

TO: Local Commissioners, Medicaid Directors

FROM: Betty Rice, Director
Division of Consumer and Local District Relations

SUBJECT: Retroactive Lump Sum Social Security Benefits

EFFECTIVE DATE: Immediately

CONTACT PERSON: Local District Liaison:
Upstate (518) 474-8216 New York City (212) 268-6855

This is to inform social services districts of a clarification in policy concerning the treatment of retroactive lump sum Social Security benefits (Retirement, Survivors, and Disability Insurance [RSDI] benefits) when the benefits are paid for months in which an individual received a Supplemental Security Income (SSI) payment.

Generally, retroactive RSDI benefits are considered unearned income in the month received and an exempt resource for six months following the month of receipt. An exception applies, however, for retroactive RSDI benefits that are paid for a past period in which an individual received an SSI payment. In such cases, since the SSI program counts the retroactive RSDI benefits as income in the month they would have regularly been due for purposes of determining any SSI overpayment (offset), any retroactive RSDI benefits due for this time period are not counted as income when the payment is received. Since the Medicaid program can be no more restrictive than the SSI program for purposes of determining Medicaid eligibility for aged, certified blind, and certified disabled individuals, social services districts must not consider retroactive RSDI benefits paid for a month in which an individual received an SSI payment as income. Retroactive RSDI benefits paid for months for which an individual did not receive SSI are considered income in the month received.

A chart with an example, followed by an explanation, follows:

	February	March	April	May	June	Total
RSDI	\$500	\$500	\$500	\$500	\$500	\$2,500
SSI	- 0	-\$200	-\$200	-\$200	-\$200	- \$800
Adjusted RSDI	\$500	\$300	\$300	\$300	\$300	\$1,700

In this sample case, an individual received SSI payments of \$200 a month for March through June. The individual is determined to be eligible for retroactive RSDI benefits of \$2,500 (\$500 a month for February through June). If the individual had actually received the \$500 monthly RSDI payments in March, April, May, and June, the individual would not have been entitled to the monthly SSI payment. Therefore, the Social Security Administration (SSA) deducts \$800 (the \$200 monthly SSI payments, beginning March through June), from the retroactive RSDI payments otherwise due of \$2,500. This leaves a retroactive RSDI payment of \$1,700 (\$500 for February plus \$300 a month for March through June). Since SSA already counted all of the lump sum payment except for the \$500 RSDI amount for February as income in determining

the amount of the SSI overpayment, only \$500 of the lump sum retroactive payment is considered income for purposes of determining Medicaid eligibility.

Note: In many cases the individual will have received an SSI payment for each month in the retroactive RSDI period, thus making the entire retroactive lump sum RSDI benefit exempt as income.

When an individual indicates that all or part of a retroactive RSDI benefit is paid for months in which the individual received an SSI payment, the individual should be asked to submit a letter or other documentation from the Social Security Administration to verify the amount of the offset. Once verification is obtained, such amount should not be considered income for purposes of determining Medicaid eligibility.