DEPARTMENT POLICY

All Programs

This item discusses income for:

- Family Independence Program (FIP).
- Refugee Cash Assistance (RCA).
- State Disability Assistance (SDA).
- Child Development and Care (CDC).
- Applies to all CDC income eligible groups.
- Medicaid (MA) which, if policy differs, is divided into:
  - MAGI-related MA.
  - SSI-related MA.
  - Specific MA categories.
- Supplemental Nutrition Assistance Program (SNAP).

The group composition and program budgeting manual items specify whose income to count. The program budgeting manual items also contain program-specific income deductions and disregards.

BRIDGES INCOME-RELATED FUNCTIONALITY

All Programs

Income-Related Logical Units of Work (LUW)

An income-related logical unit of work (LUW) is a series of data collection screens. Completion is required to collect information needed to determine countable income. The four income categories and income-related LUWs in Bridges correspond to the four income-related manual items:

- Bridges Eligibility Manual (BEM) 501 Income from Employment.
- BEM 502, Income from Self-Employment.
- BEM 503, Income, Unearned.

- BEM 504, Income from Rental/Room and Board.

Income-related manual items above do both of the following:

- Define each income type.
- Indicate which income types are excluded or counted for each program.

To create a new income record, go to the income questions screen and answer **yes** to the appropriate question for that income type. This will add the appropriate income-related LUW to the driver flow and cause Bridges to consider this income.

To view or change an existing income record, select the appropriate income-related LUW from the left navigation.

Income Data Considered and Applied to Benefit Issuance

Bridges determines countable income and effective dates of income changes based on data entry, income type and program.

Enter the gross income amounts and details in the appropriate LUW. Data entered in a LUW is not saved until all screens in the LUW are completed and saved. Use the tabs across the top of the Bridges screens to identify which screens are contained within the LUW.

Income data is not considered in the eligibility result until eligibility determination/benefit calculation (EDBC) is run. Income data does not affect benefit issuance until the eligibility results are certified for that program.

Bridges determines and/or redetermines eligibility for all benefit periods starting with the circumstance start/change date (CSCD) begin date of the LUW. If data is changed, but the CSCD begin date is not changed, Bridges will re-run eligibility back to the existing CSCD.

Bridges Tip

Change the CSCD begin date for a LUW whenever you change data, unless correcting historical records and want Bridges to redetermine eligibility for past months.

Exception: Do **not** change the CSCD begin date for an income record when ending unearned, self-employment or rental/room and board income.

When establishing a new pay/history projection period, be sure to change the CSCD begin date of the income record. Failure to do so may change historical income calculations causing inappropriate supplements and/or OP referrals.

When EDBC is re-run for a benefit period which has already been certified, the eligibility summary will display both the old and new eligibility result. If the new result is different, Bridges displays **no issuance change**, **supplement** or **OP referral** based on date client became aware, report date, verification received date and timely notice requirements.

DEFINITIONS

All Programs

Income

Income means a benefit or payment received by an individual which is measured in money. It includes money an individual owns even if **not** paid directly such as income paid to a representative.

Countable Income

Income remaining after applying the policy in the income related items is called **countable**. This is the amount used to determine eligibility and benefit levels. Count all income that is **not** specifically excluded.

Modified Adjusted Gross Income (MAGI)

MAGI for purposes of Medicaid eligibility is a methodology which state agencies and the federally facilitated marketplace (FFM) must use to determine financial eligibility. It is based on Internal Revenue Service (IRS) rules and relies on federal tax information to determine an individual's modified adjusted gross income. MAGI-related Medicaid groups have no asset test. They have no State of Michigan specific deductions or disregards. The only disregards or deductions allowed are proscribed by federal law.

Every individual applying for Medicaid is first evaluated for eligibility based on MAGI rules. The MAGI rules are aligned with the income rules that will be applied for determination of eligibility for premium tax credits and cost-sharing reductions through the FFM.

The MAGI Rules Engine uses federal poverty level (FPL) numbers from April 1 of a given year until March 31 of the following year to make determinations.

Example: 2026 FPL numbers are used in determinations from April 1, 2026 until March 31, 2027.

Earned Income

Money received from another person or organization or from self-employment for work performed. Some rental income is considered earned income, see BEM 504.

Unearned Income

Unearned income is all income that is not earned.

Gross Income

Gross income is the amount of income before any deductions such as taxes or garnishments. This may be more than the actual amount an individual receives.

