

Service Chapter: Medicaid 510-05

Effective Date: August 1, 2025

Overview

Clarifying income deductions for eligibility for Children with Disabilities (CWD) and Workers with Disabilities (WWD) coverages. Also, reorganizing the deductions that are allowable for the Medicare Premium Assistance Program because some allowable deductions apply to Medicaid coverage but not the Medicare Premium Assistance Program. Changing in-kind income to in-kind contributions.

Description of Changes

1. Disregarded Income 510-05-85-30 - Change

For 7. Changing in-kind income to in-kind contributions.

2. Income Deductions 510-05-85-35 - Clarification

Clarifying that CWD/WWD enrollment fees and monthly premium are allowable deductions for Medicaid and Medicare Premium Assistance Program eligibility but are not for CWD/WWD. Reorganizing the current structure of this policy section.

Policy Section Updates

1. Disregarded Income 510-05-85-30 - Change

~~7. In-kind income except in-kind income received in lieu of wages;~~

7. In-kind contributions, except in-kind contributions received in lieu of wages.

2. Income Deductions 510-05-85-35- Clarification

~~This section applies to individuals residing in their own home or in a specialized facility, to the Medicare Savings Programs, and to the Workers with Disabilities and Children with Disabilities coverages. For individuals receiving psychiatric or nursing care services in a nursing facility, the state hospital, the Prairie at St. John's center, Red River Behavioral Health System, a Psychiatric Residential Treatment Facility (PRTF), an intermediate care facility for the intellectually disabled (ICF-ID), or receiving swing-bed care in a hospital, refer to the Post Eligibility Treatment of Income, Section 05-85-25.~~

This section applies to the following:

- Individuals residing in their own home;
- Individuals on Medicare Premium Assistance Program 510-05-60;
- Individuals on Workers with Disabilities 510-05-57 or Children with Disabilities 510-05-58 coverages;
 - Note: Refer to the Post Eligibility Treatment of Income section 05-85-25 when determining eligibility for the members below:
- Individuals in a specialized facility, and those receiving psychiatric or nursing care services in a nursing facility, the state hospital, a Psychiatric Residential Treatment Facility (PRTF), an intermediate care facility for the intellectually disabled (ICF-ID), or receiving swing-bed care in a hospital.

~~The following income deductions are allowed in determining Medicaid eligibility:~~

~~1. Except in determining eligibility for the Medicare Savings Programs, the cost of premiums for health insurance may be deducted from income in the month the premium is paid or prorated and deducted from income in the months for which the premium affords coverage. The Workers with Disabilities coverage enrollment fee and premium as well as the Children with Disabilities coverage premium are allowed deductions except the Workers with Disabilities premium is not allowed when determining eligibility for the Workers with Disabilities coverage and the Children with Disabilities premium is not allowed when determining eligibility for the Children with Disabilities coverage. For purposes of this deduction, premiums for health insurance include payments made for insurance, health care plans, or nonprofit health service plan contracts which provide benefits for hospital, surgical, and medical care, but do not include payments made for coverage which is:~~

~~a. Limited to disability or income protection coverage;~~

- b. ~~Automobile medical payment coverage;~~
 - c. ~~Supplemental to automobile liability insurance;~~
 - d. ~~Designed solely to provide payments on a per diem basis, daily indemnity, or nonexpense-incurred basis; or~~
 - e. ~~Credit accident and health insurance.~~
- (If questionable, contact the Third party Liability

The following income deductions are allowed in determining Medicaid eligibility:

1. The cost of premiums for health insurance may be deducted from income in the month the premium is both paid (or prorated) and affords coverage. For purposes of this deduction, premiums for health insurance include payments made for insurance, health care plans, or nonprofit health service plan contracts which provide benefits for hospital, surgical, and medical care, but do not include payments made for coverage which is:

- a. Limited to disability or income protection coverage;
- b. Automobile medical payment coverage;
- c. Supplemental to automobile liability insurance;
- d. Designed solely to provide payments on a per diem basis, daily indemnity, or non-expense- incurred basis; or
- e. Credit accident and health insurance.

(If questionable, contact the Third-Party Liability unit for assistance in determining whether a policy fits into one of the above categories.)

