

TENANT BASED RENTAL ASSISTANCE PROGRAM

Income - Assets, Allowances, Expenses, Verifications & Calculations

Expenses

Medical Expenses

If the head of household, spouse, or co-head is elderly or disabled, all household medical expenses in excess of 3% of the annual household income are deductible. Allow medical expenses, including Medicare Spend-downs, for all family members, including non-Elderly/Disabled members.

Allowable medical expenses are anticipated to occur during the 12 months following re-examination and are not covered or reimbursed by an outside source, such as insurance. Allowable medical expenses include, but are not limited to:

- Services of doctors, health care professionals (HCP) and facilities
- Medicare and any other medical insurance premiums
- Prescriptions and HCP recommended non-prescription medications
- Transportation to treatments
- Dental visits and procedures
- Eyeglasses, hearing aids, batteries, etc.
- Payments to live-in or periodic home care and medical assistance
- Monthly payments on accumulated medical expenses
- Medical care of a permanently institutionalized family member if their income is included in annual income
- One time only medical costs verified by a Health Care Professional (HCP) (for the upcoming re-exam period only)
- Air conditioning installation and maintenance (utility) costs if third party medical verification confirms the tenant requires air conditioning for health reasons (i.e. extreme allergies).
- Expenses related to an animal that is specifically trained and used to assist a person with a disability.

Medical expenses do not include wheelchairs or ramps, which may be eligible disabled/handicap expenses. See Disability Assistance Expenses.

If a family has medical and disability expenses, a special calculation is required. See Disability Assistance Expenses.

Medical expenses must project all increases/decreases for the upcoming 12 months whether using a Verification of Medical Expenses (TBRA #15) or actual statements. These projected costs must be verified and notated on the verification.

Equipment Maintenance

Costs related to ongoing maintenance of special equipment are eligible medical expenses. Examples include medical alert, hearing aid batteries, TDD, etc.

A Verification of Medical Expenses (TBRA #15) or other written HCP documentation verifies the need. Actual verification of the expense (receipts) is also required, using three months of receipts to get an average.

Medical Bills/Payment Plans

Previous medical bills for which the applicant/participant is making regular payments are an eligible expense provided the anticipated payments will continue during the upcoming period.

Determine when the payment plan will be satisfied (e.g. paid off). Multiply the monthly payment amount by the number of months remaining on the payment plan, or by 12 months, whichever is appropriate. Do not exceed the amount owed or the 12-month period.

Medicare Premiums/Other Health Insurance

If the Medicare or other health insurance premium is paid by the family and the household qualifies as ED (i.e. eligible for \$400 allowance), the amount must be included as income and subsequently deducted as a medical expense.

Medicare Premiums

The family **does not pay** the Medicare premium:

- The SSA pays Medicare premiums on behalf of qualified recipients;
- The Medicare premium is identified on printout with a code of "230"; "yes" under third party payer; or \$0.00 listed as amount paid; and
- The gross payment will equal the net payment (unless SSA is recouping overage previously paid to recipient).

The family **does pay** the Medicare premium:

- If the household is ED (which qualifies it for medical deductions), include the gross premium as income and deduct the gross premium as a medical expense.
- If the household is not ED (and, therefore, does not qualify for medical deductions) include the gross payment as income and disregard the Medicaid expense.

The net payment plus the Medicaid premium should equal the gross payment received.

Convert the monthly premium to an annual figure; do not round the monthly Medicare amounts.

Other health insurance premiums must be documented. Third party verification of the premiums is required.

Non-Prescription Expenses

- Non-prescription expenses are over-the-counter medical expenses (aspirin, arthritis cream, Depends, etc). The expenses are allowed if the need is documented in writing by a qualified HCP. Compare the documented need (type, amount and frequency) with the actual verified expense. Calculate non-prescription costs by multiplying the amount from actual receipts/ statements by the verified frequency.

