

DAC PROCESS GUIDE

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Definitions:

Beneficiary Data Exchange (BENDEX/BDE) – A file exchange from the Social Security Administration (SSA) that reports Social Security information to the State of Nebraska for individuals who have either applied for, or are receiving public assistance benefits.

Childhood Disability Beneficiary (CDB) –For SSA purposes, a Childhood Disability Beneficiary (CDB) is an individual who has been determined disabled before age 22, is the child of an individual entitled to SSA benefits, and was dependent on the entitled person. This creates the entitlement for the disabled child to receive benefits on the parent's claim. SSA also sometimes refers to these beneficiaries as Disabled Adult Children. It is important to remember that not everyone entitled to this benefit from SSA will meet the DAC requirements for Medicaid.

Disabled Adult Child (DAC) - Persons who have been disabled from a young age who may lose their SSI benefits solely because they begin to receive Social Security benefits due to the retirement, death, or disability of a parent.

Retirement, Survivors, and Disability Insurance (RSDI) - Retirement, survivors, and disability benefits paid to workers, their dependents, and survivors. RSDI is commonly referred to as Social Security, or Title II.

Share of Cost (SOC) - A SOC is a monthly amount a beneficiary pays as a part of their benefits stemming from income greater than the state's income limits for benefits.

Social Security Administration (SSA) - A U.S. government agency that administers social programs covering disability, Medicare, retirement, and survivors' benefits.

Social Security Disability Insurance (SSDI) - A payroll tax-funded, federal insurance program from the United States government. It is managed by the SSA, and is designed to provide income supplements to people who are physically restricted in their ability to be employed because of a notable disability; usually a physical disability. SSDI can be supplied on either a temporary or permanent basis, usually directly correlated to whether the person's disability is temporary, or permanent.

State Data Exchange (SDX) - A file exchange from SSA that reports SSI information to the State of Nebraska for individuals who have either applied for or are receiving public assistance benefits.

Supplemental Security Income (SSI) - A means-tested program administered by SSA for aged and disabled individuals who meet certain guidelines. This program differs from RSDI in that it is not dependent upon work history, and is based on age, disability, and financial need.

Purpose:

Purpose: The purpose of the DAC process guide is to provide guidance for staff when navigating cases that specifically refer to DAC/CDB, and to combine all the information about this subject into a single, streamlined document.

The guide is separated into four different sections: Section 1 provides general guidance regarding the DAC or CDB income disregard; Section 2 provides direction regarding DAC considerations; Section 3 provides the worker with several example/situation scenarios; Section 4 provides direction for the budgeting of DAC.

Section 1: Unearned Income - Disabled Adult Child (DAC) or Childhood Disability Beneficiaries (CDB) Income Disregard

What is a DAC?

The DAC/CDB category is a special category of Medicaid eligibility. In most states, Medicaid eligibility for the Aged or Disabled is dependent upon eligibility for SSI. This category was created in order to protect Medicaid eligibility for persons who have been disabled from a young age who may lose their SSI benefits solely because they begin to receive Social Security benefits due to the retirement, death, or disability of a parent. If the recipient would remain eligible for SSI payments without considering the additional Social Security income from their parents, then the recipient qualifies as a DAC.

- This category is only available for recipients who **lose SSI** due to the Title II (Social Security retirement, survivor, or disability benefit) income. If a recipient loses SSI due to receiving benefits from a parent's Railroad Retirement or Veteran's Administration claim, or due to their own income, resources, or Social Security benefit they do not qualify as a DAC.
- A client in a DAC or CDB category would not be eligible for HHA because they meet another category of eligibility.
- If, after reviewing, it is determined the individual meets the requirements for DAC; assign the program case to position **#2651004**. The assigned worker will determine eligibility under this category.

Where can I find DAC requirements?

Disabled Adult Child (DAC)/Childhood Disability Beneficiaries (CDB) regulations, defined below, can be found at [27-002.01\(C\)\(ii\)](#).

Disabled Adult Children (DAC)/Childhood Disability Beneficiaries (CDB) are those who meet all the following requirements:

- Lose SSI after 11/10/1986 (Public Law 99-643) due to mandatory receipt/increase of Title II benefits on a parent's record due to retirement, death, or disability of a parent;
- Are 18 years of age, or older.
- Whose blindness or disability began before the age of 22; and

- Would continue to be eligible for SSI payments (including the SSI resource standard) if they were not receiving the Title II disabled adult child's benefits.

When is the C claim income disregarded?

