basic allowance for housing or subsistence, are generally not taxable income and do not count as income.
4. Self-Employment – for IRS purposes, an individual is considered to be self-employed if the individual has a trade or business as a sole proprietor, an independent contractor, is a member of a partnership that carries on a trade or business or is otherwise in business for himself/herself, including a part-time business. Self-employment is business income less allowable business expenses that results in a net profit or loss. Net profit counts as income. Annualize the income to arrive at a monthly countable amount provided the business has been in existence for a twelve (12) month period. Annualize even if the income is received over a short period of time during the year unless the business is designed to be seasonal, such as a summer business that operates only three (3) months out of the year. Such business income would be averaged over the period of time the business covers. If a business has been in existence less than a full taxable year, average over the period of time the business has been in existence.
  - a) Partnership income – each partner’s distributive share of profit counts as self-employment income which is annualized.
5. Rental Income – countable income includes the net proceeds after allowing all IRS allowed deductions for rental income.
6. Farm Income – farm income that counts is the net earnings or profit that remains after allowing all IRS allowed business expenses involved in raising livestock, poultry or fish or from the growing of fruits or vegetables. Farm income is annualized or averaged over the time the farming business operates, as appropriate.
7. Royalties from copyrights, patents and oil, gas and mineral properties are taxable income and therefore countable.
8. Unemployment Compensation – all unemployment compensation benefits are countable as income.
9. Retirement, Survivors and Disability Insurance (RSDI) or benefits paid by the Social Security Administration are only partially taxable as income under certain conditions but are fully countable as income for insurance affordability programs.
10. Alimony payments received from divorce or separation agreements finalized on or before December 31, 2018, are countable as income to the divorced or separated spouse receiving the payment. Alimony payments received from divorce or separation agreements finalized after December 31, 2018, are not countable income.
11. Annuities – payments from annuities are countable as income.

12. Pensions and Retirement benefits are countable as income, including pensions paid by any private, municipal, county, state or federal plan.
13. Estate and trust income is countable income when distributed or when it should have been distributed, regardless of whether it was actually distributed.
14. Gambling, Lotteries and Raffle Winnings – cash winnings are countable income in the month received. Lottery and gambling winnings of eighty thousand dollars (\$80,000) or greater that require lump sum winnings are not only counted as unearned income in the month received, but for the person receiving the lump sum (the winner), it is counted as income up to one hundred and twenty (120) months, depending on the amount of the winnings. The only person potentially impacted beyond the month of receipt of lump sum is the lottery or gambling winner. Otherwise, a lump sum received under this provision continues to count in month of receipt only for household members.
15. Jury duty pay is countable as income.
16. Alternative trade adjustment assistance (ATAA) payments received from a state agency under the Demonstration Project for Alternative Trade Adjustment Assistance for Older Workers is countable as income.
17. Interest income, including tax-exempt interest, is countable under MAGI rules.
18. Disability benefits received through an accident or health insurance plan – the IRS rules for counting such benefits are as follows:
  - a) If both the individual and the employer paid the premiums for the plan, only the amount received for disability that is due to the employer’s payments is countable as income,
  - b) If the individual paid the entire cost of the plan, the payments are not countable as income,
  - c) If the premiums of a plan were paid through a cafeteria plan and the amount of the premium was not taxable income to the individual, the premiums are considered paid by the employer and the disability payments are countable as income.

Source: 42 C.F.R. § 435.603 (Rev. 2012).

History: Revised eff. 05/01/2026.

## **Part 104 Chapter 14: Verification of Income – FCC-MAGI Programs**

### *Rule 14.2 – Reasonable Compatibility Rules*

- A. Income verified from electronic data sources that is reasonably compatible with self-attested income allows a Medicaid or Children’s Health Insurance Program (CHIP) decision regarding eligibility without requesting paper verification from the applicant.
  
- B. The first test of reasonable compatibility for income is the comparison of income reported from the ~~federal data services hub~~ Mississippi Department of Human Services Supplemental Nutrition Assistance Program (SNAP) program against income declared or self-attested on the application form. If both sources are at or below the appropriate Medicaid income limit for the household size, Medicaid approval is allowed for individuals in the household who otherwise qualify for Medicaid. If both sources are above the Medicaid limit, Medicaid is denied but CHIP eligibility for children in the household will be assessed and adults in the household will be referred to the Federal Market Place as appropriate.
  
- C. Discrepancies in income that result from comparing income from the ~~federal hub~~ SNAP to self-attested income will result in a hierarchy of attempts to resolve the discrepancy prior to requesting that the applicant provide paper verification. Attempts include the comparison of income to a state-established threshold that would allow a decision and/or pending the decision awaiting secondary data sources to arrive for comparison purposes. A written request for paper verification will be requested only when:
  - 1. The applicant fails to provide a reasonable explanation for the discrepancy when contacted.
  - 2. Efforts to contact the individual to discuss reasons for any discrepancy fail.
  - 3. Reported income is not available for verification through an electronic data source.

Source: 42 C.F.R. § 435.945 (rev. 2012).

History: Revised eff. 05/01/2026.