Exception: The amount of self-employment income before any deductions is called **total proceeds**. The **gross** amount of self-employment income means the amount after deducting allowable expenses from total proceeds, but before any other deductions. This exception does not apply to MAGI-related Medicaid.

Garnishment or Other Withholding

Gross income includes amounts withheld from income which are any of the following:

- Voluntary.
- To repay a debt.
- To meet a legal obligation.

Some examples of amounts which may be withheld, but are still considered part of gross income are:

- Income taxes.

- Health or life insurance premiums.
- Medicare premiums.
- Union dues.
- Loan payments.
- Garnishments.
- Court-ordered or voluntary child support payments.

Exception: The above information about garnishments and other withholding does not apply to MAGI-related Medicaid.

Returned Benefits

Benefits returned to the issuing agency are not part of gross income. They are excluded as income and assets.

Example: A social security benefit was received for Mary's mother who passed away. Mary returns the benefit to SSA and the benefit does not count as income. Do not enter such payments in Bridges.

Reduced Benefits Due to Overpayment

Amounts deducted by an issuing agency to recover a previous overpayment or ineligible payment are not part of gross income. These amounts are excluded as income.

Exceptions: The following overpayment amounts must be included in gross income:

- Any portion of an overpayment (that is normally countable) if the original payment was excluded income when received.

- Cash assistance recoupment amounts due to Intentional Program Violation (IPV) are automatically counted for SNAP in Bridges.

- Supplemental Security Income (SSI) amounts recouped due to IPV are included in countable gross income for cash assistance programs and SNAP.

IPV means there is a finding of fraud or an agreement to repay in lieu of prosecution. Do not exclude recouped SSI when IPV information is volunteered by the SSI recipient or other reliable source. Do not initiate any contacts to obtain this information.

MAGI-Related Medicaid

MAGI DisregardsThe only allowable disregard for MAGI-related Medicaid groups is the 5% disregard. It is a flat disregard equal to 5 percent of the Federal Poverty Level for the applicable family size (it is NOT a disregard of the Medicaid household's countable income). The MAGI Rules Engine calculates this disregard automatically as part of the income calculation.

The 5 percent disregard is only applied to the MAGI-related group with the highest income threshold an applicant is potentially eligible for, and it is only applied when it is required to make the applicant eligible.

Example: An individual applies with an income of 136% of the FPL. They are found potentially eligible for the Healthy Michigan Plan (HMP). The 5% disregard will be added to the HMP income limit to make them eligible.

Example: An applicant with income of 57% of the FPL applies. They are found potentially eligible for Low Income Families (LIF) and HMP. The income threshold for LIF is 54% of the FPL and the income threshold for HMP is 133% of the FPL. The individual would be placed into HMP instead of applying the 5% disregard to LIF.

Reasonable Compatibility

Reasonable compatibility refers to the rules used to determine if an individual's income can be validated by a trusted data source. If income is reasonably compatible with trusted data sources, it is considered verified by those data sources. Examples of trusted data sources are Internal Revenue Service data, Social Security Administration data, State Wage data, or State Unemployment Insurance data.

Attested income will be found reasonably compatible with income from trusted sources if the difference between the attested income and the income from the trusted data source does not exceed 10 percent.

Reasonable compatibility checks are done automatically by State of Michigan eligibility systems.

- If the group's attested income is below the income threshold for the program being tested and trusted data source also validates income below the income threshold, then no reasonably compatible test is performed. Applicant is eligible.
- If the group's attested income is above the income threshold for the program being tested but trusted data source finds income below the income threshold, then no reasonable compatibility test is performed, Applicant is not eligible based on attested income.
- If the group's attested income is above the income threshold for the program being tested and the trusted data source validates income above the income threshold, then no reasonable compatibility test is performed. Applicant is not eligible based on attested income.
- If the group's attested income is below the income threshold for the program being tested but the trusted data source indicates income above the income threshold, then reasonable compatibility test is performed:
  - If income is reasonably compatible, then the applicant is eligible
  - If the income is not reasonably compatible, then the program pends, and the individual is required to provide proof of attested income.

MAGI Deductions

MAGI-related Medicaid eligibility groups use the same deductions that are allowed when filing federal taxes.

