

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. Wisconsin chose not to accept Medicaid expansion. Instead, it created a category called “BadgerCare Plus Childless Adults.” There is no asset limit for those on BadgerCare Plus Childless Adults.
- 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. A child and parent(s) on SSI would have a \$2,000 asset limit, and a parent on SSI would have their own \$2,000 asset limit, or \$3,000

asset limit for a couple, which would total \$4,000 for a single parent and child both on SSI, or \$5,000 for a child with two parents (one or both of whom are on SSI).

- If you or your spouse are in a nursing home, higher income and asset limits apply. In Wisconsin, the income limit for an individual is \$2,829 per month. The asset limit for an individual is \$2,000. Skilled nursing facilities (SNF), Intermediate Care Facilities (ICF), and hospitals are all considered Institutional Long-Term Care. An unmarried nursing home applicant for Institutional Long-Term Care Medicaid has an asset limit of \$2,000. If married and one spouse lives in the community, then the Spousal Impoverishment rules apply (which are too complicated to briefly summarize). The Spousal Impoverishment rules allow for the community spouse to keep a limited amount of assets. The Institutional applicant income limit is \$2,829 for Institutional Categorically Needy eligibility. If the applicant exceeds the Institutional Categorically Needy Income limit, the person may be Institutional Medically Needy if their expenses exceed their income. Wisconsin also has long-term care programs that allow elders and people with disabilities to live in the community. The Home and Community-Based Waivers Long Term Care are based on the applicant's eligibility for different full-benefit Medicaid programs, including Long-Term Care Medicaid which could include the member paying a cost-share for their long-term care.
- Categorically Needy Medicaid has a monthly income limit of \$1,026.78 for an individual and \$1,547.05 for a couple; Medically Needy Medicaid has a monthly income limit of \$1,255.00 for an individual and \$1,703.33 for a couple). Medically Needy Medicaid eligibility can be met via a personally determined deductible. Both Categorically Needy Medicaid and Medically Needy Medicaid have an asset limit of \$2,000 for an individual and \$3,000 for a couple.
- If you are on Medicare and Medicaid pays ONLY your Medicare premiums, the asset limits are also higher: \$9,430 for an individual and \$14,130 for a family of two. The income limits also may be higher, depending on your state.
- Wisconsin has four Medicare Savings Plans. The income limits are as follows:

- Qualified Medicare Beneficiary (QMB): \$1,255 for an individual or \$1,703.33 for a group of two. QMB pays for Medicare Part A premiums (if the person has one), Medicare Part B monthly premiums, annual deductible and 20 percent co-insurance.
 - Specified Low-Income Medicare Beneficiary (SLMB): \$1,506 for an individual or \$2,044 for a couple.
 - Qualifying Individual (QI) Program – In Wisconsin known as Specified Low-Income Medicare Beneficiary Plus (SLMB+): \$1,694.25 for an individual or \$2,299.50 for a group of two. Pays the Medicare Part B premium.
 - Qualified Disabled and Working Individual (QDWI): \$2,510 for an individual or \$3,406.66 for group of two. The asset limit for QDWI is \$4,000 for an individual and \$6,000 for a couple. QDWI pays the Medicare Part A premium only.
- In Wisconsin, if you are on Medicaid Purchase Plan (MAPP), the asset limit is \$15,000, and the income limit is 250 percent of the Federal Poverty Level for the Fiscal Test Group. The MAPP applicant, spouse and any natural/adoptive children of the applicant are part of the Fiscal Test Group. The \$15,000 asset limit is for the MAPP applicant only; any assets that are solely of the non-applicant spouse are not counted. Under certain circumstances, once on MAPP, the MAPP member can exceed the \$15,000 asset limit. MAPP eligibility requires a disability determination, regardless of the applicant's age.

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 may have to pay back money you should not have received for covered health care expenses, and you may face other penalties or sanctions. Per guidance from the Centers for Medicare and Medicaid Services, effective April 1, 2023, Wisconsin no longer pursues Medicaid overpayments, regardless of the reason. Suspected fraudulent activity can be referred to the Department of Health Services Office of the Inspector General, the district attorney or county corporation counsel for investigation and prosecution. If you receive SSI and do not report the income, Social Security can issue an overpayment. You may also lose your SSI benefit if you are over the asset limit, and until you reduce your assets to below the SSI asset limit.

How do I get information from Medicaid about my benefits?

Call the Wisconsin Department of Health Services: Medicaid Member Services at 1-800-362-3002. You can contact your Income Maintenance Consortia or use your ACCESS account at access.wisconsin.gov. Tribal members can contact their Tribal Agency. See the Wisconsin Department of Health Services's web site for Income Maintenance and Tribal Agency contact information:

www.dhs.wisconsin.gov/forwardhealth/imagency/index.htm.

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

Wisconsin has a network of Disability Benefit Specialists for people with disabilities ages 18-59, and Elder Benefit Specialists for people ages 60 and older. These benefit specialists are professionals who are highly trained in Medicaid, Medicare and Social Security technical assistance by licensed attorneys. There is no income or asset test to receive services from a benefits specialist. Locate your benefit specialist, including Tribal Benefit Specialists at

www.dhs.wisconsin.gov/benefit-specialists/counties.htm.

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.