

**INCOME  
UNEARNED**

**NEW YORK STATE DISABILITY INSURANCE  
BENEFITS, WORKERS' COMPENSATION AND SICK PAY**

**Description:**

- (1) **New York State Disability Insurance Benefits (DIB)** are cash benefits to offset the loss of earned income for certain workers who are unable to work because of a non-job-related injury, disease, or condition. There are also cash benefits to offset the loss of Unemployment Insurance Benefit (UIB) for persons who are unemployed and are unable to accept employment because of illness or injury.

For employed persons and those unemployed less than four weeks, application is made to the employer. Medical verification is required. When the person is eligible, the employer's insurance carrier pays benefits bi-weekly by check.

For persons unemployed more than four weeks, application is made to the local office of the State Department of Labor. Medical verification is required. If eligible, benefits are paid bi-weekly by state check.

- (2) **Workers' Compensation *can be*** a cash benefit to offset the loss of earned income for certain workers who are unable to work because of a job-related injury or disease. ***It can also be a payment made directly to a medical provider for the cost of care required to treat a work related injury. Payments made directly to medical providers are not considered unearned income. Rather they are similar to third party health insurance payments.*** If the injury or disease results in death, the benefits may be paid to the surviving dependents of the worker. Benefits include all necessary medical care arising from the job-related injury or illness. A claim for Workers' Compensation is made with the employer. Medical verification is required.
- (3) Benefits are paid by either the employer or in most cases his/her insurance carrier on a bi-weekly basis or as a lump sum. Benefits may be either temporary or permanent, and either partial or total, dependent on the severity and prognosis of the injury or disease. ***Only the cash benefit to offset loss of earned income is considered unearned income. Payments made directly to medical providers are not considered unearned income. Rather they are similar to third party health insurance payments.***

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**Sick Pay as Unearned Income** are any payments made due to sickness and/or accident disability more than six months after the A/R stopped working because of that sickness or disability, is unearned income. Sick pay received during the first six months is earned income (see page 64).

**Policy:** NYS DIB, Workers' Compensation and sick pay are countable income.

**When to Verify:** When the A/R indicates in the application that s/he has applied for or is receiving DIB and/or Workers' Compensation Benefits;

When the A/R indicates in the application that s/he has recently been employed or has recently received UIB and indicates in the application that s/he is ill or injured;

When the case record indicates that the A/R was in receipt of DIB, Workers' Compensation and/or sick pay, but the A/R does not declare that s/he is currently receiving DIB, Workers' Compensation and/or sick pay.

**Verification:** Benefits may be verified by:

Seeing the benefit check;  
Seeing a letter from the insurance carrier or the Workers' Compensation Board denying or terminating benefits;

Clearing in writing through the usual local district procedure.

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

Date, number and amount of check, and name and address of payer (insurance or state fund);

Date and sender of letter, and disposition;

Returned clearance filed in case record.

**NOTE:** Workers' Compensation and New York State DIB and sick pay do not establish incapacity or SSI-related disability status for Medicaid purposes. A separate determination of incapacity or disability is done for A/Rs (see page 14).