

## **Medicaid and the Economic Stimulus Tax Rebates**

The rebates for the economic stimulus, which many seniors will soon receive, are not counted as income or a resource for Medicaid recipients in the month received and for the next two months. The rebate and income can and should be gifted to a family member without penalty. The family member can hold the funds for the recipient's supplemental needs.

The rebate amount will be counted as a resource at the end of the three-month period. The rebate amount given away after the three-month period will be subject to a transfer penalty. Should a person die within the month or the two months after he or she receives the rebate, the rebate amount is not subject to Medicaid estate recovery. The rebate amount is subject to estate recovery after the three-month period.

### **Medicaid Eligibility – Information Treatment of Economic Stimulus Tax Rebates**

The rebates in the recently enacted **economic stimulus tax rebates** are not counted as income or resources under Medicaid, although the amount of time the rebates are not counted as resources is limited. The economic stimulus legislation (P.L. 110-185) provides that credits or refunds issued under the bill are not to be counted as income or resources in the month of receipt, and for the following two months, for purposes of determining eligibility for or the amount of benefits under any federal program, or under any state or local program financed in whole or in part with federal funds. Obviously that includes the Medicaid program.

The rebates are not countable as income for post-eligibility. Counting the rebates as income under post-eligibility would result in increased income to the individual, which in turn would result in Medicaid's reducing its payment to the provider. That means the amount of benefits payable on behalf of the individual would be reduced if the rebates are counted as income under post-eligibility.

With regard to transfers of assets for less than fair market value, rebates given away during the three-month period in which they are not countable as income or resources would not be subject to a transfer penalty. However, if given away after the three-month exempt period expires, the rebates would be subject to penalty. The same would apply to counting a rebate as part of a person's estate for estate recovery purposes. If the rebate becomes part of a person's estate during the three-month exempt period, it would not be subject to recovery. However, if the rebate becomes part of a person's estate after the three-month exempt period expires, it would be subject to recovery.