

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. Some categories of Medicaid count your assets on the first moment of the first day of the month. 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.

In Washington State, Medicaid and other health assistance programs are called “Apple Health.”

- If you are eligible for Medicaid and are under age 65 and not disabled (Medicaid expansion), there is no asset limit in these categories, so your Medicaid is not at risk.
- If you are eligible for Medicaid because you are on SSI (Supplemental Security Income), or over age 65 or disabled, the asset limit for SSI and SSI-linked Medicaid is \$2,000 for one person living alone; \$3,000 if you live with your spouse; \$4,000 if living with a minor child who gets SSI; or \$5,000 if you or your spouse live with a minor child getting SSI.

- If you or your spouse are in a nursing home or receive Medicaid home and community based (HCBS) long-term care services, much higher income limits apply. But higher resource limits apply only to the spouse who is not receiving the long-term care services. A married person receiving Medicaid long-term care services who receives extra one-time income can spend it (see below) before the end of the month of receipt to avoid exceeding the resource limit the following month, or can transfer it to the spouse who is not receiving services.
- If you are on Medicare and Medicaid pays ONLY your Medicare premiums, no resource limits apply to these “Medicare Savings Programs,” known as “MSP.”
- Washington State Medicaid eligibility income and resource standards charts are posted here:
<https://www.hca.wa.gov/assets/free-or-low-cost/income-standards.pdf>

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.

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.

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 a 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?

It depends.

- If you are eligible for Medicaid and are under age 65 and not disabled (Medicaid expansion programs), you must report within 30 days ONLY if the change in income will continue for at least two months. A one-time DFAP payment does not need to be reported.
- If you get Medicaid because you are over age 65, blind or disabled, you should report to Medicaid the amount of the award within 30 days after you receive it. But it is best to wait until the last 10 days of the month of receipt to report. The agency will then redetermine your eligibility. You will need to show that your resources fell below the allowed limit by the end of the month of receipt to avoid losing coverage due to having excess resources.
- If you are receiving MAGI (Modified Adjusted Gross Income) Medicaid, you likely do not need to report a one-time lump sum DFAP payment. See WAC 182-504-0105(a).

How do I get information from Medicaid about my benefits?

For information about Medicaid for people under age 65 and not disabled (Medicaid expansion programs), call the Health Care Authority (HCA) Customer Service Center at 1-855-923-4633.

For information about Medicaid for people over age 65 or receiving Medicaid due to disability, call the DSHS Customer Service Center at 1-877-501-2233.

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

The Northwest Justice Project provides advice and brief services to eligible low-income people and seniors in Washington State.

- Call CLEAR at 1-888-201-1014 weekdays between 9:15 a.m. and 12:15 p.m., or apply online at <https://nwjustice.org/apply-online>. Individuals will have to complete an intake for their public benefits issue, speak by phone with an intake screener, and then may be connected with a CLEAR attorney for advice.

- Seniors (age 60 and over) may also call CLEAR*^{Sr} at 1-888-387-7111 (statewide).
- Deaf, hard of hearing or speech-impaired individuals may call CLEAR or 2 1 1 (or toll-free 1-877-211-9274), using the relay service of their choice.

Please be advised that hotline intake services may or may not be available, depending on the volume of incoming requests. Callers are advised to call back if they were unable to get through the first time.

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.