In light of the current military action in the Middle East, several questions have been asked regarding military reenlistment bonuses. Reenlistment bonuses can be substantial amounts of money. This action transmittal provides clarification of how to determine eligibility for TCA, FS and MA when households receive reenlistment bonuses.

Military reenlistment bonuses can be paid in one of two ways: as a lump sum; or up to 50 percent of the bonus amount as an initial payment, with the remainder paid in equal annual payments. It is up to the military service to decide which military grades/series get the bonuses and how much the individual receives. This means that the Navy, Army, Air Force and Marines can have their own individual policies regarding payment of the reenlistment bonuses. Because of these individual payment policies, local departments must verify the payment policy.

TEMPORARY CASH ASSISTANCE

It is unlikely that a family with an active duty military individual will qualify for assistance. TCA policy treats a military parent as an assistance unit member even when that person is away from the home on assignment. Since we count the military person’s income, the assistance unit would probably be over scale. However, if an eligible household member receives a lump sum reenlistment bonus, the local department must follow lump sum rules. For TCA purposes, apply the lump sum
calculation to the **total bonus amount even if the military branch selects the multiple payment method.**

- Add the **total** lump sum to all other income for the month. Allow work expenses and disregards. Exclude the TCA grant.

- Divide the result by the allowable payment for the assistance unit size.

- Use the result to determine the number of ineligible months and close the case following adverse action. You can find additional lump sum information in the TCA Manual, chapter IX, section 10.

**FOOD STAMPS**

If a household receives a **lump sum** reenlistment bonus, it is exempt from income as a **non-recurring lump sum payment.** The local department will count the money as a resource in the month the household receives the lump sum. Depending on the adverse action period, the household would probably be ineligible based on excess resources.

If a household receives **half the bonus in a lump sum** with the **remainder paid in equal annual installments count the entire bonus as earned income.** Average the initial lump sum over a 12-month period. Treat the subsequent payments like an annuity and average over 12 months. The household may or may not be eligible for food stamps based on the averaged earned income.

**MEDICAL ASSISTANCE**

If a TCA household receives a **lump sum** reenlistment bonus and remains eligible for TCA, the household remains eligible for Medical Assistance. The Personal Responsibility and Work Opportunity Act of 1996 gave States the option to continue to provide automatic Medicaid eligibility to cash assistance recipients, and Maryland has taken this option.

For **Non-TCA MA** households that receive the **lump sum** reenlistment bonus, apply the MA lump sum income policy specified in the Medicaid Eligibility Manual.

- Prorate beginning with the month received through the remainder of the period under consideration.
- In the subsequent period under consideration, any retained portion of the lump sum income is considered a resource to the household.
- Repeat the above procedure in each year that a military reenlistment bonus is received as a lump sum payment.
LOCAL DEPARTMENT ACTION

TCA, FOOD STAMPS AND MEDICAL ASSISTANCE

Local departments must ask households containing military personnel that are applying for, or receiving assistance:

- Whether they have reenlisted in the military,
- If the military person has received a reenlistment bonus, and
- How the bonus was paid to them.

If the household acknowledges receiving the reenlistment bonus, request verification in order to determine when and how to count the funds.

PAYMENT ACCURACY

Customer failure to report a reenlistment bonus will increase the potential for the local department to have a customer caused Quality Control (QC) Temporary Cash Assistance, Food Stamp and Medical Assistance error. Local departments must be diligent in asking each household, containing military personnel, applying for or receiving benefits if they have received a reenlistment bonus.

ACTION DUE

This policy is effective April 1, 2002.

INQUIRIES

Please direct food stamp questions to Marilyn Lorenzo (410) 767-7333, Temporary Cash Assistance to Jo-Ann Showalter (410) 767-7956, Medical Assistance questions to Cynthia Davis (410) 767-7495 and system questions to David Holland (410) 238-1295.

cc: DHR Executive Staff
FIA Management Staff
Constituent Services
OIM Help Desk
RESI
CARES

For TCA Only

- On the UINC screen, enter LS in the Source field, the lump sum amount in the Amt1 field, the appropriate verification in the V field, and AC in the Freq field.

- Fastpath to MISC screen and enter a Y in the Calc Elig Ind.

- Fastpath to DONE, confirm benefits (if eligible) or confirm 301 (Total Income over the Limit) closing/denial code with Ys in the Confirm fields, and press enter to commit the data.

- CARES will give a second closing code ranging from 309 – 319, indicating how long they are ineligible for TCA. Create a 745 alert as a reminder of the next month the customer is eligible.

