

**DEPARTMENT
POLICY**

This item applies to Group 2 Under 21 and Caretaker Relative categories only.

A fiscal group is established for each person requesting MA and budgetable income is determined for each fiscal group member.

Since how a client's income must be considered may differ among family members, special rules are used to prorate a person's income among the person's dependents, and themselves.

Follow the multi-step process outlined below to determine a fiscal group member's income, then follow FISCAL GROUP'S NET INCOME in this item.

**DETERMINING
BUDGETABLE
INCOME**

Group 2 Under 21 and Caretaker Relative Follow **Step 1** through **Step 16** below for each fiscal group member with income. Apply the deductions in the order the steps are listed.

**Step 1 - Countable
Earned Income**

Use the policies in BEM 500 and 530 to determine each fiscal group member's countable earned income.

**Step 2 - Standard
Work Expense**

Deduct \$90 from the countable earnings of each fiscal group member with earnings.

**Step 3 - \$30 Plus
1/3 Disregard**

Deduct \$30 plus 1/3 of a fiscal group member's remaining earned income if the member received FIP or LIF in at least 1 of the four calendar months preceding the month being tested.

Note: Received, for purposes of this disregard, includes months a member has been found eligible for LIF.

Example: Harry's countable monthly earnings are \$420.98. The deductions are applied to \$420. $\$420 - \$90 = \$330$. $\$330 - \$30 = \$300$. $1/3$ of \$300 is \$100. $\$300 - \$100 = \$200$.

Step 4 - Dependent Care Deduction

Deduct an amount for dependent care expenses arising from employment from the remaining earnings of the parent in the fiscal group who pays for the care.

Compute the dependent care deduction separately for each fiscal group member who pays for dependent care. The deduction is \$200 per month for each person receiving care, unless one of the rules below prohibits a deduction.

The following rules apply:

- The person receiving dependent care must:
 - Be living with the fiscal group member paying for the care, **and**
 - Be that fiscal group member's child, **and**
 - Be under age 13 or be under age 18 and need care due to a mental or physical limitation.
- If two parents in the fiscal group claim expenses for the same child, allow the deduction for the fiscal group member with the highest income.
- Do not allow the deduction if the employed person is paying a responsible relative of either the person paying for or the person needing care. Responsible relative means:
 - A person's spouse.
 - The parent of an unmarried child under age 18.
- Do not allow a deduction for a person receiving care if the **total** cost is paid by CDC or a third party.

Performing dependent care services should not interfere with the caregiver's schooling or employment.

**Step 5 - Countable
Child Support**

Use policies in BEM 500 and 530 to determine countable child support income.

**Step 6 - Child
Support Disregard**

Deduct \$50 from the child support received by a fiscal group member.

**Step 7 - Other
Unearned Income**

Use the policies in BEM 500 and 530 to determine the fiscal group member's other countable unearned income.

**Step 8 - Total Net
Income**

Add together the fiscal group member's remaining:

- Earned income, and
- Child support income, and
- Other unearned income.

**Step 9 - Court-
Ordered Support**

Deduct court-ordered support paid by a fiscal group member to a child who does not live with the fiscal group. The deduction cannot be greater than the amount ordered for the month; arrearage payments are not deducted.

**Step 10 -
Guardianship/
Conservator
Expenses**

Deduct \$83 per month for court-appointed guardian and/or conservator expenses if verified paid by a fiscal group member.

Guardianship/conservator expenses include:

- Basic fee.
- Mileage.
- Other costs of performing guardianship/conservator duties.

**Fiscal Group
Member's Total
Net Income**

The result after **Step 10** is the fiscal group member's total net income.

**Step 11 -
Determine
Dependents**

Determine the number of dependents living with the fiscal group member.

Dependent means a person's spouse and child (ren).

Child (ren) means an unmarried person under age 18.

Note: Do not count the member being processed as a dependent. The member is included in **Step 12** and **Step 15**.

Skip **Step 12** and **Step 13** if a member's number of dependents is zero.

**Step 12 - Prorate
Divisor**

Add 2.9 to the amount determined in **Step 11**. (2.9 is a calculation using federal needs allowances.) The result is the prorate divisor.

**Step 13 - Child's or
Adult's Prorated
Share**

Divide the person's total net income (the result from **Step 10**) by the prorate divisor (**Step 12**). The result is the prorated share of the fiscal group member's income.

**Step 14 - Non-
Parent Caretaker
Relative's Prorate
Divisor**

This step applies to a fiscal group member who meets the following criteria:

- This person's Group 2 MA eligibility is based on BEM 135, Group 2 Caretaker Relative, and

- This person is a core relative who is acting as parent for one or more dependent children in the home who are **not** the person's own children. Example: Person is acting as parent for a grandchild or a stepchild who is a dependent child.

Note: Dependent child is defined in BEM 135. Also, keep in mind the following policies from BEM 135:

- A child can have only one **non-parent** caretaker relative.
- A non-parent can act as parent even if the parent is in the home. If the parent and non-parent both claim to be acting as parent, assume the parent is caring for the child.

Skip **Step 14**, **Step 15** and **Step 16** if the person does not meet the criteria above.

If the fiscal group member being tested meets the criteria above, determine the number of dependent children who:

- Are unmarried and under age 18, and
- This member acts as a parent for but is **not** the parent of.

Step 15 - Non-Parent Caretaker Relative's Prorate Divisor

Add the following three amounts:

- Amount from **Step 11**, and
- Amount from **Step 14**, and
- 2.9.

Step 16 - Non-Parent Caretaker's Prorated Share

Divide the person's total net income (the result from **Step 10**) by the non-parent caretaker relative's prorate divisor (**Step 15**). The result is the prorated share of the fiscal group member's income for purposes of determining the member's eligibility.

Repeat **Step 1** through **Step 13** and if appropriate, **Step 14** through **Step 16** for each fiscal group member with income before proceeding to **FISCAL GROUP'S NET INCOME**.

**FISCAL GROUP'S
NET INCOME****Group 2 Under 21 and Caretaker Relative****Child's Fiscal
Group's Net
Income**

A child's fiscal group's net income is the total of the following amounts:

- The child's net income (**Fiscal Group Member's Total Net Income**) if the child has no dependents **or** 2.9 prorated shares of the child's own income if the child has dependents (child's **Step 13** times 2.9), plus
- For each parent in the fiscal group, 3.9 prorated shares of the parent's own income (each parent's **Step 13** times 3.9), plus

Note: This is the child's and parent's share of the parent's income.

- One prorated share of each of the parent's own income (each parent's **Step 13**) when:
 - Both of the child's parents are in the child's fiscal group, and
 - The parents are married to each other.

Note: This is the couple's share of each other's income.

**Adult's Fiscal
Group's Net
Income**

An adult's fiscal group's net income is the total of the following amounts:

- The adult's net income (**Fiscal Group Member's Total Net Income**) if the adult has no dependents **or** 2.9 prorated shares of the adult's own income if the adult has dependents (adult's **Step 13** times 2.9), plus
- If the spouse is in the adult's fiscal group:
 - 3.9 prorated shares of the spouse's own income (spouse's "**Step 13**" times 3.9), plus

- One prorated share of the adult's (person requesting MA) income (adult's amount from **Step 13**).

Note: This is the couple's share of each other's income.

INCOME ELIGIBILITY

Group 2 Under 21 and Caretaker Relative

Group 2 Determination

Use the policies in BEM 544 and 545 to complete the determination of income eligibility for each person requesting MA.

LEGAL BASE

MA

Social Security Act, Section 1902(a)(10).
42 CFR 435.831(a)(1).
MCL 400.106.