If the recipient meets all of the factors listed in [27-002.01\(C\)\(ii\)](#), then the C claim income is not counted in determining eligibility.

- The status of a DAC needs to be confirmed at each renewal. Someone previously identified as a DAC may no longer qualify due to their earnings, resources, or an increase to their own Social Security income.
- The total of all countable income, other than the parent's claim, should be below the current Federal Benefit Rate for an SSI payment.
- Determine if the correct amount is being disregarded. The disregard amount will need to be adjusted with the annual COLA in order to entirely disregard the income.

Which income should be disregarded?

Only the Social Security claim based upon their parent's benefit record should be disregarded in determining Medicaid eligibility. To find the amount:

- Review the Bendex (BDE) interface record. Under the Benefit Detail tab, you will see a box marked Claim Number in the upper left hand side, below the name and birth date.
- If the claim number ends with the letter C, then it is a benefit received from a parent's claim. If the person does not have a "C" claim from Social Security, then they cannot be a DAC. The recipient may also have their own Social Security claim, which ends in A and is countable.
- Disregard the amount received on the C claim, if the recipient meets all points of DAC eligibility. This only applies to Social Security income. If a person receives VA benefits or Railroad Retirement benefits based on a parent's claim, that income is **not** disregarded.
- Earned and unearned income disregards should be applied before comparing to the FBR.
- If the amount shown in BDE is a combined claim, and the amount of each claim cannot be determined, a call to SSA would be needed for clarification.

Section 2: DAC Considerations

Certain considerations must be taken into account when working a case where a DAC budget may need to be processed:

- **Marriage** – If a DAC marries another person who qualifies as DAC, then both are able to keep DAC status and their parent's claims are disregarded. If a DAC marries someone who does not qualify as a DAC, then the status is lost and all income is counted.
- **SSI Status** – If the recipient has never received SSI, then they are not a DAC. Receipt of SSI can be confirmed through the SDX interface. If the interface does not populate, or does not have sufficient information, a call to the Social Security Administration will be necessary. Refer to the [SDX Guide](#) for more information regarding SSI.
- **Resources** – Resources are counted the same as for any other recipient. All trusts must be reviewed, the burial resources should be verified within the specified maximum, and there are no additional disregards which apply. A DAC's resources must remain within

the SSI limit of \$2,000 for an individual or \$3,000 for a DAC couple. A DAC whose resources are close to the limit can be provided information about ABLE accounts. ABLE accounts are not considered a countable resource for Medicaid. The Nebraska Enable Savings Plan is administered by the State Treasurer in conjunction with First National Bank. ([ABLE Act Guide](#))

- **1619b Status** – If 1619b status is lost due to receipt of a parent’s Social Security claim, review DAC eligibility in the same way as if regular SSI status is lost. All income other than the parent’s claim is totaled and compared to the FBR. The 1619b category is only available to those eligible for SSI, and Medicaid should not make a determination for 1619b eligibility. If 1619b status is lost, and the recipient is not eligible as a DAC, then review eligibility for other categories of coverage (for example, ABD or MIWD).
- **Residents of Medical Institutions** – If a recipient who loses SSI status due to the parent’s claim is a resident of a medical institution (Nursing Home, Intermediate Care Facility), then the DAC income disregard does not apply when calculating their Share of Cost amount. See example 11 in *Section 3: Example Situations*. [Rosters of Facilities and Services](#).

Section 3: Example Situations

Example 1

Client A is 30-years-old and has been disabled since the age of 19. Her income consists of earnings of \$250 per month (average) and SSI. She then begins collecting RSDI of \$1125 from her parent’s account. The new income makes her ineligible for SSI. Client A meets DAC eligibility. She lost SSI eligibility because of the receipt of her parent’s Social Security. Her Medicaid eligibility would be determined by disregarding the \$1125 RSDI benefit from her parent’s account.

Example 2:

Client B has been disabled since birth. She received SSI until her mother retired last year, when she began to receive \$1425 per month from her mother’s Social Security Claim. Client B has a bank account with a balance of \$525 and an ABLE account with \$7500. Because an ABLE account is disregarded as a resource, she remains within the SSI resource limit. Client B is eligible as a DAC.

Example 3:

Client C is 35 years old and is receiving Medicaid. She has been disabled since the age of 20. Her income consists of \$508 in a Civil Service pension based on her own earnings. She also receives SSI. She begins to receive parental benefits of \$825, which increases her income to \$1,333. Client C no longer receives SSI, because of the receipt of parental benefits. Client C meets DAC eligibility. We would disregard the parental benefit amount of \$825. Medicaid eligibility is determined using the original amount of \$508 - \$20 general disregard (automatically applied by the system) in the budget.