~~2. Except in determining eligibility for the Medicare Savings Programs, medical expenses for necessary medical or remedial care claimed for deduction must be documented in a manner which describes the service, the date of the service, the amount of cost incurred, and the name of the service provider. A medical expense may be deducted only if it is:~~

~~a. Incurred:~~

~~Income Deductions 510-05-85-35 https://www.nd.gov/dhs/policymanuals/51005/510_05_85_35.htm?toep...
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~~i. By a member of a Medicaid unit in the month for which eligibility is being determined; or~~

~~ii. By a member of the Medicaid unit (or a spouse or child they were legally responsible for) in a prior month, but was actually paid in the month for which~~

eligibility is being determined, and was not a previous month's client share (recipient liability), or was not previously allowed as a deduction or offset of client share;

- b. ~~Provided by a medical practitioner licensed to furnish the care;~~
- c. ~~Not subject to payment by any third party, including Medicaid and Medicare;~~
- d. ~~Not incurred for nursing facility services, swing bed services, or HCBS during a period of ineligibility because of a [disqualifying transfer](#)~~
- e. ~~Claimed~~

~~Examples of expenses that cannot be used to reduce countable income and affect client share:~~

- i. ~~Extra amounts paid on glasses, such as more expensive frames, tint, etc.;~~
- ii. ~~Expenses that are considered medically necessary, but are applied to client share;~~
- iii. ~~Costs for Lifeline;~~
- iv. ~~Over the counter medications and supplies that Medicaid does not pay for, even if prescribed*;~~
- v. ~~Other medications and services that Medicaid does not pay for, such as DESI drugs, such as Midrin (for Migraines), Tigan (for nausea). (DESI drugs — Drug Efficacy Study Implementation — are determined by the federal government to be safe but less than effective);~~
- vi. ~~Expenses from visiting a provider who is not the individual's Coordinated Services Program (CSP) "lock-in" provider;~~
- vii. ~~Drugs from Canada prescribed by someone other than a United States physician;~~
- viii. ~~Transportation costs for out of state medical care provided to recipients that have not been prior approved;~~
- ix. ~~Up to 15 bed hold days in a long term care facility that neither Medicare nor Medicaid will cover; or~~
- x. ~~Any amount of an expense for which the Medicaid Unit will be reimbursed, to the extent of the reimbursement.~~

~~Examples of expenses that can be used to reduce countable income and affect client share:~~

- i. ~~Medications and services Medicaid does not pay for only because the provider is not enrolled;~~
- ii. ~~*Over the counter medications that Medicaid does cover, such as Antacids (for stomach acid), analgesics (for pain), iron supplements (for anemia), artificial tears (for severe dry eye diseases). Also, those payable because of rebates, such as Maalox and Advil. (Non-payable are Mylanta and CVS generics). Medicaid covers drugs with a NDC code on the bottom of the bottle label. (www.hidesigns.com/ndmedicaid is a website that workers may use to inquire whether ND Medicaid covers a specified drug.);~~
- iii. ~~Other over the counter supplies that Medicaid covers, such as diabetic supplies;~~
- iv. ~~Nicotine patches;~~

- v. ~~Drugs from Canada when prescribed by a US physician;~~
- vi. ~~Co-pays; or~~
- vii. ~~Transportation costs:~~
 - ~~(a) Lodging up to the limit. Hotels can bill the difference to the client if they stay at a hotel that charges more. (As with meals, we pay per diem and client can eat where they want.)~~
 - ~~(b) Allow the difference to reduce client share if reasonable. (If they choose to stay in a penthouse suite when other less costly rooms are available, not reasonable.)~~
 - ~~(c) Transportation costs are not paid or allowed as a deduction if the medical services are available locally but client travels elsewhere, even if referred by a physician. The provider must be within the nearest service area, client has the choice of providers.~~

2. Medical expenses for necessary medical or remedial care claimed for deduction must be documented in a manner which describes the service, the date of the service, the amount of cost incurred, and the name of the service provider. A medical expense may be deducted only if it is:

a. Incurred:

- i. By a member of a Medicaid unit in a month for which eligibility is being determined; or
- ii. By a member of the Medicaid unit (or a spouse or child they were legally responsible for) in a prior month, but was actually paid in the month for which eligibility is being determined, and was not a previous month's client share (recipient liability), or was not previously allowed as a deduction or offset of client share.

b. Provided by a medical practitioner licensed to furnish the care;

c. Not subject to payment by any third party, including Medicaid and Medicare

d. Not incurred for nursing facility services, swing bed services, or HCBS during a period of ineligibility because of a [disqualifying transfer](#)

e. Claimed

Examples of expenses that can be used to reduce countable income:

- i. Medications and services Medicaid does not pay for only because the provider is not enrolled.
- ii. Over-the-counter medications that Medicaid covers, such as Antacids (for stomach acid), analgesics (for pain), iron supplements (for anemia), and artificial tears (for severe dry eye diseases). Also, medications payable because of rebate, such as Maalox and Advil. (Non-payable are Mylanta and CVS generics). Medicaid covers drugs with a NDC code on the bottom of the bottle label.

