

**TO:** Local Commissioners, Medicaid Directors

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

**SUBJECT:** Treatment of Clothing as In-kind Income and the Automobile  
Exemption for SSI-related Applicants/Recipients

**EFFECTIVE DATE:** Noted in GIS

**CONTACT PERSON:** Local District Liaison  
Upstate (518) 474-8216 NYC (212) 417-4500

This is to inform districts of two changes in federal regulations which affect eligibility determinations under the Supplemental Security Income (SSI) program. These policies must be followed when determining Medicaid eligibility for SSI-related applicants/recipients (A/Rs): persons who are 65 years of age or older, certified blind, or certified disabled.

#### **Elimination of Clothing as In-Kind Income**

In-kind income is income received in goods or services rather than in cash. Effective March 9, 2005, clothing received by an SSI-related A/R is no longer countable in-kind income.

An exception is that if an SSI-related A/R receives clothing in lieu of cash from an employer, the value of the clothing continues to be counted as in-kind earned income. In this situation, the countable income amount for the clothing is its current market value.

#### **Automobile Exemption**

Effective April 1, 2005, there is a change in the treatment of an automobile that is NOT excluded as a resource.

One automobile per household is excluded as a resource, regardless of its value, if it is used for transportation for the SSI-related individual/couple or a member of the individual's/couple's household. A second automobile may be exempt if there is a medical need for it or the automobile is needed for employment-related activities or a Plan for Achieving Self-Support (PASS). An automobile (i.e., a first automobile or a second automobile that meets the criteria for an exclusion) that is temporarily inoperable (e.g., needs repairs) may be excluded if it is expected to be used for transportation within 12 calendar months after the month of the Medicaid eligibility determination.

Effective April 1, 2005, if an automobile does not meet any of the exception criteria described above, the full equity value of the automobile is a countable resource. The equity value of an automobile is the price it can reasonably be expected to sell for on the open market in a particular geographic area, minus any encumbrances.

Prior to April 1, 2005, if an automobile was not exempt, up to \$4,500 of the current market value (i.e., its saleable value without deducting any encumbrances) of the automobile was excluded. This exclusion, of up to \$4,500 of the current market value of one automobile not in use, has been eliminated effective April 1, 2005.

Undercare cases, where the \$4,500 exemption had been allowed for an automobile not in use, should be rebudgeted at next client contact or at recertification, whichever comes first.