

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 Medicaid eligibility is based on having limited income and, for some categories, resources. Your USDA DFAP award will increase your income in the month you receive it and, if you are subject to a resource limit, your resources if you retain any of the money in the month after receipt.

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.

Is my USDA DFAP award considered “income?”

Yes. The USDA DFAP award is “income” in the month you receive it. 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 USDA DFAP award is unearned income in the month you receive it.

See questions below for the possible impact of this income on your Medicaid.

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

Some types of Medicaid have a resource limit. For these Medicaid types, 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. If the value of your assets is greater than the maximum allowed in Illinois, you are not eligible for Medicaid in that category that month.

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.

Income

- If you are 65 or older or have a disability and are receiving Social Security Disability benefits or Supplemental Security Income (SSI):
 - The income limits in Illinois for Medicaid are 100 percent of the federal poverty level (\$2,600 per month for a family of four).
 - This amount differs if you are married and your spouse is living in a nursing home paid for by Medicaid. If this is the case, please use the referral information below to contact a free lawyer at a nonprofit organization who can help you determine the award’s impact on Medicaid.

- If you are between 19 and 65 years old:

- The income limits in Illinois for Medicaid are 138 percent of the federal poverty level (\$3,588 per month for a family of four).
- if you are under age 19:
 - The income limits in Illinois for Medicaid are up to 318 percent of the federal poverty level (\$8,268 per month for a family of four).
- See <https://www.dhs.state.il.us/page.aspx?item=134674> for annual and monthly income and federal poverty levels for different family size.

If your DFAP award, when added to any other income you have or on its own, puts you over the income limit for your category of Medicaid, it is important to report the award to the Illinois Department of Human Services when you get it. See Question 9 for how to report.

Assets

- If you are eligible for Medicaid and are under age 65 and not disabled (meaning not getting Social Security Disability or SSI), there is no asset limit in these categories, so your Medicaid is not at risk from the DFAP award.
- If you are on Medicaid because you are age 65 or older, or have a disability and are receiving Social Security Disability or SSI), your resource limit for Medicaid is \$17,500. (See <https://www.ssa.gov/ssi/text-resources-ussi.htm> for your resource limit for SSI if you or someone in your family receives SSI.)
- If you or your spouse are in a nursing home, higher income and asset limits apply. If this is the case, please use the referral information below to contact a free lawyer at a nonprofit organization who can help you determine the award's impact on your and your spouse's Medicaid coverage.
- If you are on Medicare and Medicaid pays ONLY your Medicare premiums, the income limits for you are 135% of the federal poverty level (\$2,298 for a family of two) and the asset limits are also higher: \$9,430 for an individual and \$14,130 for a family of two.

WARNING: If you are subject to a resource limit and still have enough of the USDA DFAP left in the month following the month you receive it to be over

that limit, you will become ineligible for Medicaid. If this is the case, you may be eligible for Medicaid through a program called spenddown. More information on this program can be found at

<https://hfs.illinois.gov/info/brochures-and-forms/brochures/hfs591sp.html>.

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

You can avoid or lessen the impact of the USDA lump sum award by spending the money on an exempt resource or paying down your existing bills. Examples of exempt resources include buying a home, car, household good or personal effects, property essential for supporting yourself, life insurance, a burial plot and burial insurance.

For example, if you use the USDA DFAP payment to pay off a mortgage, pay off credit card or other debt, make home improvements or repairs, purchase a burial plot or plan, then 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. If you do not report the award to Medicaid, you will have to pay back money you should not have received for covered health care expenses, and you may face other penalties or sanctions.

How do I get information from Medicaid about my benefits?

Contact the Illinois Department of Human Services by phone at 1-800-843-6154, TTY at 1-866-324-5553, or access your own benefits case through Manage My Case at <https://abe.illinois.gov/abe/access/>.

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

You can call the Legal Council for Health Justice at 312-427-8990 for free advice.

You can also look up a local legal aid agency at <https://www.lsc.gov/about-lsc/what-legal-aid/i-need-legal-help>. If you meet their income limits, they can also give you free advice.

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