



Income Based Financial  
Assessment Policy Manual  
For  
Long Term Care  
&  
Community Support Services

**Issued: February 2020**

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## **1.0 INTRODUCTION**

The Income Based Financial Assessment Manual is a reference for the Regional Health Authorities (RHAs) and individuals. The Manual outlines the provincial policies related to the Income Based Financial Assessment (Income Test) that is to be used in the programs of the Long Term Care and Community Support Services System (LTC CSS).

The RHAs are:

- Eastern Regional Health Authority;
- Central Regional Health Authority;
- Western Regional Health Authority; and
- Labrador-Grenfell Regional Health Authority.

### **1.1 *Structure and Numbering***

Policies are grouped into sections as indicated in the Table of Contents. The first Arabic number corresponds to the section. The second set of numbers corresponds to the subsection and the last set of numbers indicates the specific policy. Policies can be added by continuing the sequential numbering. The number of pages for each policy is indicated as “page 1 of 2”, for example, if a policy extends beyond one page.

The *Effective Date* will change to *Revised* date when there has been a revision. Old policies will be stored for five years.

### **1.2 *Approval***

Policies in this manual are approved by the Department of Health and Community Services (DHCS).

### **1.3 *Responsibility for Reviews, Revisions and Additions***

New policies are added and existing policies are revised whenever the need is identified by DHCS or the RHAs. All policies are regularly reviewed by program and financial staff of DHCS.

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It is the responsibility of the RHAs to write procedures to implement policies contained in this Manual. Individuals and staff should forward questions or suggestions to their RHA.

The RHA will:

- review the request;
- determine if the request is policy related;
- write recommendations; and
- forward requested edits or additions to provincial program and financial staff.

DHCS Program and financial staff will:

- review, revise or edit material for appropriateness to the manual;
- research proposed material as necessary;
- obtain approval for policies;
- incorporate approved policies in the manual; and,
- distribute copies of the approved policies and revised table of content, if applicable.

DHCS will maintain the electronic version of this manual which can be accessed by RHA staff and the general public at:

[https://www.health.gov.nl.ca/health/publications/policy\\_manual\\_income\\_test.pdf](https://www.health.gov.nl.ca/health/publications/policy_manual_income_test.pdf)

## **1.4 Purpose**

The Income Based Financial Assessment Policy Manual for the LTC CSS System is intended to:

- provide information, direction and support to RHAs and individuals;
- ensure consistent application of financial policies in LTC CSS Programs;
- identify RHA responsibility and promote accountability by providing clearly written, accessible policies;
- identify stakeholder responsibilities; and
- ensure RHA compliance with applicable legislation.

## **1.5 Authority**

The provision of LTC CSS are set out in the Health and Community Services Act and the Executive Council Act. The eligibility for LTC CSS is established based on criteria set out in policy.

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## 2.0 LTC CSS OVERVIEW

The Long Term Care and Community Support Service (LTC CSS) system in Newfoundland and Labrador, funded through the Department of Health and Community Services and delivered by the Regional Health Authorities (RHAs), is comprised of services to adults and children with disabilities and seniors. LTC CSS include professional care and supportive services provided to individuals in their own homes, Personal Care Homes, Community Care Homes, Long Term Care Facilities and residential options for persons with disabilities such as Alternate Family Care Homes. Care and support services are provided to individuals who qualify and need long term support in order to help them perform the activities of daily living and maintain maximum independence.

A client of the LTC CSS system is an individual who requires support in order to address the unmet needs which impact their ability to perform the activities of daily living that enable them to participate in the community. Access to publicly funded service subsidies requires:

- Professional assessment of need;
- Financial assessment; and
- Meeting of service eligibility criteria as established by the Department of Health and Community Services.

Individuals may enter the LTC CSS system in a number of ways, depending on their support needs and circumstances. RHA staff, in collaboration with the individual, will identify their service and support requirements.

Home/Community Living, Residential Living, and Long Term Care Options are foundational components of the LTC CSS system. These options are divided into a variety of Programs which offer a range of services and benefits. The resulting framework supports the individual in either the community or an appropriate care setting to meet their needs.

The following table identifies the options available and the related Programs.

