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See §0902.21 (Glossary: Insurance...) for a definition of lump sums.

MinnesotaCare:

Exclude lump sum income. See §0911.05.03 (Excluded Income--Program Provisions).

Minnesota Rule 9505.0065 subp. 3b

MA/GAMC:

See §0911.09.15.05 (Lump Sum RSDI and SSI Payments) for instructions on treatment of lump sum retroactive payments from the Social Security Administration, including Medicare Part B reimbursements.

Treat other lump sums as income in the month received and an asset if retained beyond the month of receipt. Do not change eligibility or spenddown amounts for previous or current months, or for future months for which you cannot give 10-day notice, based on receipt of an unanticipated lump sum. Lump sums may affect eligibility after the month of receipt for people who have an asset limit if the lump sum creates excess assets. Lump sums may also result in termination of eligibility before the end of the 6-month budget period **for people who were open with 6-month spenddowns before receipt of the lump sum.**

EXAMPLE:

Maria, Lawrence, and their 2 children are eligible for MA without a spenddown for the current certification period of January-June. On May 5, they report they received a \$20,000 insurance settlement on April 25. Recompute eligibility for the current certification period. **If the lump sum creates a 6-month spenddown which they cannot meet, determine eligibility on a monthly basis for the remainder of the certification period. If anticipated monthly income remains below the appropriate standard for each household member, (100% FPG for Maria and Lawrence; 150% FPG for the children) income eligibility continues. If ongoing income is over the appropriate standard in one or more of the remaining months, use a manual monthly spenddown for those months. Review assets for Maria and Lawrence. Terminate their coverage if they do not properly reduce the excess. See §0909.29.03 (Excess Assets--Enrollees).**

**If the case was open with a 6-month spenddown for January-June and the lump sum resulted in an increased spenddown, determine if the household has bills to meet the higher amount (such as unused old unpaid bills). If not,**

terminate MA effective June 1, the first month for which you can give 10-day notice.

**EXAMPLE:**

Brett is eligible for MA with a monthly automated spenddown for the current certification period of July-December. On September 10, he reports he won \$5,000 at a casino in August. It is not possible to increase his August spenddown retroactively. He must reduce assets to within the \$3,000 limit to retain eligibility for October. See §0909.29.03 (Excess Assets--Enrollees).

**EXAMPLE:**

Marcus is eligible for MA without a spenddown for the certification period of January-June. He is approved for RSDI in February and receives a lump sum retroactive payment of \$12,000. He is unable to meet a 6-month spenddown with the lump sum included. His ongoing RSDI amount exceeds the standard, but he has regular medical bills sufficient to meet a monthly spenddown for March-June. Since he previously had no spenddown, he can choose an automated monthly spenddown for the remainder of the budget period.

Count non-excluded lump sums when calculating the spenddown for the month of receipt for people who are eligible using a manual monthly or an LTC spenddown. Adjust the LTC spenddown if a lump sum is reported after the month of receipt.

**NOTE:**

If the lump sum creates a combination LTC/medical spenddown, adjust the LTC spenddown only. Do not establish a medical spenddown retroactively.

Allow the following deductions from the lump sum:

- ▶ Costs associated with getting the lump sum, such as attorney's fees.
- ▶ Any portion of the lump sum earmarked for and used to pay medical expenses not covered by insurance or any Minnesota health care program.
- ▶ Any portion of the lump sum recovered by Benefit Recovery.
- ▶ Any portion of the lump sum earmarked for and used to pay funeral and burial costs.

Anticipate recurring income received less often than monthly when determining initial and continuing eligibility.

**EXAMPLE:**

Elmer receives RSDI monthly. He also receives a rental payment every June and December. His budget period is January-June. Count the RSDI and the rental payment in the 6-month certification period. If Elmer has a spenddown, help him choose the most beneficial method.