

USDA DFAP Awards and Medicaid

The information below is for the farmers and ranchers who applied for and received a one-time, lump-sum payment/award from the United States Department of Agriculture (USDA) under the USDA Discrimination Financial Assistance Program (DFAP). DFAP was created to address the consequences of prior discrimination by USDA in USDA farm lending. This general information will help people who receive these USDA DFAP awards understand the potential impact of such money on Medicaid coverage.

**THE USDA AWARD MAY AFFECT YOUR MEDICAID ELIGIBILITY.
EVERYONE’S SITUATION IS DIFFERENT. BE SURE TO CONSULT AN ATTORNEY OR
ADVOCATE KNOWLEDGEABLE ABOUT MEDICAID FOR SPECIFIC ADVICE.**

See below for a list of resources.

What is Medicaid?

Medicaid, also known as TennCare in Tennessee, is a joint federal and state program that helps cover medical costs for some people with limited income and resources. The federal government has general rules that all state Medicaid programs must follow, but each state runs its own program. This means eligibility requirements and benefits can vary from state to state.

How could my USDA DFAP award affect my Medicaid?

Your USDA DFAP award will increase your income and resources the month you receive it. Your Medicaid eligibility is based on having limited income and, for some categories, resources. Depending on the category in which you are eligible for Medicaid, the DFAP award may have a small or large effect on your Medicaid eligibility.

When is my USDA DFAP award considered “income?”

The USDA DFAP award is “income” in the month you receive it. Income is any item an individual receives in cash or in-kind that can be used to meet their need for food or shelter. Medicaid eligibility depends on both earned and unearned income. Earned income includes payment for work. Unearned income is all other income, such as retroactive benefits or a settlement payment. The USDA DFAP award is unearned income the month you receive it. This is unlikely to have any practical effect on you if you are already getting Medicaid.

When is my USDA DFAP award considered a “resource” or “asset?”

A resource, or asset, is something you own, such as a bank account, land, or personal property that could be used or sold to get money for food or shelter. Some categories of Medicaid count your assets on the first moment of the first of the month. If the value of your assets is greater than the maximum allowed in your state, you are not eligible for Medicaid in that category that month. The unspent portion of your USDA DFAP award will count as a resource on the first of the month following the month you receive it.

What are the Medicaid income and asset limits in my state for different Medicaid eligibility categories?

How the USDA DFAP award affects your Medicaid eligibility depends on the category of your Medicaid eligibility.

- If you are eligible for Medicaid because you are on SSI (Supplemental Security Income), or over age 65, or disabled, the asset limit for SSI and SSI-linked Medicaid is \$2000 if 1 person, \$3000 if you live with spouse, \$4000 If living with minor child who gets SSI, \$5000 if you and spouse live with minor child getting SSI.
- If you or your spouse are in a nursing home, these income and asset limits apply: Income: \$2,829 per month; Assets: \$2,000 for one person.
- If you are on Medicare and Medicaid pays ONLY your Medicare premiums, the asset limits are also higher: \$9430 for an individual and \$14,130 for a married couple. The income limits also may be higher, depending on your state. For Qualified Medicare Beneficiaries, the income limit is up to 100% of the federal poverty level. For Specified Low-Income Medicare Beneficiaries, the income is at least 100%, but less than 120% of the federal poverty level. For Qualified Individuals, the income is at least 120%, but less than 135% of the federal poverty level.

If the USDA DFAP award increases your assets, AND you are receiving Medicaid because you are over age 65, blind, or disabled, AND you do not spend down to the allowable limit, you will become ineligible for Medicaid.

What can I do to avoid or lessen the impact of the USDA DFAP award on my Medicaid?

If you are receiving Medicaid because you are over age 65, blind, or disabled, you can avoid or lessen the impact of the USDA lump sum award by spending the money on an exempt resource. Examples of exempt resources include buying a home you will live in, car (one vehicle is excluded), household goods or personal effects, property essential for supporting yourself, life insurance (depending on type), a burial plot (one plot for each family member is exempt) and burial insurance (depending on type).

For example, if you use the USDA DFAP payment to pay off a mortgage, pay off credit card or other debt, make home improvements or repairs, purchase a burial plot/plan, or trade in car for new one, you can spend down the amount of money necessary to be under the resource limit. **DO NOT GIVE THE MONEY AWAY.** This could make you ineligible for some Medicaid services for up to five years.

Do I need to report the USDA DFAP payment to Medicaid?