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Options	PROGRAM
Home/Community Living	Home Support
	Special Assistance Program
	Special Child Welfare Allowance
	Allowances/Supplementary Benefits
	Board & Lodging Relative Supplement
	Board & Lodging Non Relative Supplement
Residential Living	Alternate Family Care
	Cooperative Apartments
	Individualized Living Arrangements
	Right Futures
Long Term Care	Long Term Care Facilities
	Personal Care Homes/Community Care Homes
	Protective Community Residences

Within the Programs a variety of allowances/supplementary benefits are available, and may be approved for the client, depending on their assessed need.

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### **3.0 LTC CSS PROGRAM DESCRIPTION**

Individuals entering the system, who have been assessed by RHA staff, have access to a number of home/community living, residential living and long term care options and sub-programs.

Eligibility for a financial subsidy is determined through a financial assessment that is based on the individual/family income. An Income Test assessment will be applied to determine the amount the client is required to contribute towards the cost of the approved service(s)/benefit(s).

Section 6.0 *Income Test* provides details of Income Testing and how it is applied to each program under the LTC CSS System.

#### **3.1 Home/Community Living Options**

Home/Community Living options are a variety of benefits which allow the client to remain in the community with appropriate supports in place to assist the client in safely maintaining their daily routine. A clinical assessment by RHA staff will determine the supports that are required. Following the clinical assessment, the financial assessment will be completed to determine the level of financial subsidization that will be available to the client.

##### **3.1.1 Home Support**

Home Support services are available to individuals who require assistance with activities of daily living. These services are delivered in the individual's home as defined in the *Provincial Operational Manual Governing Home Support 2005* (<http://www.health.gov.nl.ca/health/publications/pdffiles/Home%20Support%20Manual%202005.pdf>), and may include assistance with personal care, behavioral support, household management, and/or respite services. Home support services are provided by non professional staff employed by a private home support agency or through a self-managed care arrangement whereby the client is the employer. Home Support subsidies are available at a Provincially set hourly subsidy rate, to a monthly maximum ceiling (see Schedule I *Rates and Maximums*).



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#### 3.1.1.1 Home Support Financial Eligibility

Clients wishing to access only Home Support services must meet program criteria as determined through a professional assessment by the RHA. The individual will then be financially assessed with the **“Income Test”** to determine their client contribution to the services which they require. (see Section 6.0 *Income Test*)

#### 3.1.1.2 Bookkeeper Fees

Private Bookkeepers may be engaged by Home Support clients to manage the payroll activities, including Federal remittances, for the home support workers hired by the client.

The fee paid is based on the number of workers a subsidized client employs and is in addition to the subsidy paid for Home Support hours. Bi-weekly fee guidelines are in Schedule I *Rates & Maximums*.

### 3.1.2 Allowances/Supplementary Benefits

Allowances/supplementary benefits are provided to community support services clients who are approved for services available under the home/community options. The allowances/supplementary benefits covers a wide array of services designed to assist an individual to remain supported in their environment, such as rent supplements and community access funding.

#### 3.1.2.1 Allowances/Supplementary Benefits Financial Eligibility

Clients wishing to access allowances/supplementary benefits must meet program criteria as determined through a clinical assessment by RHA staff. The individual will then be financially assessed with the **“Income Test”** to determine their client contribution to the services which they require. (see Section 6.0 *Income Test*)

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### ***3.3 Special Assistance Program***

The Special Assistance Program (SAP) provides basic supportive health products to individuals who meet program criteria to assist them with activities of daily living.

The SAP is managed by the RHAs with an approved listing of available supplies, equipment and orthotics maintained by the Province.

Benefits of the program include access to Health Supplies such as dressings, catheters and incontinence supplies; oxygen and related equipment and supplies; orthotics such as braces and burn garments; and equipment such as wheelchairs, commodes or walkers.

#### **3.3.1 SAP Program Eligibility**

To access products/benefits through the SAP the client must:

- Meet the SAP program eligibility criteria;
- Request an item that is on the Provincially approved benefit listing; and
- Meet both clinical and financial eligibility criteria.

There is no requirement for an individual to be in receipt of a service from the RHA as a condition of eligibility for the SAP. These individuals may apply directly to the appropriate RHA. Private paying Long Term Care and PCH residents may apply directly to the SAP to determine if they meet financial and program eligibility for requested products.

#### **3.3.2 SAP Financial Eligibility**

Individuals are financially eligible when:

- They are currently in receipt of subsidized services through either the LTC CSS system or the Income Support Program of the Department of Advanced Education, Skills and Labour; or
- The client contribution determined through the income test financial assessment is less than the cost of the product(s) requested.

