

**MISSISSIPPI DIVISION OF MEDICAID**  
**Eligibility Policy and Procedures Manual**

**200.09 SOURCES AND TREATMENT OF EARNED INCOME**

The following sections list different sources of earned income and how they are treated in the eligibility process.

**200.09.01 SICK PAY**

Sick pay is a payment made to or on behalf of an employee by an employer or a private third party (such as a union or insurance company) for sickness or accident disability. Sick pay is either wages or unearned income.

**NOTE:** Payments under a Workers' Compensation law are neither wages nor sick pay. Annual and sick leave payments are considered a continuation of salary.

**Treatment**

The following chart shows how to treat sick pay:

<b>When sick pay is received</b>	<b>Attributable to the Employee's Own Contribution?</b>	<b>Type of Income</b>
Within 6 months after stopping work	No	Wages
	Yes	Unearned
More than 6 months after stopping work	NA	Unearned

When sick pay is alleged within 6 full calendar months after stopping work, it must be determined whether or not the employee contributed by payroll deduction toward a sick pay plan. Any portion of sick pay received by an employee within 6 full calendar months after stopping work, which according to the employer, is attributable to the employee's own contribution is not wages.

To determine the 6-month period after stopping work:

- Begin with the first day of non-work.
- Include the remainder of the calendar month in which work stops.
- Include the next 6 full calendar months.

**Example:** If an individual stops work on May 5, the 6-month period ends November 30<sup>th</sup>.

Verify the last day (or month) worked with the employer or knowledgeable third party. Verify sick pay which is wages using the wage verification procedure.