Example 4:

Client D is 25 years old and has been receiving only SSI since childhood. He begins receiving parental benefits of \$1100. Client D no longer receives SSI, because of the receipt of parental

benefits. Client D meets the requirements for DAC eligibility. Medicaid eligibility is determined by disregarding the parental benefit of \$1100.

Example 5:

Client E has been receiving SSI. Recently, his father retired, so Client E has begun to receive \$1200 on his father's Railroad Retirement claim, causing him to lose SSI benefits. Client E's resources are \$1500. Client E does not qualify as a DAC. The benefit that Mr. E receives, although based on his father's retirement income, is not Social Security income. Loss of SSI due to receipt of Railroad Retirement income does not qualify a person as a DAC.

Example 6:

Client F is 35 years old and is receiving Medicaid. She has been disabled since the age of 20. Her income consists of \$850 RSDI based on her own earnings. Client F has a credit union savings account with a balance of \$1500. She begins to receive parental benefits of \$460, which increases her income to \$1310. Client F does not meet DAC eligibility for multiple reasons. First, she did not receive SSI and lose it due to the receipt of a parental claim, and also her own RSDI (A claim) is in excess of the SSI FBR. If there is a medical need, Medicaid with a share of cost should be considered.

Example 7:

Client G has been receiving both RSDI benefits from her parent's claim and a small amount of SSI for several years. After this year's most recent COLA increase, the RSDI amount increased by enough that G is no longer eligible for SSI. G would qualify as a DAC since SSI ended due to the RSDI COLA increase.

Example 8:

Client H has been disabled since age 18, and has received SSI for his adult life. After Client H's father passed away, he received a small inheritance of \$3,000 and became entitled to \$1,500 per month from his father's Social Security claim. His SSI benefits have now ended. Client H does not qualify as a DAC at this time. His resources, including the inheritance, are above the SSI resource limit. If his resources are reduced below the SSI limit, then he may qualify as a DAC.

Example 9:

Client I receives \$700 - \$20 general disregard (automatically applied by the system) per month from his own SSA disability claim. I has also been able to maintain employment and earns \$465 per month (average), which is \$200 per month after income disregards are applied. I also receives \$1000 per month from his parent's benefits. I has a joint account with his sister with a balance of \$1700 and does not qualify as a DAC because his own SSA disability income plus his countable earnings are greater than the FBR.

Example 10:

J is the sister of I. J has never been able to work due to her disability. As with, I, J receives \$1000 per month from her parent's SSA benefits. J does qualify as a DAC because she previously received and lost SSI due to the parental claim and has no other income. If her parent's claim is disregarded, she would still qualify for an SSI payment.

Example 11:

K has been disabled since age 12. K received SSI until her mother retired, at which time she began to receive \$1400 per month from her mother's Social Security Retirement claim. Because K has no other source of income, and her resources are below the SSI limit, she qualifies as a DAC. After several years, K's health began to decline, and she needed services under the Aged and Disabled Waiver. While receiving Waiver services, her DAC status is retained, and she has no Share of Cost. Recently, K's health has declined further, and it was necessary for her to relocate to a nursing home. Now that K is a resident of a medical institution, her DAC income disregard is no longer applied to her Share of Cost calculation. Her Share of Cost would be the amount received from her mother's claim minus her personal needs (\$75/month) and any other medical disregards which would apply (medical insurance premium, medical costs not covered by Medicaid, other medically necessary incurred expenses).

Section 4: N-FOCUS Budgeting of Disabled Adult Children**Using the Unearned Income Data Collection task:**

1. Add the gross amount of the Social Security Income.
2. Enter the amount to be subtracted from the gross income in the Adjusted Amount field. This will allow the adjusted amount to be counted in the Medicaid budget, and the gross income to be used in the SNAP budget.
3. Select the Disabled Adult Child adjustment reason.
4. Enter begin date and verification source.

Unearned Income Task

The screenshot shows a software window titled "Add Unearned Income". It contains several input fields and a dropdown menu. The "Amount" field is set to 825.00, and the "Adjustment Amount" field is also set to 825.00. The "Adjustment Reason" dropdown menu is set to "Disabled Adult Child". The "Begin Date" field is set to 01-01-2016. The "End Date" field is empty. The "Verified By" dropdown menu is set to "Bendex File Viewed". At the bottom of the window, there are four buttons: "Next", "OK", "Cancel", and "Help".

NOTE: Remember to change the MESA indicator to 'Process by Worker'.