The SAP may be a stand-alone benefit or a supplementary benefit to other programs within the LTC CSS system. Eligibility for this program does not automatically qualify an individual for other LTC CSS benefits without a further clinical assessment to determine the individuals need for supportive services.

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Clients who are currently in receipt of subsidized LTC CSS services are automatically financially eligible for SAP benefits. The client contribution collected, if any, would be first applied against the LTC/PCH or Community Support services approved.

### 3.3.3 One-Time Requests

Individuals presenting with a one-time request for a product/benefit through the SAP would have their total client contribution assessed as “3 X the monthly contribution” calculated by the Income Test. The product cost must be more than the three month contribution for the individual to be financially eligible.

The following provides an example of how this is to be calculated:

Cost of equipment requested	\$150
Line 236 of Client	\$15,050
Monthly contribution	\$30
Client contribution for product is 3 x monthly	\$90
Client is eligible for subsidization:	
RHA Pays to Vendor	\$60
Client Pays to Vendor	\$90

If multiple one-time requests or a combination of one-time and then a new on-going request is approved during the fiscal year, the individual’s contribution is not to exceed their annual contribution toward the cost of the products/benefits.

## **3.4 Residential Living Options**

Residential living options include client placements in the community under programs such as alternative family care and individualized living arrangements. Clinical staff of the RHAs will assess clients and approve the appropriate benefits to support the clients in the residential living option.

### 3.4.1 Residential Living Options Financial Eligibility

Clients wishing to access a residential living option must meet program eligibility criteria as determined through a clinical assessment by RHA staff. The individual will then be financially assessed with the “**Income Test**” to determine their client contribution to the approved benefits which they require. (see Section 6.0 *Income Test*)

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### **3.5 Long Term Care Options**

Long term care options include client placements in a long term care facility, personal care home (PCH), community care home (CCH), or protective community residence. Clinical staff of the RHAs will assess the client and identify the appropriate long term care placement option.

#### **3.5.1 Long Term Care Options Financial Eligibility**

Clients wishing to avail of a long term care option must meet program eligibility criteria as determined through a clinical assessment by RHA staff. The individual will then be financially assessed with the “**Income Test**” to determine their client contribution to the approved benefits which they require. (see Section 6.0 *Income Test*)

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## **4.0 FINANCIAL ASSESSMENT OVERVIEW**

A financial assessment process is in place which enables a RHA to complete an assessment for any individual who requests financial subsidization for a service/benefit in the LTC CSS system.

### **4.1 Guiding Principles**

The LTC CSS system financial assessment policy is based on the following principles:

1. All individuals will be financially assessed to determine their financial contribution towards the approved programs and services being accessed.
2. The approved programs and services are those that have been authorized by the RHA clinical staff to meet the client's assessed needs.
3. An individual's financial contribution is only made towards one program or service.
4. The client contribution amount will be determined through an income test unless:
  - a. The individual is eligible for grand parenting, or
  - b. The RHA has approved the application of the *Financial Hardship Consideration* policy for the individual.
5. Financial reassessments will be completed for clients on a regular basis to ensure continued financial eligibility and current client contribution

### **4.2 Individual/Client Responsibility**

Individuals who can afford the full cost of their services do not require a financial assessment.

Individuals who cannot afford to pay the full cost of their services/benefits may request a financial assessment to determine their eligibility for financial subsidization and client contribution.

Individuals requesting financial subsidization must:

- Complete the appropriate application form;
- Provide the required financial information and/or documentation to complete the financial assessment;
- Agree to pay the amount calculated as the monthly client contribution in order to receive the subsidized services;
- Agree to follow program policies; and

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- Provide any additional information that may be requested by the RHA in relation to the subsidized service.

If the individual does not provide all information requested by the RHA to complete a financial assessment, the application will not be processed.

The full monthly client contribution towards the approved service must first be paid to the service provider/bookkeeper before the RHA subsidy is paid, regardless of the start date within the initial month.

If the monthly contribution is greater than the cost of the approved service for a given month, then the client is responsible for the full cost of that month's service.

### ***4.3 Financial Assessment Process Timelines***

Within five (5) working days of receiving all required information from the individual requesting a financial subsidy, the financial assessment will be completed and the clinical assessor notified of the results. It is the responsibility of the individual to provide the necessary information to complete the assessment. Any service received by the individual prior to the completion of the financial assessment and approval of subsidized funding is the responsibility of the individual.