Note:<https://mmis.nd.gov/osplusext/X2I/X2IExt/ExternalDrug/ExternalDrugSearch.do> is a website that workers may use to inquire whether ND Medicaid covers a specified drug

- iii. Other over-the-counter supplies that Medicaid covers, such as diabetic supplies.
- iv. Nicotine patches.
- v. Drugs from Canada when prescribed by a United States physician.
- vi. Transportation costs:
 - a. Lodging up to the per-diem limit. Hotels can bill the difference to the client if they stay at a hotel that charges more. (As with meals, we pay per diem and clients can eat where they want).
 - b. Allow the difference to reduce client share if reasonable. (If they choose to stay in a penthouse suite when other less costly rooms are available, that is not reasonable)
 - c. Transportation costs are not paid or allowed as a deduction if the medical services are available locally but the client travels elsewhere, even if referred by a physician.

Examples of expenses that cannot be used to reduce countable income:

- i. Extra amounts paid for glasses, such as more expensive frames, tints, etc.
- ii. Medical expenses that are applied to client share.
- iii. Costs for Lifeline.

- iv. Over-the-counter medications and supplies that Medicaid does not pay for, even if prescribed.
- v. Other medications and services that Medicaid does not pay for, such as DESI (Drug Efficacy Study Implementation). Examples of DESI drugs include, Midrin (for migraines) and Tigan (for nausea) DESI drugs are determined by the federal government to be safe but less than effective.
- vi. Expenses from visiting a provider who is not the individual's Coordinated Services Program (CSP) "lock-in" provider.
- vii. Drugs from Canada prescribed by someone other than a United States physician.
- viii. Transportation costs for out of state medical care provided to recipients that have not been prior approved.
- ix. Up to 15 bed-hold days in a long-term care facility that neither Medicare nor Medicaid will cover, or
- x. Any amount of an expense for which the Medicaid unit will be reimbursed, to the extent of the reimbursement.

~~3. Reasonable expenses, such as food and veterinarian expenses, necessary to maintain a dog that is trained to detect seizures for a member of the Medicaid unit.~~

~~4. Except in determining eligibility for the Medicare Savings programs, the cost of premiums for long term care insurance carried by an individual or the individual's spouse may be deducted from income in the month the premium is paid or prorated and deducted from income in the months for which the premium affords coverage.~~

~~5. Except in determining eligibility for the Medicare Savings Programs, the cost of remedial care for an individual residing in a specialized facility is limited to the difference between the recipient's cost of care at the facility (e.g. remedial rate in a basic care facility) and the regular medically needy income level may be deducted.~~

Example:

Recipient's remedial rate at the facility	\$1438
Less the medically needy income level for one	<u>-1130</u>
Remedial Care Deduction	\$308

~~6. Except in determining eligibility under the Medicare Savings Programs, transportation expense may be deducted if necessary to secure medical care provided for a member of the Medicaid unit. Transportation expenses are not allowed for recipients in a facility that provides nursing care services, or to the extent the transportation cost is paid by~~

any third party. The amount to allow cannot exceed

<https://www.hhs.nd.gov/sites/www/files/documents/2023-nemt-fee-schedule.pdf>

7. Non-voluntary child and spousal support payments (including surcharges and arrearages) may be deducted if actually paid by a member of the Medicaid unit. If the support payment is withheld from an extra check that is disregarded, the support payment withheld from that check is not allowed as a deduction.

8. Reasonable child care expenses, not otherwise reimbursed, that the Medicaid unit is responsible to pay, may be deducted if necessary to engage in employment or training. Reasonable child care expenses do not include payments to parents to care for their own children. The child must be a member of the Medicaid unit for the deduction to be allowed. Expense may only be allowed as a deduction from the income of the child or those individuals who are responsible for the child, such as a parent or caretaker

9. Reasonable adult dependent care expenses may be deducted. These are costs for care of an incapacitated or disabled adult who is living in the home so a caretaker or a spouse can work or attend training. The incapacitated or disabled adult must be a member of the Medicaid unit for the deduction to be allowed.