Yes. You should report to Medicaid the amount of the award you receive as soon as you get the money. If you do not report the award to Medicaid, you will have to pay back money you should not have received for covered health care expenses and you may face other penalties or sanctions.

How do I get information from Medicaid about my benefits?

Call (855) 259-0701.

How can I find an attorney or advocate to help me understand the impact of the USDA DFAP award on my Medicaid?

Contact the Tennessee Justice Center at 1-877-608-1009 toll free, (615) 255-0331, or online at www.tnjustice.org.

For general questions about your USDA DFAP award, contact the DFAP Call Center at 1-800-721-0970.

USDA DFAP Awards and Supplemental Nutrition Assistance Program (SNAP)

The information below is for the farmers and ranchers who applied for and received one-time, lump-sum awards from the United States Department of Agriculture (USDA) under the USDA Discrimination Financial Assistance Program (DFAP). DFAP was created to address the consequences of prior discrimination by USDA in USDA farm lending. This general information will help people who receive these USDA DFAP awards understand the potential impact of the money on SNAP benefits.

**THE USDA DFAP AWARD MAY AFFECT YOUR SNAP ELIGIBILITY.
EVERYONE'S SITUATION IS DIFFERENT. BE SURE TO CONSULT AN ATTORNEY OR
ADVOCATE KNOWLEDGEABLE ABOUT SNAP IN YOUR STATE FOR SPECIFIC ADVICE.
See below for a list of resources.**

What are SNAP benefits?

SNAP is a federal program that provides benefits to low-income households to help pay for food at local grocery stores. SNAP benefits are administered by state human service agencies. In Tennessee, SNAP is administered by the Department of Human Services. SNAP eligibility and program rules differ in each state.

How could my USDA DFAP award affect my SNAP benefits?

Your eligibility for SNAP depends on your household's income and assets/resources. The lump sum award you receive from the USDA DFAP is not income, but a resource. If your total resources increase above the maximum allowed by SNAP, **you will no longer be eligible for SNAP**. But if you remain eligible, your DFAP award will not affect the amount of SNAP you receive.

When is my USDA DFAP award considered "income" for SNAP?

A one-time, lump-sum payment by the government, like the USDA DFAP award, is never considered income for SNAP purposes.

When is my USDA DFAP award considered a "resource?"

Any of the USDA DFAP award left over after the month you receive it is a resource. For example: if you receive an award of \$5,000 in June, and you spend \$1,000 in June, the remaining \$4,000 is a resource beginning in July and continuing each following month you have the money.

What are the SNAP resource limits in my state?

Remember, if you still have enough of the USDA DFAP award the month after you receive it to increase your total resources above the maximum allowed in your state, you will not be eligible for SNAP.

In Tennessee, SNAP resource limits are:

\$4,250 for households that contain at least one member who is age 60 or older or disabled;

\$2,750 for all other households.

What can I do to avoid or minimize the impact of the USDA DFAP award on my SNAP benefits?

If your USDA DFAP award will increase your resources above the limit, you can avoid its impact on your SNAP benefits by spending it in the month you receive it. It is a good idea to save receipts or other documentation of how you spent it, just in case your state agency has questions.

Some permissible ways to spend the DFAP award include: paying off bills (e.g. past due rent, utilities, credit cards); buying new furniture or household goods; buying new farm equipment; buying an irrevocable prepaid burial policy; buying gift cards for stores you often shop at (Wal-Mart, grocery store). Generally, it is not a good idea to pre-pay rent. If you have a large amount of money, consider funding a 529 account (for children's educational expenses) or an ABL account (savings for people who were disabled before age 26). Neither of these accounts are considered resources for SNAP.

DO NOT GIVE THE MONEY AWAY. Giving away the money could make you ineligible for the SNAP program for up to one year.

Do I need to report the USDA DFAP award to the human services agency in my state?

Best practice is to report all significant income and resource changes within 10 days of the change. Keep all receipts and other documentation of how the funds were spent in case your state agency asks you to prove you no longer have the funds available to you.

In Tennessee, if you spend the whole award in the month you receive it, you do not need to report it. If you have any money left over in the month afterward, and it pushes your resources above the limit, you should report it.

How do I get information about my SNAP benefits?

Contact the Tennessee Department of Human Services at 1-888-997-9444.

Where can I find more information about the impact of the USDA DFAP award on my SNAP benefits?

Contact the Tennessee Justice Center at 1-877-608-1009 toll free, (615) 255-0331, or online at www.tnjustice.org.

For general questions about your DFAP award, contact the DFAP Call Center at 1-800-721-0970.