Requests for financial hardship consideration are to be completed within thirty (30) calendar days of receiving all required information from the individual. The 30 day period will commence when the individual has provided all requested information, satisfactory to the financial assessor.

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## **5.0 DETERMINATION OF NET INCOME**

The financial assessments in the LTC CSS system are income tests and each test uses the same income assessment base, Line 236 Net Income as determined by the Canada Revenue Agency (CRA). This section provides a general description of net income and how net income will be determined in the absence of a CRA Notice of Assessment.

### **5.1 *Net Income as Calculated by Canada Revenue Agency***

For the purposes of the Income Test, the RHAs will be referring to the net income calculated by CRA as identified in Line 236 of the Notice of Assessment. Schedule II includes a listing of the income and deductions which CRA considers in the calculation of Line 236.

The Canada Revenue Agency requires an individual to file a tax return for the prior calendar year if any of the following situations apply:

- Taxes have to be paid for the prior calendar year.
- CRA had sent a request to file a return.
- If the individual and spouse or common-law partner elected to split pension income for the prior calendar year.
- The individual received Working Income Tax Benefit (WITB) advance payments in the prior calendar year and they wish to apply for WITB advance payments for the current calendar year.
- The individual disposed of capital property in the prior calendar year (for example, the sale of real estate or shares) or the individual realized a taxable capital gain (for example, if a mutual fund or trust attributed amounts to the individual, or the individual is reporting a capital gains reserve claimed on the a previous return)
- The individual has to repay any Old Age Security or Employment Insurance benefits.
- The individual has not repaid all of the amounts withdrawn from their Registered Retirement Savings Plan (RRSP) under the Home Buyers' Plan or the Lifelong Learning Plan.
- The individual has to contribute to the Canada Pension Plan (CPP).

Even if none of these requirements apply, the individual may still want to file a return to receive certain benefits and credits.

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The Canada Revenue Agency identifies the following benefits of filing a return:

***You may want to file a return if any of the following applies to you:***

- *You want to claim a refund.*
- *You received Working Income Tax Benefit (WITB) advance payments in prior year and you want to apply for WITB advance payments.*
- *You want to apply for the GST/HST credit.*
- *You or your spouse or common-law partner want to begin or continue receiving your Canada Child Tax Benefit payments.*
- *You have incurred a non-capital loss in the previous year that you want to be able to apply in other years.*
- *You want to carry forward or transfer the unused portion of your tuition, education and textbook amounts.*
- *You want to report income for which you could contribute to an RRSP, in order to keep your RRSP deduction limit for future years up to date.*
- *You want to carry forward the unused investment tax credit on expenditures you incurred during the current year.*
- *You receive the Guaranteed Income Supplement or Allowance benefits under the Old Age Security Program. You can usually renew your benefit simply by filing your return by April 30<sup>th</sup>. If you choose not to file a return, you will have to complete a renewal application form.*

## **5.2 Individuals Presenting with No Notice of Assessment**

When an individual under 65 presents at the initial application of the income test without a Notice of Assessment, the assessor will assume there is no income and proceed with the assessment as detailed in the section 6.1.5 *Individuals with Income below the Income Exemption Threshold*.

When an individual who is over 65 presents at the initial application of the income test without a Notice of Assessment, the assessor will assume that the individual has an income equivalent to the basic OAS/GIS rates.

In either case, the individual must be advised that they will have six months to file a return and present the RHA with a Notice of Assessment. The client file should be flagged for a reassessment in 6 months.

### **One Time Only Special Assistance Program Benefits**

Individuals requesting a one-time only item from the Special Assistance Program are required to provide their Notice of Assessment at the time of application. When an individual meets the SAP eligibility criteria as outlined in Section 3.3.1, but does not have a Notice of Assessment, they will not normally be eligible for financial



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subsidization of the requested item, as there will be no automatic assumption of a level of income.

If the individual would experience hardship (eg. risk of physical harm) by not having the item provided immediately, the RHA has the discretion to contact the Department to obtain approval for the request without the Notice of Assessment.

Individuals who had filed their Income Tax return but misplaced their Notice of Assessment can contact CRA at 1-800-959-8281 to request a duplicate copy.