For Food Stamps Only

- For the household that received the full military reenlistment bonus in one lump sum:
  - In the month that the household received the bonus, on the AST1 screen enter the full bonus amount in the Amount field, FS (Countable for Food Stamps) in the Type field, the appropriate verification in the V field, and the appropriate branch of the military in the Institution Name field.

- For the household that received half of the bonus in a lump sum with the remainder paid in equal annual installments:
  - On the ERN1 screen, enter the appropriate branch of the military in the Employer Name field, FS in the Type field, and the begin date in the Begin Date field.
  - Offline, divide the half of the bonus received in lump sum by 12.
  - On the ERN2 screen, enter the lump sum divided by 12 in the Amt 1 field, the monthly hours worked in the Hrs field, the appropriate verification in the V field, and AC in the Freq field.

When the household receives the second half of the bonus broken out in equal annual installments:

Offline, take the new yearly amount and divide by 12 and enter as the new amount in the Amt 1 field of the ERN2 screen.
For Medical Assistance Only
Please note that Medical Assistance policy has not changed therefore the CARES procedures have not changed. Below are the current CARES procedures:

- On the ERN1 screen, enter the appropriate branch of the military in the Employer Name field, MA in the Type field, and the begin date in the Begin Date field.

- Off line, calculate the prorated amount of the lump sum by taking the total amount and dividing it by the number of months remaining in the consideration period.

- On the ERN2 screen, enter the prorated amount in the Amt 1 field, the monthly hours worked in the Hrs field, the appropriate verification in the V field, and AC in the Freq field.

- Fastpath to DONE, confirm benefits (if still eligible) with Ys in the Confirm fields, and press enter to commit the data.

- In the subsequent certification period, if the household has retained any portion of the lump sum income, on the AST1 screen enter the retained portion of the lump sum amount in the Amount field, CO (Countable for Cash and/or MA) in the Type field, the appropriate verification in the V field, and the appropriate branch of the military in the Institution Name field.

NOTE: When there is TCA/FS household or an MA/FS household, simply follow the procedures specific to each program and use them in tandem. For example: The household receives half of the bonus in the lump sum amount of $12,000.

For TCA
- On the UINC screen enter LS in the Source field, $24,000 in the Amt1 field, the appropriate verification code in the V field, and AC in the Freq field.

- Fastpath to MISC screen and enter a Y in the Recalc Elig Ind field and fast path to DONE.

- Enter Ys in the Confirm and Confirm Benefit fields to confirm the 301 closing code along with the 309 – 319 closing code indicating the length of ineligibility of TCA benefits.

- Be sure to create a 745 alert to yourself to notify you when the next month this household is eligible.

For Food Stamps
- Fill out the ERN1 screen as described above with the exception of entering FS in the Type field.
✓ Offline, calculate the monthly amount by dividing by 12 which will result in $1,000. (Drop the cents, if there are any)

✓ Enter $1,000 in the Amt 1 field of the ERN2 screen of the person receiving the bonus, entering monthly hours in the Hrs field, the appropriate verification code in the V field, and AC in the Freq field.

After a year, the person receives the $12,000 balance of his bonus in the form of equal annual installments of $3,000/year for the next four years.

✓ Offline, calculate the new monthly amount by dividing the $3,000 by 12 resulting in a monthly amount of $250. (Drop the cents, if there are any)

✓ Enter this new amount of $250 in the Amt 1 field of the ERN2 screen of the person receiving the bonus.

✓ Fastpath to the MISC screen and enter a Y in the Calc Elig Ind field.

✓ Fastpath to DONE, confirm benefits with Ys in the Confirm fields, and press enter to commit the data.

For Medical Assistance

✓ Offline, divide the total lump sum amount of $24,000 by the number of months remaining in the consideration period which, for this example, we will say is five months remaining. I.e. $24,000 / 5 = $4800

✓ On the ERN1 screen, enter the fields as usual with the exception of entering MA in the Type field.

✓ On the ERN2 screen, enter $4800 in the Amt 1 field, the monthly hours worked in the Hrs field, the appropriate verification in the V field, and AC in the Freq field and fast path to MISC screen.

✓ Enter a Y in the Recalc Elig Ind field and fast path to DONE.

✓ Enter Ys in the Confirm and Confirm Benefit fields to confirm eligibility or to confirm the MA going into a spenddown status.

At recertification, determine how much of the lump sum is retained by the household and, on the AST1 screen, enter that amount in the Amount field, CO (Countable Cash and/or MA) in the Type field, the appropriate verification in the V field, and the appropriate branch of the military in the Institution Name field.

Note: As always, be sure to properly narrate what you are doing, including a PF9 reminder to take earnings off after the annual installments have ended.