

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 are eligible for Medicaid because you meet 1619(b) criteria (your earnings are too high for an SSI cash payment, but you maintain Medicaid eligibility because you are still disabled, need Medicaid benefits to continue working, and your gross earnings after various exclusions are insufficient to replace SSI, Medicaid and publicly funded attendant care services), you must still meet the asset limit for SSI and SSI-linked Medicaid (see above).
- If you are eligible for Medicaid because you are medically needy (you are over income limits for Medicaid but can qualify by meeting a spend-down), then the asset limit is \$4,000 for individuals and \$6,000 for couples. The medically needy countable income limit for individuals is \$1,133 per month, while the medically needy income limit for couples is \$1,175 per month.
- If you are eligible for Medicaid as a disabled working adult, then the resource limit is \$10,000 for individuals and \$20,000 for couples. The current countable income limit is 250 percent of the federal poverty limit (\$3,137.50 per month for an individual and \$4,259.33 for a couple). Medicaid copays are calculated based on monthly earnings.
- If you or your spouse are in a nursing home, much higher income and asset limits apply. Financial eligibility for those in need of long-term services and support are 300 percent of the SSI rate (\$2,829 for individuals and \$4,245 for couples). Those with higher income will be required to pay a cost share. Resource limits remain at \$4,000 for an individual and \$6,000 for a couple.
- If you are on Medicare and Medicaid pays ONLY your Medicare premiums, the asset limits are also higher: \$9,090 for an individual and \$13,630 for a family of two. The monthly income limit for an individual is \$1,694.25, and for a couple it is \$2,299.50.

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 Rhode Island Department of Human Services at 855-697-4347 or 855-840-4774 for information about your Medicaid. You can also visit any DHS office in person.

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

For the state of Rhode Island, DFAP awardees may also contact Rhode Island Legal Services for more information and possible representation.

Providence Office (all counties)
56 Pine Street, Suite 400
Providence, RI 02903
401-274-2652, extension 116

Individuals seeking assistance from RI Legal Services will need to go through eligibility screening and meet income and resource requirements to qualify for assistance. Alternatively, USDA DFAP awardees may contact the Lawyer Referral Service at 401-421-7799 for assistance.

You can 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.