

Article 10, Section 4 – Determining Monthly Income Amounts

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10.04.01 General

ACA Information

Information about the reasonable compatibility standard for income verifications can be found in [Special Notice 13-09 Addendum I](#).

A General

Income used in the Medi-Cal SOC determination is the available nonexempt amount received or expected to be received in the SOC budget month, unless it is to be apportioned (distributed over a specified period of time) as detailed in this section. Medi-Cal is prospectively budgeted.

MEM
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The amount of monthly income used in the Medi-Cal budget must be computed when it is received other than monthly, fluctuates in amount or frequency, or must be estimated. Workers must determine how the income used, in determining eligibility and benefit level, is computed and budgeted.

State
Clarifica
tion

MPG LTR 565 (10/04)

10.04.02 Actual Income

- A. Introduction** The actual income of weekly/bi-weekly income received or expected in the month must be used when any of the conditions below exist. MEM 50517
MPG LTR 565 (10/04)
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- B. Short Term Benefits** The applicant states that he/she wishes to receive Medi-Cal for less than three months (including retro months). MEM 50517
MPG LTR 565 (10/04)
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- C. Beginning/ Terminating Income** The applicant will not receive the income for the full month. The most common examples are when a person begins employment or when benefits, such as UIB, are exhausted. MEM 50517
MPG LTR 565 (10/04)
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- D. QMB Income Calculations** The worker shall use actual income to complete QMB income calculations. MEM 50517
MPG LTR 565 (10/04)
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- E. Fluctuating Income** Fluctuating income is income that is not the same each time it is received. If actual amounts of fluctuating income are known, the actual amounts must be used. (See [MPG 10.04.03](#) for fluctuating income details.) MEM 50517
MPG LTR 565 (10/04)
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- F. Intake Procedures: When to Use Actual Income** For any full month's income already received or where the full current month's actual income is known, the actual amount is used for those months. MEM 50517
Example 1
The current month is August 2011. Application date is July 20, 2011. Total income is known for July 2011, so the actual amount of income is used for July 2011. In the current month, the applicant has received one paycheck and will receive one more. The applicant knows the amount of the remaining paycheck for August 2011 because the pay period has closed and he/she knows how many hours of overtime will

be included. In this case, the actual current month's income is known so it is used for the current month also.

Example 2

If the applicant in the above example does not know what the next paycheck amount will be for the current month (pay period not ended and possibility of additional overtime), the actual income for the current month is not known. The current month becomes an estimate month, and apportionment may be appropriate.

MPG LTR 17 (5/89)

**G.
Intake
Procedures:
When to
Estimate
Income**

When actual current or future fluctuating income is not known, an estimate must be made. The worker and the applicant should agree on the amount to be used based on the best information available. This estimate will be made considering all of the following:

- The income pattern over the past year
- The actual income received in the last month
- The applicant's statement of estimated income

The worker shall clearly document how income was estimated.

This method of estimating income does not apply to self-employment income. (See [MPG Article 10, Section 5.](#))

If the applicant is paid at regular intervals which require apportionment, the per payday amount, based on averaging or estimating, must be used in the apportionment calculation.

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**H.
Granted
Procedures:
When to Use
Actual Income**

In some situations, amounts of fluctuating income are known in advance. The actual amount must be used to re-compute the future SOC when the actual amount is known and the worker can provide timely and adequate notice.

Example

Beneficiary is paid semi-monthly and works on commission. By the 10th of each month, the beneficiary knows what his/her income will be on the 5th of the following month. Even though the income fluctuates, the actual amount is known in advance and should be used to re-compute the SOC budget for the month the income will be received, assuming timely notice can be provided.

MPG LTR 434 (1/01)

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**I.
Granted
Procedures:
When to
Estimate
Income**

Generally, the average of past fluctuating income should be used to estimate future expected income. However, if income over a period of time shows a steady increase, the most recent income may be a better estimate of future income. (See [MPG 10.04.04](#) for regulations regarding estimating self-employment income.)

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MPG LTR 434 (1/01)

10.04.03 Apportioned Income

A. Introduction When non-fluctuating income is received in intervals other than monthly, it will be converted to a monthly amount. MEM 50517

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B. Income Received Weekly Multiply gross weekly income received by 4.33. MEM 50517

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C. Income Received Biweekly Multiply gross biweekly income received by 2.167. MEM 50517

Example

UIB income, though determined as a weekly benefit amount (WBA), is normally paid at biweekly intervals. Therefore, the total amount received biweekly would be multiplied by 2.167 to determine the monthly amount.

