



Mike DeWine, Governor  
Jon Husted, Lt. Governor

Maureen M. Corcoran, Director

**Medicaid Eligibility Procedure Letter (MEPL) No. 151A**

**Effective Date:** March 11, 2021

**Issue Date:** March 31, 2021

**OAC Rules:** 5160:1-2-02; 5160:1-2-07; 5160:1-3-03.1; 5160:1-3-03.3; 5160:1-3-05.8; 5160:1-3-05.14; 5160:1-4-01; 5160:1-6-06

**To:** All Medicaid Eligibility Manual Holders

**From:** Maureen M. Corcoran, Director

**Subject:** COVID-19 Public Health Emergency: Treatment of Recovery Rebates, Federal Pandemic Unemployment Compensation, Transfers of Assets, and Estate Recovery

**Reason for Change:** On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law (Pub. L. No. 116-136). This Act provides tax rebates for individuals and children and temporarily expands unemployment compensation benefits.

**Reason for 03/11/2021 Change:** On December 27, 2020, the Consolidated Appropriations Act, 2021 (CAA) was signed into law (Pub. L. No. 116-260). On March 11, 2021, the American Rescue Plan Act of 2021 was signed into law (Pub. L. No. 117-2). Both the CAA and the American Rescue Plan Act provide tax rebates for individuals and children and extend unemployment compensation benefits. In addition, the Centers for Medicare & Medicaid Services (CMS) has provided clarification regarding treatment of the tax rebates with regard to the transfer of asset provision and estate recovery.

**Policy:** Section 2104 of the CARES Act provides that eligible individuals who are collecting certain Unemployment Insurance (UI) benefits, including regular unemployment compensation, will receive an additional \$600 in Federal Pandemic Unemployment Compensation per week. While regular unemployment compensation benefits are considered countable income under both Modified Adjusted Gross Income (MAGI) and non-MAGI financial methodologies, section 2104(h) specifies that the monthly equivalent of any Federal Pandemic Unemployment Compensation paid to an individual shall be disregarded when determining income for any purpose under Medicaid.

Section 2201 of the CARES Act allows a refundable tax credit for 2020 to eligible individuals and directs the Internal Revenue Service to provide payments in 2020 as an advance refund of the credit to eligible individuals, who may receive up to the amount of \$1,200 per person (\$2,400 in the case of eligible

individuals filing a joint return) plus \$500 per qualifying child. These “recovery rebates” are not taxable income and are therefore not countable in MAGI-based eligibility determinations. Separately, 26 U.S.C. §6409 prohibits the counting of federal tax rebates (or advance payments with respect to refundable tax credits) as income in the eligibility determination of any federal needs-based program such as Medicaid. The statute further prohibits the counting of federal tax rebates as resources for a period of 12 months from receipt.

**Additional Policy Effective 03/11/2021:** Section 272 of the CAA authorized additional 2020 recovery rebates of \$600 per person (\$1,200 in the case of eligible individuals filing a joint return) plus \$600 per qualifying child. Section 9601 of the American Rescue Plan Act authorized 2021 recovery rebates of \$1,400 per person (\$2,800 in the case of eligible individuals filing a joint return) plus \$1,400 per qualifying child. As with the recovery rebates paid under the CARES Act, the CAA and American Rescue Plan Act recovery rebates are not taxable income and are not countable in MAGI-based eligibility determinations. Treatment under 26 U.S.C. §6409 also continues to apply. The federal statute prohibits the counting of federal tax rebates (or advance payments with respect to refundable tax credits) as income in the eligibility determination of any federal needs-based program such as Medicaid. The statute further prohibits the counting of federal tax rebates as resources for a period of 12 months from receipt.

When any portion of a recovery rebate is transferred during the 12-month resource exclusion period, the transfer will not be subject to a transfer penalty because the funds are not considered a resource during that time period. Any portion of a recovery rebate that is transferred for less than fair market value more than 12 months following receipt of the rebate will be presumed an improper transfer and will result in a restricted Medicaid coverage period (RMCP).

When any portion of a recovery rebate becomes part of an individual’s estate during the 12-month resource exclusion period, the rebate is not subject to estate recovery rules because 26 U.S.C. §6409 supersedes the estate recovery rules during that time period. Any portion of a recovery rebate that becomes part of an individual’s estate more than 12 months following receipt of the rebate is subject to estate recovery.

**Action Required:** Disregard the \$600 weekly Federal Pandemic Unemployment Compensation benefit when determining underlying income eligibility and the scope of assistance (e.g., premiums and post-eligibility treatment of income [patient liability]) for all medical assistance programs.

Exempt recovery rebates when determining underlying income eligibility and the scope of assistance (e.g., premiums and post-eligibility treatment of income [patient liability]) for all medical assistance programs. Exclude recovery rebates from countable resources for twelve months beginning the month following the month of receipt.

**Additional Action Required Effective 03/11/2021:** Do not subject recovery rebates that are transferred during the 12-month resource exclusion period to a transfer penalty.

The information is also available on the Ohio Department of Medicaid website and may be accessed at:

**RESOURCES > Publications > ODM Guidance > Medicaid Policy > Medicaid Eligibility Procedure Letter (MEPL)**

<http://medicaid.ohio.gov/RESOURCES/Publications/ODMGuidance.aspx#161542-medicaid-policy>