Verification of Non-Prescription costs can be documented via:

- A Verification of Medical Expenses (TBRA #15) completed by a HCP; or
- HCP-issued prescription with corresponding cash register receipts, or
- Other written statements/printouts from a HCP that documents the type, amount, and frequency of the expense.

Example: The tenant has a prescription written by an M.D. stating she must take one aspirin per day for heart disease. She has a receipt from the grocery store showing she purchased a bottle of 30 aspirins for \$1.50. She needs approximately 12 bottles to last for the full year. Calculate the total annual expense (\$18) by multiplying the cost (\$1.50) by 12.

One-Time Medical Expenses

One-time medical expenses (i.e. installation of an air conditioner or purifier) apply for the current year only. A Verification of Medical Expenses (TBRA #15) (or other written statement from the HCP) documents the purpose/medical need for the expense. Use actual receipts, statements, or a payment plan from the service provider to document cost.

Ongoing Medical Expenses

Completion of a Verification of Medical Expenses (TBRA #15) is the preferred method of verifying medical expenses. The form requests the total expenses for the past 12 months and anticipated increases and decreases of expenses for the following 12 months. Use the information to project expenses for the next 12 months. Projected expenses (increases or decreases) must also be documented.

If unable to obtain a Verification of Medical Expense (TBRA #15), the following documents are acceptable:

Pharmacy or other Health Care Professional (HCP) printout;

Physician issued prescriptions (copies) if cost is documented;

Medical statements or receipts from providers.

Service Animals

- Expenses for one animal that has been specifically trained to assist person(s) with their specified disability (example: guide dog or other animal used by a visually or hearing impaired person) can be included as a medical expense such as:
 - Cost of the animal;
 - Amounts paid for the care of the specially trained animal; i.e., training expenses, vet bills. Use IRS Publication 502, Medical and Dental Expenses, for more information.

Transportation Expenses

Transportation expenses (mileage) for required out-of-town treatments (dialysis, chemotherapy, etc.) are allowable medical expenses.

Documentation of the purpose and frequency of out of town travel for treatment are verified by both the HCP **and** the appropriate treatment center to determine mileage. Use a Verification of Medical Expense (TBRA #15) or other written statement for documentation.

Use the State map to determine city-to-city mileage. Use the mileage and frequency noted on the TBRA #15 (or other written verification from HCP).

If the family uses their own transportation calculate average transportation costs by multiplying map mileage by the State rate by verified frequency.

If the family pays a provider for transportation, use actual receipts/statement from the transportation provider. Calculate average transportation costs by multiplying the amount from actual receipts/statements by verified frequency.

NOTE: Vicinity miles are not allowed unless the family makes a written request and provides an acceptable explanation of the need.

Disability Assistance Expenses

Care attendants and auxiliary apparatus expense items (such as wheelchairs, ramps, adaptations to vehicles, special equipment to enable a blind person to read or type, etc.) are allowed if they:

Directly relate to enabling a family member (including the disabled family member) over 18 years of age to work;

Are not reimbursed by any other program or agency;

Exceed 3% of annual household income; and

Do not exceed the earned income of the household member(s) enabled to work.

The head, co-head, or spouse **does not** need to be Elderly or Disabled for the household to qualify for this deduction.

Two examples of eligible disability assistance expenses are:

1. Monthly payments on a motorized wheelchair allow the adult son of the head of household to leave the house and go to work on his own. Prior to this purchase, the son was unable to make the commute to work.
2. Hourly payments to a care attendant to stay with a disabled 20-year old adult child allows the child's mother to go to work each day.

Example of calculations to determine allowable disability expenses:

Head of Household Earned Income \$12,000

Spouse Earned Income \$10,000

Household income \$22,000

Expense for care of disabled adult child \$ 3,500

Disability Assistance Allowance ($\$22,000 \times 3\%$) - 660

Allowable Disability Assistance Expense \$ 2,840

Since \$2,840 is less than the income earned, the full amount is deducted.

