

Guidelines for Inclusion and Exclusion of Assets, Income and Expenses For Full Financial Determination

The following are listings of assets, income and expenses that per Michigan Department of Health and Human Services Administrative Rules may or may not be included in the determination of ability to pay:

Assets to be excluded when determining ability to pay:

- Homestead and accumulated funds separately held to pay homestead taxes, assessments and insurance
- Household goods customarily found in the home and intended for the maintenance, use or occupancy of the home
- Personal property that is essential for health maintenance and mobility, such as wheelchairs and walkers
- Tools or equipment used in the production of income (i.e. mechanic's tools, business vehicle)
- Irrevocable prepaid funeral contracts and burial spaces as defined and allowed under the Medicaid Assistance Program (FIA)
- Pension funds, deferred compensation, annuities or similar funds that cannot be withdrawn or borrowed against

Assets to be included in determining ability to pay:

- Bank accounts, checking accounts, savings accounts, credit union accounts
- Stocks and bonds-current market value
- U.S. Savings bonds-cash value or value determined by schedule on bond
- Estate or Trust Funds-must receive copy of trust agreement in order to determine amount available
- Inheritance-amount of value at time of ability to pay determination
- Vehicles in addition to primary vehicle (married persons may exclude two vehicles)
- Recreational vehicles, including snowmobiles, motorcycles, motor homes, boats, etc.
- Real estate other than primary homestead including recreational property, vacation and rental property
- Pension funds, deferred compensation, annuities or similar funds that *can* be withdrawn or borrowed against (include only 90% of asset value)

Income to be included in determining ability to pay:

- Salaries and wages, including bonuses, longevity, overtime, vacation and sick pay, tips, etc.
- Entitlement benefits such as Social Security, Veteran's Administration, Supplemental Income, etc.
- Retirement and pension income
- Interest and dividends
- Unemployment compensation
- Worker's compensation
- Disability pay

Income to be included (continued):

- Alimony received
- Child support received (only when child is the recipient of services, does not get added as gross income of a parent when parent is the recipient of services)
- Net rental income
- Net profit from business if self employed
- Trust income

Expenses to be included in determining ability to pay:

- Food, clothing and personal necessities
 - MDHHS has established a standard expense allowance for food clothing and incidental expenses. The cap is changed each year on October 1st.
- Shelter expense such as rent or mortgage, property taxes and insurance
- Homestead maintenance expenses such as plumbing or furnace repairs, repair of broken windows, etc.
- Utilities including gas, electric, water, trash removal and telephone (only one telephone is allowable, either a land line or a cell phone but not both)
- Life insurance premiums
- Income taxes (federal, FICA, state, local)
- Contracted debt payments including loans and credit card debt incurred prior to receiving services
 - Amount of contractual debt payment allowable per month is equal to the contract minimum or monthly payment amount
 - Assets associated with contractual payments listed as expenses should be included as available assets when not excludable (i.e. if loan on snowmobile is listed as an expense then snowmobile should be included as an available asset)
- Employment expenses including union dues, uniforms, tools, equipment, etc.
- Tuition expenses for minor children attending parochial or private school
- Expense for higher education or vocational education of individual or spouse when it is necessary to maintain primary employment
- Transportation expense
 - May use *one* of the following methods:
 - 1) Itemized Method-provide actual expense for automobile payment, automobile insurance, gas, oil, license plate fees, repairs and maintenance
 - 2) Mileage Rate Method- Multiply mileage driven for employment and necessary family travel by current state mileage rate (do not include employer reimbursed mileage)
- Health and Dental insurance premiums
- Outstanding medical/dental bills
- Pharmacy charges
- Guardianship fees
- Legal fees
- Court ordered obligations such as child support and alimony

Expenses that are not allowed:

- Entertainment expenses of any kind
- Memberships such as health club or zoo membership
- Expenses for extracurricular activities such as figure skating, karate, hockey, dance, gymnastics, etc.
- Fines such as traffic or parking tickets
- Payments for nonessential services such as dog walking, car wash and nail salon
- Expenses associated with pet ownership such as veterinary bills and pet food