Examples of allowable deductions for MAGI-related Medicaid groups include:

- Student loan interest
- Spousal support paid (if divorce decree was finalized before January 1, 2019)
- Educator expenses for teachers who pay for supplies out-of-pocket
- Traditional IRA or 401(k) contributions

- Charitable contributions

Pre-tax deductions should not be counted toward an individual's MAGI income.

Example: An individual has a gross income of $2,000 per month. They also contribute $400 per tax per month to a 401k. Their monthly MAGI income would be $1,600.

Any MAGI pretax deductions can be verified using a paycheck stub showing the income deferred for a purpose such as contributions to a 401(k). Other deductions can be verified using receipts or other documents showing other allowable deductions such as student interest paid or charitable giving.

Note: When using adjusted gross income (AGI) from an individual's tax form allowable deductions are already included. They should not be deducted a second time. If paystubs are being used as verification, then the total gross income should be entered into Bridges, and the deductions should be entered separately on the MAGI Deductions page.

Projected Annual Income (PAI)

PAI budgets an individual's yearly income rather than their monthly income. It is used when an individual has reasonably predictable changes in income throughout the year. For example, a determination for an individual who is employed only during the summer months could use PAI since it is not anticipated that they will receive the same monthly income all year.

Certain benefits, such as unemployment income, should be budgeted using PAI if they have a defined begin and end date.

ASSET EXCLUSION

All Programs

Income manual items identify certain income types that are excluded as assets as well as income. The conditions in BEM 400, Excluded Income Under BEM 500 must be met for the asset exclusion to apply.

Funds cannot be counted as both income and as assets in the same month. Do not include funds entered as income in asset amounts entered in Bridges.

LUMP SUMS AND ACCUMULATED BENEFITS

All Programs

Sometimes funds from a particular source are paid in a way that meets the definition of either lump sum or accumulated benefit; see BPG Glossary for definitions. This section describes special treatment applicable to such payments. Enter lump sum data in the Lump Sum/Accumulated Benefits LUW in Bridges.

FIP, RCA, SDA, CDC, and SNAP

Bridges treats lump-sums and accumulated benefits as assets starting the month received.

Exception: An individual might receive a single payment that includes both accumulated benefits and benefits intended as payment for the payment month. Bridges treats the portion intended for the payment month as income.

Medicaid

Lump-sums and accumulated benefits are income in the month received. Income may be countable or excluded. Follow the appropriate policy in items BEM 501, Income from Employment; 502, Income from Self-Employment; 503, Income Unearned; and 504, Income from Rental Room and Board, based on the income type.

Exception: The following are assets starting the month received:

- Income tax refunds.
- Nonrecurring proceeds from the sale of an asset.
- Payments that are excluded assets; see BEM 400, Cash Exclusions.
- The 3 Federal Stimulus Payments received for the COVID-19 Federal Health Emergency.

PAYMENT TO REPRESENTATIVE

All Programs

Income paid to an individual acting as a representative for another individual is **not** the representative's income. The income is the other individual's income. Common representatives include:

- Legal guardians; see Bridges Policy Glossary (BPG).
- Court-appointed conservators.
- Minor children's parents.
- Representative payees.

Example: Diane's RSDI check is sent to a representative payee. It is Diane's income.

A payment to an individual might include money intended for more than one individual. Create an income record for each individual, and enter that individual's share as income.

Example: A farm owner issued one paycheck to Mr. G. that included the earnings of the entire family. Create separate income records for each individual's share.

An organization's money that an individual has access to as a member of the organization is the organization's money.

Example: John is a scout troop leader. Scout troop dues that John collects belong to the scout troop and are **not** considered John's money. Do not enter this income as John's income in Bridges.

Income an individual receives in their capacity as trustee of a trust is the trust's income.

INCOME RECEIVED JOINTLY

All Programs

Income is received jointly if the payment is made in the name of more than one individual other than a representative; see *payment to a representative* in this item.

Income received jointly is available. Absent evidence to the contrary, each individual is considered to have an equal share. Divide joint income equally among the recipients of the income.

GENERAL EXCLUSIONS

All Programs

This section describes exclusions that apply to more than one income type.

Asset Conversion

Consider an asset converted from one type to another (example: an item sold for cash) as an asset.

Exception: See BEM 503, Sale of Property in Installments.

Inconsequential Income

Inconsequential income means income that is unpredictable, irregular, and has no effect on continuing need. For example, occasional cash gifts.

