

Effect of COVID-19-Related Payments to Recipients of Medicaid, and other governmental benefits

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law by the President on March 27, 2020, includes Economic Impact Payments made directly to individuals and families of up to \$1,200 per adult for individuals whose income was less than \$99,000 (or \$198,000 for married couples filing jointly), plus \$500 per child under 17 years old. Some governmental benefits, including Medicaid and Supplemental Security Income, have caps on both monthly income and on the countable assets (resources) a person can have and still be eligible to receive those benefits. This article addresses the effect the federal government relief payments will have on such benefits.

The first thing to know is that the payments are being automatically issued by the Treasury Department. The Social Security Administration and the IRS are working together so that Social Security beneficiaries who do not file income tax returns do not have to file one just to receive the Economic Impact Payment. Recipients of Supplemental Security Income (SSI) benefits should receive their automatic payments no later than early May. Recipients will generally receive the automatic payments by direct deposit, Direct Express debit card, or by paper check, just as they would normally receive their SSI or Social Security benefits.

Important: SSI beneficiaries who do not file tax returns AND have dependent children should visit the IRS page immediately to ensure they receive their payments without delay:

<https://www.irs.gov/coronavirus/non-filers-enter-payment-info-here>. People who began receiving Social Security or SSI benefits for the first time in 2020 should also visit this "non-filers" site.

Long-term care Medicaid and Supplemental Security Income are two programs with income and resource caps. Long-term care Medicaid is a medical assistance program for individuals who meet certain status and financial eligibility requirements and is administered in Texas by the Texas Health and Human Services Commission (HHSC). Supplemental Security Income is a cash assistance program administered by the Social Security Administration with eligibility requirements similar to those of the long-term care Medicaid program. Both programs have income caps. For beneficiaries of these programs, the Economic Impact Payments will NOT be counted as income. In addition, beneficiaries usually must report changes in income or assets to HHSC or the Social Security Administration. Beneficiaries are NOT required to report the receipt of Economic Impact Payments.

The cap on countable assets for Medicaid and Supplemental Security Income is \$2,000. Under both Medicaid and Supplemental Security Income rules, the economic impact payments will be excluded from being counted as a resource for 12 months following the month of receipt. During this 12-month period, in order for the payments not to be counted as a resource, the payment cannot be mixed with other income; it must be separately identifiable. For example, the payment can be deposited into or transferred to a separate account and then spent down within the year. However, even if the beneficiary does not have a separate account, the Texas Health and Human Services Commission, when reviewing or monitoring bank accounts, assumes that when withdrawals are made from an account with mixed funds in it, the "non-excluded" funds are withdrawn first.

What this means is that Medicaid and SSI beneficiaries whose Economic Impact Payments push their countable assets over the cap of \$2,000, must have less than \$2,000 at the end of the 12-month period.

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