10. The cost to purchase or rent a car safety seat for a child through age ten is allowed as a deduction if a seat is not otherwise reasonably available. This deduction is not allowed if any third party, including TANF, pays the cost.

11. A disregard of \$20 per month is deducted from any income, except income which is based on need, such as SSI, and need-based veterans' pensions. This deduction applies to all aged, blind and disabled applicants or recipients provided that:

- a. When more than one aged, blind, or disabled persons live together, no more than one \$20 disregard may be deducted;
- b. When both earned and unearned income is available, apply the \$20 disregard to the unearned income; and
- c. When only earned income is available, the \$20 disregard must be applied before the deduction of sixty-five dollars plus one-half of the remaining monthly gross income.

12. A deduction may be made for the cost of services of an applicant's or recipient's guardian or conservator, up to a maximum equal to five percent of countable gross monthly income excluding nonrecurring lump sum payments.

13. With respect to each individual in the Medicaid unit who is employed or in training, but who is not aged, blind, or disabled, thirty dollars may be deducted as a work or training allowance, but only if the individual's income is counted in the eligibility determination.

14. The deductions described in this subsection may be allowed only on earned income.

- d. For all individuals, except for aged, blind, or disabled applicants or recipients:

- i. ~~Mandatory payroll deductions and union dues withheld, or ninety dollars, whichever is greater;~~
- ii. ~~Mandatory retirement plan deductions;~~
- iii. ~~Union dues actually paid; and~~
- iv. ~~Expenses of a non-disabled blind person, reasonably attributable to earning income.~~

- e. ~~For all aged, blind, or disabled applicants or recipients, sixty-five dollars plus one-half of the remaining monthly gross earned income; provided that, when more than one aged, blind, or disabled person lives together, no more than sixty-five dollars, plus one-half of the remaining combined earned income, may be deducted.~~

~~15. Medical marijuana is not federally recognized as legal and, as such, is not considered an allowable medical deduction.~~

3. Reasonable expenses, such as food and veterinarian expenses, necessary to maintain a dog that is trained to detect seizures for a member of the Medicaid unit.
4. Costs of premiums for long-term care insurance carried by an individual or the individuals spouse may be deducted from the income in the month the premium is both paid (or prorated) and affords coverage.
5. Cost of remedial care that may be deducted for an individual residing in a specialized facility is limited to the difference between the recipient's cost of care at the facility (e.g. remedial rate in a basic care facility) and the regular medically needy income level.

Example:

<u>Recipient's remedial rate at the facility</u>	<u>\$1,536</u>
<u>Less the medically needy income level for one</u>	<u>- 1,174</u>
<u>Remedial Care Deduction</u>	<u>\$362</u>

6. Transportation expenses may be deducted if necessary to secure medical care for a member of the Medicaid unit. Transportation expenses are not allowed for recipients in a facility that provides nursing care services, or to the extent the transportation cost is paid by any third party. The amount to allow cannot exceed
[2025-7-1 NEMT Fee Schedule.xlsx](#)

7. Non-voluntary child and spousal support payments (including surcharges and arrearages) may be deducted if actually paid by a member of the Medicaid unit. If the support payment is withheld from an extra check that is disregarded, the support payment withheld from that check is not allowed as a deduction.
8. Reasonable childcare expenses, not otherwise reimbursed, that the Medicaid unit is responsible for paying, may be deducted if necessary to engage in employment or training. Reasonable childcare expenses do not include payments to parents to care for their own children. The child must be a member of the Medicaid unit for the deduction to be allowed. This expense may only be allowed as a deduction from the income of the child or those individuals who are responsible for the child, such as a parent or caretaker.
9. Reasonable adult dependent care expenses may be deducted. These are costs for care of an incapacitated or disabled adult who is living in the home so a caretaker or a spouse can work or attend training. The incapacitated or disabled adult must be a member of the Medicaid unit for the deduction to be allowed.
10. The cost to purchase or rent a car safety seat for a child through age ten is allowed as a deduction if a seat is not otherwise reasonably available. This deduction is not allowed if any third party, including TANF, pays the cost.
11. A disregard of \$20 per month is deducted from any income, except income which is based on need such as SSI, and need-based veteran's pensions. This deduction applies to all aged, blind and disabled applicants or recipients provided that:
 - a. When more than one aged, blind, or disabled persons live together, no more than one \$20 disregard may be deducted;
 - b. When both earned and unearned income is available, apply the \$20 disregard to the unearned income; and
 - c. When only earned income is available, the \$20 disregard must be applied before the deduction of sixty-five dollars plus one-half of the remaining monthly gross income.
12. A deduction may be made for the cost of services of an applicant's or recipient's guardian or conservator, up to a maximum equal to five percent of countable gross monthly income excluding nonrecurring lump sum payments.
13. With respect to each individual in the Medicaid unit who is employed or in training, but who is not aged, blind, or disabled, \$30 may be deducted as a work or training allowance, but only if the individual's income is counted in the eligibility

determination.

