

5160:1-3-05.8

**Medicaid: lump-sum payments.**

- (A) This rule describes the treatment of lump-sum payments for purposes of determining eligibility for medical assistance.
- (B) Definition. "Lump-sum payment" means income which is accrued over two or more months or a money payment which is not related to any time period, such as a death benefit or inheritance.
- (C) An anticipated nonrecurring lump-sum payment is considered unearned income unless otherwise excluded. It is unearned income in the month received and a countable resource in the month following the month of receipt. The following are some types of anticipated lump-sum payments that are considered unearned income:
- (1) Gifts, prizes, or awards.
  - (2) Retirement or pension funds.
  - (3) Judgments and out-of-court settlements.
  - (4) Proceeds received as the beneficiary of a life insurance policy, including social security lump-sum death benefits.
  - (5) Workers compensation payments when received as a lump-sum.
- (D) An unanticipated nonrecurring lump-sum payment is not considered unearned income in the month of receipt and is a resource in the month following the month of receipt. The following are some types of unanticipated lump-sum payments that are considered resources, that are not unearned income:
- (1) Proceeds received from the surrender or maturing of insurance policies.
  - (2) Proceeds received for the sale of real property.
  - (3) Replacement of income that was lost, destroyed or stolen if the original income was used to determine eligibility.
- (E) Retroactive payments from supplemental security income (SSI) or retirement, survivors, disability insurance (RSDI) are unearned income in the month received and excluded as countable resources for nine months following the month of receipt. The source, amount, and the date of receipt of the retroactive payment must be verified and the information recorded in the case record.
- (1) As long as the funds from the retroactive payment are not spent, they are excluded for the full nine month period. Unspent money must be identifiable from other

resources for this exclusion to apply. The money may be commingled with other funds, but if this is done in such a fashion that the retroactive amount can no longer be separately identified, that amount will count toward the resource limit.

(2) Once the money is spent, this exclusion does not apply to items purchased with the money even if the nine month period has not expired. However, other exclusions may apply.

(F) Federal income tax refunds, and advance payments with respect to refundable income tax credits, are not considered income and are excluded as a countable resource for a period of twelve months beginning the month after the month of receipt, in accordance with 26 U.S.C. 6409 (as in effect October 1, ~~2020~~2023).

(G) Medicaid buy-in for workers with disabilities (MBIWD) premium refunds, as described in rule 5160:1-5-03 of the Administrative Code, are not considered unearned income in the month of receipt and are excluded as a countable resource for a period of twelve months beginning the month of receipt.

~~(G)~~(H) When an individual eligible for medical assistance receives a lump-sum payment, he or she may increase his or her personal property holdings up to the maximums allowed. Then the ~~CDJFS~~administrative agency compares the amount received to the amount of medicaid payments made on behalf of the individual. ~~The individual has the choice of:~~

~~(1) Purchasing household goods or personal effects, as described in rule 5160:1-3-05.10 of the Administrative Code, to ensure that resources remain within allowable limits; or~~

~~(2) Using some or all of the lump-sum payment to pay personal debts; or~~

~~(3) Using some or all of the lump-sum payment for his or her own personal care, including but not limited to hygiene products, toiletries, and assistance with daily living activities; or~~

~~(4) Repaying the medicaid program for medicaid payments made on his or her behalf in order to preserve continuing eligibility for medical assistance. The amount paid by medicaid for past care can be recovered only if the individual agrees and if the repayment amount will continue to ensure the individual's resources remain within the allowable limits; or~~

~~(5) Requesting that his or her medicaid be discontinued.~~

- (1) When the lump-sum is equal to or less than medicaid payments, the individual is given a choice of:
- (a) Purchasing household goods or personal effects, as described in rule 5160:1-3-05.10 of the Administrative Code, to ensure that resources remain within allowable limits; or
  - (b) Using some or all of the lump-sum payment to pay personal debts; or
  - (c) Using some or all of the lump-sum payment for his or her own personal care, including but not limited to hygiene products, toiletries, and assistance with daily living activities; or
  - (d) Repaying the medicaid program for medicaid payments made on his or her behalf in order to preserve continuing eligibility for medical assistance. The amount paid by medicaid for past care can be recovered only when the individual agrees and when the repayment amount will continue to ensure the individual's resources remain within the allowable limits; or
  - (e) Requesting that his or her medical assistance be discontinued.
- (2) When the lump-sum is in excess of medicaid payments for the individual, the excess amount shall be counted as an available resource. When the amount exceeds the maximum resource limit, medical assistance shall be discontinued and the individual will not be required to use any of the lump-sum as repayment of past medicaid payments.

Effective:

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Certification

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Date

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