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D. Income Received Twice Monthly Multiply gross semi-monthly income received by 2 if each paycheck is for the same amount. MEM 50517

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E. Income Received Bimonthly (Every Two Months) Divide gross bimonthly income received by 2. MEM 50517

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F. Income Received Quarterly (Every Three Months) Divide gross quarterly income received by 3. MEM 50517

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**G.
Annual
Contracts of
Employment**

If an annual contract of employment provides that duties are to be performed (earned) and income received in more than eight but less than twelve months (for example, teachers), the total earnings are to be apportioned equally over the period of the contract beginning with the first month of the contract. The first month of the contract is the one in which the employee is required to begin performance of the contract duties, even if the employee will not be working for the full month. The last month is the one in which the contractual obligation ends.

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If an employee works under an annual contract of employment but does not meet the “earned and received more than eight but less than 12 months” requirement, the income is considered in the month received.

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**H.
Self-
Employment
Income**

Estimate annual net profit and divide by 12 to determine gross monthly income. (See [MPG Article 10, Section 5](#) for further details regarding determining income from self-employment.)

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**I.
Loans**

A loan which is not exempt from consideration as income, and which specifies that it is to cover a certain period of time, must be apportioned over that period of time. The most common example is a graduate student loan.

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A non-exempt loan which is not intended or does not specify that it covers a certain period of time is considered in the month received.

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**J.
Deeds of
Trust Interest**

The interest portion of payments received from notes, Deeds of Trust, or Contracts of Sale must be determined on an annual basis and divided by 12 to determine the monthly amount.

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**K.
Other Interest
Income**

Interest income (other than that discussed in [J](#), above) received less often than monthly, and which is not exempt as irregular or infrequent, is an exception to the rule of prospective budgeting. This type of

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income must be calculated as shown in the table below.

Step	Action
1	Determine the number of months in the period during which the interest accrued (interest period).
2	Divide the interest income by the number of months in the interest period.
3	Count the amount determined in Step 2 as income in each of the months of the next interest period.

This apportionment method assumes that the beneficiary will continue to receive the interest income in the months to which it is being applied. If the beneficiary is not expected to continue to receive the interest income, then it is not to be included in the SOC budget.

If other interest income is received monthly or more often, the monthly amount must be determined in the manner applied to any other unearned income (actual if known, fluctuating, and estimating).

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**L.
Income
Received
Less Often
than Monthly**

Income received less often than monthly, in intervals other than those detailed in [B](#), [C](#), or [D](#), above, is considered income in the month received.

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10.04.04 Anticipating Income

A. Income from a New Source

If an applicant/beneficiary states with reasonable certainty that income is expected to begin in a current or future month, and the amount is either known or can be estimated, the income must be considered available for the month it is expected to be received. It is not necessary to wait until the applicant/beneficiary actually receives the income before re-computing the SOC budget.

Example

A beneficiary calls the worker on the 15th of the month to report that he was laid off from his job and immediately filed for UIB. The beneficiary states that he was told by EDD that he should receive his first UIB payment by the end of the month, and the expected weekly benefit amount (WBA). The worker must re-compute the future month's SOC budget deleting the earnings and including the anticipated UIB.

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B. Change in Income

If the applicant/beneficiary expects a change in the amount of income (raise, increase, or reduction in hours of employment, etc.) and the amount of income is known or can be anticipated, the change must be reflected in the SOC budget as soon as possible considering timely notice requirements.

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C. Anticipated Income Not Received

If a beneficiary reports and verifies that anticipated income was not received, or was received in an amount less than anticipated, and the report is made timely, the SOC budget must be re-computed and appropriate adjustments made.

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D. Unanticipated Income Received

If a beneficiary receives income which was not anticipated, current and prior month's budgets are not to be re-computed unless there is evidence that the beneficiary could have anticipated the income and failed to report the change timely.

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10.04.05 Apportionment of Income Exemptions and Deductions

A. Apportionment of Income Exemptions and Deductions

Income exemptions ([MPG Article 10, Section 3](#)) and deductions ([MPG Article 10, Section 6](#)) will be apportioned over time using the same procedures used for apportioning income.

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