14. The deductions described in this subsection may be allowed only on earned income:

a. For all individuals, except for aged, blind, or disabled applicants or recipients:

i. Mandatory payroll deductions and union due withheld, or \$90 whichever is greater.

ii. Mandatory retirement plan deductions.

iii. Union dues actually paid; and

iv. Expenses of non-disabled blind person, reasonably attributable to earning income.

b. For all aged, blind, or disabled applicants or recipients, \$65 plus one-half of the remaining monthly gross earned income; provided that, when more than one aged, blind, or disabled person lives together, no more than \$65 plus one-half of the remaining combined earned income, may be deducted.

15. Medical marijuana is not federally recognized as legal and, as such, is not considered an allowable medical deduction.

16. Children with Disabilities (CWD) monthly premium except when determining eligibility for CWD.

17. Workers with Disabilities (WWD) one-time enrollment fee and monthly premium except when determining eligibility for WWD.

The following deductions are allowed in determining Medicare Premium Assistance Program eligibility:

1. Reasonable expenses, such as food and veterinarian expenses, necessary to maintain a dog that is trained to detect seizures for a member of the Medicaid unit.

2. Non-voluntary child and spousal support payments (including surcharges and arrearages) may be deducted if actually paid by a member of the Medicaid unit. If the support payment is withheld from an extra check that is disregarded, the

support payment withheld from that check is not allowed as a deduction.

3. Reasonable childcare expenses, not otherwise reimbursed, that the Medicaid unit is responsible for paying, may be deducted if necessary to engage in employment or training. Reasonable childcare expenses do not include payments to parents to care for their own children. The child must be a member of the Medicaid unit for the deduction to be allowed.
4. Reasonable adult dependent care expenses may be deducted. These are costs for care of an incapacitated or disabled adult who is living in the home so a caretaker or a spouse can work or attend training. The incapacitated or disabled adult must be a member of the Medicaid unit for the deduction to be allowed.
5. The cost to purchase or rent a car safety seat for a child through age ten is allowed as a deduction if a seat is not otherwise reasonably available. This deduction is not allowed if any third party, including TANF, pays the cost.
6. A disregard of \$20 per month is deducted from any income, except income which is based on need such as SSI, and need-based veteran's pensions. This deduction applies to all aged, blind, and disabled applicants or recipients provided that:
 - a. When more than one aged, blind, or disabled persons live together, no more than one \$20 disregard may be deducted.
 - b. When both earned and unearned income is available, apply the \$20 disregard to the unearned income, and
 - c. When only earned income is available, the \$20 disregard must be applied before the deduction of \$65 plus one-half of the remaining monthly gross income.
7. The cost of services of an applicant's or recipient's guardian or conservator, up to a maximum equal to five percent of countable gross monthly income excluding nonrecurring lump sum payments.
8. With respect to each individual in the Medicaid unit who is employed or in training, but who is not aged, blind, or disabled, \$30 may be deducted as a work or training allowance, but only if the individual's income is counted in the eligibility determination.
9. The deductions described in this subsection may be allowed only on the earned income:

- a. For all individuals, except for aged, blind, or disabled applicants or recipients:
 - i. Mandatory payroll deductions and union due withheld, or \$90 whichever is greater.
 - ii. Mandatory retirement plan deductions.
 - iii. Union dues actually paid; and
 - iv. Expenses of non-disabled blind person, reasonably attributable to earning income.
 - b. For all aged, blind, or disabled applicants or recipients, \$65 plus one-half of the remaining monthly gross earned income; provided that, when more than one aged, blind, or disabled person lives together, no more than \$65 plus one-half of the remaining combined earned income, may be deducted.
10. Children with Disabilities (CWD) monthly premium except when determining eligibility for CWD.
11. Workers with Disabilities (WWD) one-time enrollment fee and monthly premium except when determining eligibility for WWD.