Do not enter inconsequential income in Bridges if the amount received during a calendar quarter is $30 or less. Enter amounts in excess of $30 per quarter using the appropriate LUW and income type.

Note: Inconsequential income, including donations or gifts, is not countable income for a MAGI Medicaid eligibility determination.

In-Kind Benefits

Bridges excludes as income any gain or benefit in a form other than money. For example: meals, clothing, home energy, garden produce and shelter. It includes shelter provided by an employer instead of cash wages.

Loans

Bridges excludes funds an individual has borrowed provided it is a bona fide loan. This includes a loan by oral agreement if it is made a bona fide loan. Bona fide loan means all the following are present:

- A loan contract or the lender's written statement clearly indicating the borrower's indebtedness.

- An acknowledgment from the borrower of the loan obligation.
- The borrower's expressed intent to repay the loan by pledging real or personal property or anticipated income.

This exclusion does **not** apply to purchases made with borrowed money or interest earned on borrowed money.

Plan to Achieve Self-Support (PASS)

The Social Security Administration (SSA) allows an SSI recipient to divert income from sources other than SSI, to pay the expenses of an approved plan to achieve self-support (PASS). SSA does not consider the PASS portion of the income in determining the amount of the individual's SSI benefit. SSA monitors compliance with the plan.

Enter the portion of income diverted to a PASS on the appropriate income details screen under **monthly deductions**. Bridges counts amounts diverted to a PASS, when income from that source is normally counted.

SNAP Only

Exception: Bridges excludes portions of income being diverted to a PASS as income and as an asset.

Reimbursements

All Programs

Bridges excludes compensation awarded for a particular use which carries a legal sanction if used for another purpose, as income and as an asset.

Bridges excludes that portion of income received from another individual, an agency or an organization that covers past, current or future expenses when all the following are met:

- The payment is **not** for normal household living expenses such as rent, mortgage, personal clothing or food eaten at home.
- The payment is for specifically identified expense(s).
- The payment is used for its intended purpose.

- The payment is made or documented separately from other payments.

Note: Consider the payment to equal the expense unless the individual who received the payment, or the individual who made the payment, volunteers to MDHHS that the payment exceeded the expense.

Examples of payments excludable as reimbursements are:

- Partnership. Accountability. Training. Hope. (PATH) support services payments.
- Payments for employment expenses such as travel expenses and the cost of military uniforms and other special clothing.
- Payments to volunteers for out-of-pocket expenses.
- Disaster-related grants.
- Insurance settlement for an identifiable loss.
- Keepseagle Track B, loan forgiveness related to the Internal Revenue Service.

  Note: See *lump sums and accumulated benefits* in this item if the settlement is a lump sum.

- Refund of Medicare premiums as a result of the Medicaid Buy-In program.
- Payments for medical expenses.

  Note: See BEM 503, Insurance Payments for Medical Expenses, information about which types of insurance payments are considered payments for medical expenses.

Expense money that is **not** excludable as a reimbursement is treated the same as other income from that source. For example, payments from an employer that are **not** excluded reimbursements are wages.

Note: Allowances in pension benefits for the Medicare Part B premium are **not** reimbursements and are included as gross income of the pension benefits.

See BEM 503, Income Unearned, Child Support Reimbursements, regarding such child support income.

Replacement Money

Do not enter a payment in Bridges when it was made to replace lost or stolen income if the original payment has already been considered.

THIRD PARTY ASSISTANCE

Payment of an individual's bills by a third party directly to the service provider using the third party's money is **not** income to the individual.

If the third party is paying the bill instead of paying money due the individual such as money owed for child support or owed on a loan, the payment is the individual's unearned income.

Exceptions: Exclude any portion of a payment that a court order or other legally binding agreement requires sending directly to an individual's creditor or service provider.

Exclude voluntary spousal support used to pay the spouse's bill(s).

Example: Joe is Sally's ex-husband. Though Joes does not owe Sally any court-ordered support, Joe pays Sally's rent directly to the landlord. The payments do not count as Sally's income.

Example: Joe owes Sally court-ordered spousal support. They agreed for Joe to pay Sally's rent instead. The rent payments do count as Sally's unearned income.

DISABILITY BENEFITS

All Programs

Refer to the specific sections in BEM 503 for policies regarding:

- Railroad Retirement Board Benefits.
- Michigan Rehabilitation Services Payments.
- Retirement, Survivors, and Disability Insurance (RSDI).
- Supplemental Security Income (SSI).
- Workers' Compensation.

