

10A NCAC 89C .0206 FINANCIAL NEEDS TEST

(a) A client's financial need shall be determined by application of the General Assembly's financial eligibility scale for non-medicaid medical programs which sets the limit of net annual income for families of various sizes and by consideration of other available assets that could be used to pay for the cost of rehabilitation services. The General Assembly's eligibility financial scale for non-medicaid programs is contained in the annual appropriation bill. In applying the General Assembly's financial eligibility scale, the Division shall follow the provisions of this Rule to determine net monthly income and family size. Financial information is obtained to determine the client's financial eligibility to receive services listed in Paragraph (a) of Rule .0205 of this Section. Financial information obtained may include check stubs, State and Federal income tax forms and other information to document income or other financial resources. If the client does not have check stubs or tax returns, the client shall complete a verification form signed by the client's last employer, the individual who supports the client, or the agency representative who processes the client's public support. Whenever the financial situation of the client is unclear or there is a question regarding the resources of the client, the Unit Manager or Facility Director shall be consulted for analysis or application of client financial information.

(b) The time period to be used as the basis for computing net monthly family income is the month prior to the planning of any service which is based on the individual's financial eligibility. Net monthly family income shall be recomputed at any time there is a change in the family's income but at least annually.

(c) A client's family shall include only the client if the client is not married and any of the following conditions apply:

- (1) The client is 23 years of age or older;
- (2) The client is a ward of the court;
- (3) The client is an emancipated minor;
- (4) The client is a veteran of the United States Armed Forces; or
- (5) The client is under 23 years of age and can produce a tax return from the year prior to application for services indicating self-support, or receipts, records for basic living expenses such as rent and utilities for a minimum of three consecutive months, pay stubs, or other information such as receipts of medical payments, payment of health insurance premiums, child care payment receipts, and legally mandated payments that indicate that he or she is independently self-supporting.

(d) A client's family shall include the client and the following persons living in the same household if the client is married:

- (1) the client's spouse;
- (2) the client's children under 23 years of age; or
- (3) other individuals related to the client by blood, marriage, or adoption if the other individuals have no income.

(e) A client's family shall include the client and the following persons living in the same household as the client if the client is less than 23 years of age and is not married or if the client is 23 years of age or older and is being claimed as a dependent by the parents for tax purposes regardless of place of residence:

- (1) the client's parents, not including step-parents;
- (2) siblings or half-siblings of the client, but not step-siblings, if the siblings are unmarried and less than 23 years of age;
- (3) siblings or half-siblings of the client, but not step-siblings, if the siblings are 23 years of age or older and have no income; and
- (4) other individuals related to the client by blood, marriage, or adoption if the other individuals have no income.

(f) Net monthly family income shall be computed by subtracting the deductions allowed in Paragraph (h) of this Rule from the gross monthly family income as computed according to Paragraph (g) of this Rule.

(g) Gross Monthly Family Income.

- (1) Gross monthly family income shall mean the combined cash income received by the client's family from the following sources:
 - (A) wages and salaries;
 - (B) earnings from self-employment;
 - (C) earnings from stocks, bonds, savings accounts, rentals, and all other investments;
 - (D) Social Security benefits and Supplemental Security Income benefits received by family members;
 - (E) public assistance benefits;
 - (F) retirement and pension payments;

- (G) Veterans Administration benefits; and
- (H) all other sources of cash income.
- (2) If the income received from any of the sources listed in Subparagraph (g)(1) of this Rule is not received on a monthly basis, the monthly pro rata share of the most recent receipt of the income shall be included in the computation.
- (3) Gross family income shall not include:
 - (A) income that children may earn from babysitting, lawn mowing, or other miscellaneous tasks;
 - (B) gifts;
 - (C) inheritances;
 - (D) life insurance proceeds;
 - (E) Social Security benefits and Supplemental Security Income benefits of the client.
- (h) Any of the following expenses, which are paid by a member of the client's family, shall be allowed as deductions in determining net monthly income:
 - (1) state, federal, Social Security, and Medicare taxes and any mandatory deductions for retirement contributions;
 - (2) medical and dental payments not covered by a third-party payer;
 - (3) health insurance premiums;
 - (4) disability related expenses, not covered by a third-party payor, paid for the client or a member of the client's family except for personal assistance expenses for those clients who require personal assistance services in order to achieve independent living;
 - (5) child care payments for any child in the family unit who is 14 years of age or younger and the parents or other adult members of the family unit are not able to care for the child;
 - (6) post-secondary training expenses for family members not to exceed the rate specified in Rule .0119(b) to (i) of this Section; and
 - (7) legally mandated payments such as alimony, child support or Social Security paybacks.
- (i) In addition to net monthly family income, other assets that are available to the client's family shall be considered in determining a client's financial need. Available assets shall mean the combined cash or property of the client's family members as determined by Paragraphs (c) - (e) of this Rule. The available assets which could be used to pay for the cost of rehabilitation services shall include:
 - (1) cash in checking or savings accounts which exceeds an amount three times the net monthly income allowed for the family size; and
 - (2) real property considering the following provisions:
 - (A) Real property, other than the family homesite, shall be considered if the fair market value less encumbrances exceeds twenty-five thousand dollars (\$25,000).
 - (B) The equity shall be determined by subtracting the amount owed on mortgages or liens from the purchase price or the fair market value, whichever is less.
 - (C) The family homesite for the purposes of this Rule shall be defined as the family's principle place of residence and includes real property, land, and buildings that are used for activities associated with occupancy of the dwelling as a living space for the family.
 - (D) Real property shall be regarded as an available asset to the extent that it can be converted to cash, either by sale or by use as collateral for a loan, in a timely manner to meet the cost of rehabilitation services.
 - (3) Gifts, inheritances, or life insurance proceeds which exceeds an amount three times the net monthly income allowed for the family size; and to the extent that it can be converted to cash in a timely manner to meet the cost of rehabilitation services.
- (j) Contributions available to the client's family shall be considered in determining a client's financial need. Contributions shall mean non-merit based scholarships, educational grants, community funds or other resources that the client has available to contribute to the rehabilitation program.
- (k) If the net monthly income of the client's family is greater than the amount allowed by the General Assembly's financial eligibility scale after allowable deductions as defined in Paragraph (g) of this Rule are applied, the client has excess income. The excess income, combined with the client family's available assets and contributions are considered to be excess resources that shall be applied to the cost of the client's rehabilitation. The Unit Manager or Facility Director shall approve the plan to apply excess resources to the cost of the client's rehabilitation.
- (l) When personal assistance services is a planned service for a client of the Independent Living program and the client's family is determined to have excess resources as defined in Paragraph (j) of this Rule, the client's financial

contribution toward the cost of the personal assistance services shall be one-half the excess net monthly family income. The counselor shall determine the amounts to be paid and the method of payment. The Unit Manager or Facility Director shall approve the payment plan.

(m) If there are extenuating circumstances that prohibit the client's application of the excess resources toward the cost of rehabilitation, the Division may waive the application of part or all of the excess resources toward the rehabilitation. Such circumstances may include the inability to sell property, the fact that the amount of funds would be so small that it would provide little help with the rehabilitation program, and the fact that the conversion of the excess resources may result in delay in proceeding with the rehabilitation program. Written approval of the Unit Manager or Facility Director shall be required for the waiver. Documentation of the particular circumstances shall be provided by the client and shall be maintained in the client's record.

*History Note: Authority G.S. 143-545.1; 143-546.1; 34 C.F.R. 361.47;
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