

# 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.

- If you are eligible for Medicaid and are under age 65, not disabled and not pregnant (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 and your spouse live with a minor child getting SSI.

- If you or your spouse are in a nursing home, much higher income and asset limits apply. For calendar year 2024, in order to be eligible for nursing home Medicaid, the total countable monthly income of the institutionalized Medicaid applicant must be less than \$2,829. If the person in the nursing home (the “institutionalized spouse”) is married, community property principles can be used to determine the institutionalized spouse’s income if it were advantageous to them and doing so would place the institutionalized spouse’s income below \$2,829. Moreover, individuals with incomes greater than \$2,829 can become eligible by using an Income Diversion Trust. The asset limit is currently \$2,000 for institutional Medicaid nursing home applicants. If a person intends to return to their home, the home is usually not counted as an asset. For married institutional Medicaid applicants, the community spouse is entitled to retain half of the couple's combined countable resources, subject to a minimum of \$31,290 and a maximum of \$154,140. This is known as the Community Spouse Resource Allowance, or CSRA. Nursing home Medicaid income and asset rules can be overwhelming and complex. You should consult with a seasoned attorney or advocate knowledgeable about nursing home Medicaid for advice about your individual case.
- If you are on Medicare and Medicaid pays ONLY your Medicare premiums, the asset limits are also higher: \$9,450 for an individual and \$14,130 for a family of two. The income limits also may be higher, depending on your state. There are two “limited” categories of Medicaid that pay ONLY for your Medicare premiums. These categories are the Specified Low Income Medicare Beneficiary (SLIMB) and Qualified Individuals (QI-1). Currently in New Mexico, the monthly gross income limit for SLIMB is \$1,506.00 and \$1,695.00 for QI-1. The income limits for SLIMB and QI-1 change annually on April 1. In New Mexico, there are no asset limits for the SLIMB and QI-1 categories of Medicaid.

**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?**

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?**

Call the Consolidated Customer Service Center of the New Mexico Healthcare Authority (HCA) at 1-800-283-4465.

## **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.