- U.S. Civil Service and Federal Employee Retirement System.

Payments an individual receives when absent from work due to illness or injury might be earned or unearned income.

- Consider regular wages received while on sick leave as earned income; see BEM 501.
- Consider the gross amount of other disability payments as unearned income; see BEM 503, Sick and Accident Insurance Payments.

VERIFICATION REQUIREMENTS

All Programs

Verify all non-excluded income:

- At application, including a program add, prior to authorizing benefits.

  Note: See Bridges Administrative Manual (BAM) 117, Expedited, Minimum Verification, for Expedited SNAP income verification rules.

- At member add, only the income of the member being added.

  Note: See BAM 220, CDC Member Add, for CDC member add requirements.

- At redetermination.
- When program policy requires a change be budgeted.

  Exception: For FIP, RCA, SDA and SNAP, verify income that decreases or stops. Do not verify starting and increasing income unless income change information is unclear, inconsistent or questionable. Select **starting or increasing income** as the verification source. Selecting **client statement** as the verification source results in Bridges incorrectly pending eligibility and generating a Verification Checklist.

  CDC only: During the 12-month continuous eligibility period, do not verify starting or increased income unless the income appears to be in excess of the income eligibility scale for the

group size or it will positively affect the department payment or need hours.

Use available electronic methods (for example consolidated inquiry or SOLQ) to verify income. When electronic verification is not available or inconsistent with client statement, the client has primary responsibility for obtaining verification. Do not deny assistance based solely on an employer or other source refusing to verify income; see BAM 130, Verification and Collateral Contacts, and BEM 702, CDC Verifications.

ACCEPTABLE VERIFICATION SOURCES

All Programs

Verification may be from any of the following:

- Documents (example: pay stubs or award notice).
- Letter or document from person/agency making the payment.
- Document from or collateral contact with a knowledgeable source.
- Electronic verification from a reliable source.
- Consolidated Inquiry.

The verification must confirm the gross amount. If unknown, the frequency of the payment must also be verified.

Accept an award notice dated within the past 60 days if there is no reason to suspect the amount has changed.

Refer to appropriate income item for specific acceptable verification sources for each income type.

COMMON VERIFICATION SOURCES

All Programs

Each income type in Bridges has a list of verification sources on the pay details screen. The following verification sources are included in most verification drop-downs and are described below:

Client Statement

Select **Client statement** as the verification source for pay details entered when data is based solely upon information reported by the client verbally, electronically or in writing.

Exception: Select **Starting or increasing income** as the verification source when income starts or increases and you are not processing an application, redetermination, semi-annual, or mid-certification.

After running EDBC, eligibility will pend for programs that require an income verification source other than client statement or starting/increasing income. Bridges will generate a DHS-3503, Verification Checklist, listing what needs to be verified and possible verification sources.

Verification fields associated with eligibility factors that do not normally require verification default to client statement in Bridges.

Not Verified/ Questionable

Select **Not Verified** or **Not Verified/Questionable** as the verification source **only** when income that does not normally require verification (for example starting or increasing income) is unclear, inconsistent or questionable. This causes Bridges to generate a VCL for that income type.

Other Acceptable

Select **Other Acceptable** when your verification source does not exactly match any of the specific sources listed in the verification drop down but verifies all needed elements by another means.

Verification Not Required - Excluded Income

Select **Verification not required - excluded income** whenever it appears in the verification source drop down. This source is selectable only when the income is excluded for all programs, including SER.

LEGAL BASE

FIP

MCL 400.1 *et seq*.

SDA

Annual Appropriations Act
Mich Admin Code, R 400.3151 – 400.3180

CDC

The Child Care and Development Block Grant (CCDBG) Act (42 USC § 9858 et seq.), as amended by the CCDBG Act of 2014 (Pub. L. 113-186).
45 CFR Parts 98 and 99
Social Security Act, as amended 2016

MA

Social Security Act Sections 1902(a)(10), 1931
42 CFR 435, Subparts H and I
MCL 400.106

The Patient Protection and Affordable Care Act (Pub. L. 111-148) and the health Care and Education Reconciliation Act (Pub. L- 111-152).

SNAP

7 CFR 273.9
Section 5105(a)(3)
P. L. 108-447
Keepseagle v. Vilsack, 1:99cv03119 ("Keepseagle")