



DEPARTMENT OF HEALTH & HUMAN SERVICES

Region V  
Health Care Financing  
Administration

Refer to: GE95

105 West Adams Street  
15th Floor  
Chicago, Illinois 60603

**CHICAGO REGIONAL STATE LETTER: 33-94**

**SUBJECT: Posteligibility Definition of Income**

Effective June 24, 1994, there has been a policy change in the determination of total income in the Medicaid posteligibility process. Under State Medicaid Manual (SMM) § 3701.2, income in the posteligibility process includes certain amounts that may not meet the eligibility definition of income (e.g., VA payments for aid and attendance in cases where these amounts are not income for eligibility purposes).

We now interpret the references to "total income" in the posteligibility regulations (42 CFR 435.725(a), 435.726(c), 435.733(a), 435.735(c), 435.832(a), and 436.832(a)) to mean the total amount considered to be income in the eligibility determination, including income that is not counted (i.e., is disregarded). Therefore, the second paragraph of SMM § 3701.2 should be deleted in accordance with the enclosed copy of this section. This change will be reflected in a broader SMM update that is currently under development.

If there are questions, please contact your Medicaid Program Specialist.

Sincerely,

Alan Freund, Chief  
Policy Section  
Medicaid Operations Branch

Originating component: Medicaid Operations Branch  
Division of Medicaid

Enclosure