

USDA Discrimination Financial Assistance Program (DFAP) Awards and Medicaid

The information below is for the farmers and ranchers who applied for and received a one-time, lump-sum award from the United States Department of Agriculture (USDA) under the USDA Discrimination Financial Assistance Program (DFAP). DFAP was created to address the consequences of prior discrimination by USDA in USDA farm lending. This general information will help people who receive these USDA DFAP awards understand the potential impact of such money on Medicaid coverage.

The USDA DFAP Award may affect your Medicaid eligibility. Everyone's situation is different. Be sure to consult an attorney or advocate knowledgeable about Medicaid in your state for advice.

See below for a list of resources.

What is Medicaid?

Medicaid is a joint federal and state program that helps cover medical costs for some people with limited income and resources. The federal government has general rules that all state Medicaid programs must follow, but each state runs its own program. This means eligibility requirements and benefits can vary from state to state.

How could my USDA DFAP award affect my Medicaid?

Your USDA DFAP award will increase your income and resources in the month you receive it. Your Medicaid eligibility is based on having limited income and, for some categories, resources. Depending on the category in which you are eligible for Medicaid, the DFAP award may have a small or large effect on your Medicaid eligibility.

When is my USDA DFAP award considered “income?”

The USDA DFAP award is “income” in the month you receive it. Income is any item an individual receives in cash or in-kind that can be used to meet their need for food or shelter. Medicaid eligibility depends on both earned and unearned income. Earned income includes payment for work. Unearned income is all other income, such as retroactive benefits or a settlement payment. The DFAP award is unearned income in the month you receive it. This is unlikely to have any practical effect on you if you are already getting Medicaid.

When is my USDA DFAP award considered a “resource” or “asset?”

A resource or asset is something you own, such as a bank account, land or personal property that could be used or sold to get money for food or shelter. Depending on your age and/or other factors, Medicaid may count your assets. If the value of your assets is greater than the maximum allowed in your state, you are not eligible for Medicaid in that category that month. The unspent portion of your USDA DFAP award will count as a resource on the first day of the month following the month you receive it.

What are the Medicaid income and asset limits in my state for different Medicaid eligibility categories?

How the USDA DFAP award affects your Medicaid eligibility depends on the category of your Medicaid eligibility.

- If you are eligible for Medicaid and are under age 65 and not certified disabled, there is no asset limit in these categories, so your Medicaid is not at risk.
- If you are on SSI (Supplemental Security Income), then you are automatically eligible for Medicaid. SSI has much lower asset limits than Medicaid: \$2,000 for one person living alone; \$3,000 if you live with your spouse. You will need to follow SSI rules for reporting your increased asset. If you lose SSI because of the asset increase, you will have a chance to show that you are still eligible for Medicaid without the SSI. You should watch your mail for notices about this and return any paperwork you receive.

- Usually, people in New York who are over 65 or who have a disability have an asset limit. The asset limit in 2024 is \$31,175 for a single person or \$42,312 for a couple. Although the asset limit is currently in effect for new Medicaid applicants, the asset limit is being waived on recertification (renewal). As of now, this rule change is in effect until June 30, 2025. This means that if you renew your Medicaid before that time, there will be no asset test.
- If you or your spouse are in a nursing home on a long-term basis (more than 29 days), there is a different eligibility process and special rules for counting income and assets. If this is your situation, you should speak with the nursing home or with an advocate to understand how the eligibility process works.
- If you are on Medicare and Medicaid pays ONLY your Medicare premiums (also called the Medicare Savings Program), there is no asset limit for this program.

WARNING: If the USDA DFAP award increases your assets, AND you are receiving Medicaid because you are over age 65, blind or disabled, AND you do not spend down to the allowable limit, you will become ineligible for Medicaid. However, in New York the counting of assets for people already on Medicaid is paused until at least June 30, 2025, and will only apply when individuals need to renew their Medicaid after that date.

What can I do to avoid or lessen the impact of the USDA DFAP award on my Medicaid?

If you are receiving Medicaid because you are over age 65, blind or disabled, you can avoid or lessen the impact of the USDA DFAP award by spending the money on an “exempt” resource. Examples of exempt resources include buying a home, car, household good or personal item, property essential for supporting yourself, life insurance, burial plot and burial insurance. Again, this will only be relevant in New York if you still have assets over the Medicaid limit on June 30, 2025 or later.

For example, if you use the DFAP award to pay off a mortgage, pay off credit card or other debt, make home improvements or repairs, purchase a burial plot or plan, or trade in an old car for a new one, you can spend down the amount of money necessary to be under the resource limit. **DO NOT GIVE THE MONEY AWAY.** This could make you ineligible for some Medicaid services for up to five years.

Do I need to report the USDA DFAP award to Medicaid?

Yes. You should report to Medicaid the amount of the award as soon as you receive the money. However, since the award should not impact your ongoing eligibility, look out for any notices you receive after reporting to confirm that your report was not misinterpreted as a request to close a case or a change to your income going forward.

How do I get information from Medicaid about my benefits?

Call the New York State Department of Health (855-355-5777) if your Medicaid is administered there (generally people under 65 who are not certified disabled). Call your local Department of Social Services if your Medicaid is administered there (generally people who are 65+, blind or disabled).

Where can I find more resources related to the impact of the USDA DFAP award on my Medicaid?

Many USDA DFAP award recipients can request brief legal advice through the ABA Free Legal Answers platform at <https://abafreelegalanswers.org/>. You will need to select the state where you live and provide income and asset information to determine eligibility for free legal advice, which is generally available to people with household income below 250 percent of the federal poverty guidelines. When answering questions about your assets, do not include your USDA DFAP award. Once you are approved, you can create an account to ask a question and get advice from a volunteer attorney.

You can also contact the legal aid office that serves your community. Not all legal aid programs can assist with these kinds of questions, and they only serve people who meet financial and other eligibility requirements. You can look up your local legal aid at <https://www.lsc.gov/about-lsc/what-legal-aid/i-need-legal-help>.

Additional resources and information are available at <https://www.nlada.org/USDA-DFAP/award-recipients>.

For general questions about your USDA DFAP award, contact the DFAP Call Center at 1-800-721-0970.