

**INCOME  
LIF BUDGETING METHODOLOGY**

**CHILD /INCAPACITATED ADULT CARE COST**

**Policy:** The actual cost of care up to \$175 a month for each dependent child age two or over, or incapacitated adult that the A/R pays for may be deducted from the earned income of the A/R. The actual cost of care, up to \$200 a month, may be deducted for each dependent child under age two. The children or adult must reside in the same home as the A/R who is making the payments.

**NOTE:** Although the adult care deduction was eliminated in statute, Medicaid retains the deduction for the LIF category because it was part of the ADC program on July 16, 1996. LIF budgeting may not be more restrictive than the ADC cash program in effect on July 16, 1996.

**References:** SSL Sect. 366  
Dept. Reg. 360-4.6(a)(3)(iv)  
ADMs 91 ADM-8  
90 ADM-3  
81 ADM-55

**Verify Status:** When the A/R indicates that s/he is employed full or part-time and that there are dependent children or an incapacitated adult in the household for whom care is being provided and paid for by the A/R while s/he works. Only one parent is required to be employed to be eligible for this deduction from earned income even if there are two parents in the home.

**Verification:** Seeing a statement from the caretaker or day care center including the hours of care and the amount charged for such care.

**Documentation:** Sufficient to establish an audit trail:

Name of caretaker or day care center, children names and ages, amount paid, hours of care and receipts for payment.