



Department of Human Resources
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FIA ACTION TRANSMITTAL

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**TO: DIRECTORS, LOCAL DEPARTMENTS OF SOCIAL SERVICES
DEPUTY/ASSISTANT DIRECTORS FOR FAMILY INVESTMENT
FAMILY INVESTMENT SUPERVISORS AND ELIGIBILITY STAFF**

**FROM: CHARLES E. HENRY, EXECUTIVE DIRECTOR
JOSEPH DAVIS, EXECUTIVE DIRECTOR, OOE, DHMH**

RE: MILITARY REENLISTMENT BONUSES

**PROGRAM AFFECTED: TEMPORARY CASH ASSISTANCE (TCA), FOOD
STAMPS (FS), MEDICAL ASSISTANCE (MA)**

ORIGINATING OFFICE: OFFICE OF POLICY, RESEARCH AND SYSTEMS

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.