- If a family has both medical and disability assistance expenses, a special calculation is required to insure that the family's 3% share of these expenses is applied only once. The allowance for disability assistance expenses is limited by the amount earned by the person freed for work; therefore, the disability allowance is calculated first.

- If the disability assistance expense exceeds the amount earned by the person who is freed for work, the allowance for disability assistance is capped at the amount earned by that individual.
- If the total un-reimbursed disability expense is **equal to or greater than** the medical/disability 3% threshold:

3% of the total annual income (medical disability 3% threshold) is subtracted first from the total disability assistance expense.

Compare this amount to earnings made possible by the assistance expense; the lower of the two is the allowable disability assistance expense.

Any remainder is deducted from the total medical expenses.

- If the total un-reimbursed disability expense is **less** than the medical/disability 3% threshold:
 - Enter the total disability expense as the maximum disability 3% allowance.
 - Compare this amount to the earnings made possible by the assistance expense; the lower of the two is the allowable disability assistance expense.

The allowable disability assistance expense is added to the medical expense.

3% of annual income (the medical /disability threshold) is subtracted from the total disability assistance and medical expenses to determine the medical/disability assistance allowance.

- Acceptable verifications of disability expenses:

A Verification of Medical Expense (TBRA #15) is the preferred method of verifying the need for auxiliary apparatus, and disability care expenses; or

A letter or statement from a Health Care Professional (HCP); or

Receipts, canceled checks, statements, or bills from the provider verifying the auxiliary apparatus.

Full Time Live-In Aide Expenses (Formerly referred as Chore Providers) or Part-time Aides

- Permanent, temporary, full-time live-in aide or part-time aide expenses are allowable.
- Document tenant paid live-in aide or part-time aides expenses on the TBRA #15. Do not include live-in aide or part-time aide expenses paid directly by DHS or another agency as a medical expense. Expenses must be verified annually.
- A full-time live-in aide may reside in the unit to provide care for an elderly or disabled member if essential to the care and well being of the person(s). The need for an aide must be documented on the Verification of Disability and/or Special Medical Needs (TBRA #16).

Child Care

The cost of child care for children (including foster children) aged 12 and under to enable a family member who would otherwise have cared for the child to work, attend school, or actively seek employment, is an allowable deduction from annual income if all the following are true:

If working, the cost of child care is not greater than the amount of income earned;

The care is necessary to enable family member to work, actively seek employment, or to further their education;

The expense is not reimbursed by another agency or individual;

Child care costs are 'reasonable'; and can be verified through TPV. Determine whether child care costs are "reasonable" (which means reasonable for the care being provided). Reasonable costs for in-home care may be very different from reasonable day-care center costs. Families may choose the type of care to be provided. Grantees may not decide that the family may receive a deduction only for the least expensive type of care available.

NOTE: The child care expense deduction may not be refused because there is an adult family member in the household that may be available to provide childcare.

- When more than one family member works, determine which family member is being enabled to work because child care is provided. This is necessary because the child care allowance cannot exceed the income that family member earns. A general rule is to assume that the child care expenses enable the lowest paid individual to work unless this is obviously not the case.

If a portion of child care expenses are reimbursed by another agency or an individual (indicated on the Verification of Child Care Expenses (TBRA #9) allow only the portion actually paid by the family.

If child care is required for a member to attend school, use only the weeks attended per semester/term to calculate childcare expenses. The total number of hours claimed may include reasonable travel time to and from school. Refer Income Verification Irregular income for a breakdown of calculations for school time.

If a family member works and goes to school, the child care expense must be prorated so that the portion of the total child care expense that is specifically related to the hours the family member works can be compared with the amount earned.

Child Support payments are not child care expenses and are not an allowable deduction.

Care expenses for disabled family members over the age of 12 cannot be counted as 'child care,' but may be allowed as a disability expense. If child care is provided by someone under age 18 who can not legally complete the verification of Child Care Expenses (TBRA 50), a statement signed by the under-age provider and the provider's parent is necessary.

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