**The RHA may also accept any official documentation from CRA that identifies the most recent Net Income reported on Line 236, if the Notice of Assessment is not available.**

### ***5.3 Assessment of Veteran's Allowance***

Line 236 of the Notice of Assessment does not reflect income received by Veterans as it is not a taxable income, however when an individual applies for subsidized programs it is to be assessed as income by the RHA.

Individuals applying for financial subsidization will be asked if they are in receipt of Veterans Allowance, and if so, will be required to provide verification of the amount received. This income is to be added to the amount stated in Line 236 for a total assessment of the client's income.

### ***5.4 Individuals with Employment Income***

There may be instances when the most recent Notice of Assessment is not reflective of the current financial circumstances of individuals who have employment income. In such cases, the assessor may use actual pay cheque statements to calculate monthly income rather than the Notice of Assessment. When using the actual pay cheque statements, voluntary deductions are to be added back to the net pay to determine the amount of income to be entered into CRMS Pay System. Voluntary deductions may include, but are not limited to:

- Optional Life Insurance
- Optional Health Plans (Basic coverage or Accidental Death/Dismemberment)
- Optional Dental Plans
- Top-up to Employer Mandated Health/Dental plans

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- Top-up to Mandatory Income Tax deductions
- Long Term Disability Plans
- Home/Auto Insurance
- Social Club dues

### **5.5 *Converting Bi-Weekly/Semi-Monthly Income***

When the income of an individual is determined using actual pay cheque statements the following methods are to be used to convert to monthly income.

- Bi-weekly payment x 26 pay periods = Annual income
- (Bi-weekly payment x 26 pay periods) / 12 months = Monthly income
- Semi-monthly payment x 24 = Annual income
- Semi-monthly payment x 2 = Monthly income

### **5.6 *Treatment of Severance Packages Due to Layoff***

There may be situations where an individual has received a significant severance package as a result of a layoff. The following guideline identifies the process to follow in such situations:

1. Clients impacted by layoff will be re-assessed, as per program policy, to determine:
  - a. their continued need for supportive services or supplementary benefits; and
  - b. client contribution toward services or subsidy due to their changed circumstances.
2. In the event the client/family member returns to work, a financial reassessment would be completed which must consider income from employment.

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## 6.0 INCOME TEST

The income based financial assessment process applies to all individuals who apply for services in the LTC CSS system and have been deemed eligible for service by RHA staff.

The income test is based on the income reported on Line 236 of the Canada Revenue Agency Notice of Assessment from the previous Income Tax Assessment year, subject to Section 6.6. Expenses of the individual are not considered.

### 6.1 *Application of Income Test*

#### 6.1.1 Income Exemption Threshold

The income exemption threshold is a Provincially set level of income which is exempt from the financial assessment process in the application of the Income Test. The threshold will differ depending on whether or not the assessment is being completed for a single individual or a couple. In the event there are dependant(s) residing with the individual, an additional annual exemption may be added to the basic exemption threshold (also refer to Section 6.1.3 *Dependant Income*).

See Schedule III *Income Exemption Thresholds*, for the current income exemption thresholds.

#### 6.1.2 Outstanding Debt of Individual

The Income Test does not take into consideration expenses or debts of the individual. It is based solely on the individual's reported net income, and permits the individual to manage their financial affairs with the income that is retained after the client contribution is made.

#### 6.1.3 Dependant Income

When the client chooses to claim the additional exemption amount for a dependant, any income earned by that dependant is considered non-assessable income and is not to be used in determining the client contribution.

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#### 6.1.4 Client Contribution Calculation

A formula will be applied to the assessable income base to determine the client contribution that must be paid towards the cost of the approved service. The assessable income base is consistent for all clients, and is Line 236 Net Income as determined by the Canada Revenue Agency. The formula applied to the assessable income base will differ depending on a number of factors:

- LTC CSS service requested
- Martial Status
- Number of Dependents
- Source of Income

Schedule IV *Client Contribution Calculations* identifies the formula that is to be used for each Program from which services are being requested.

For individuals with non-employment income, typically approved for Home Support Only and/or Special Assistance Program Benefits only, the bands of income above the income exemption thresholds will be assessed using the percentages identified in Schedule V *Income Test Bands and Assessment Percentages*. Also refer to Schedule VI *Examples of Calculating Client Contribution Using the Income Test*. The details of how to manually calculate the client contribution has been included in these schedules, however RHA staff will have access to either CRMS Pay or a Client Contribution Calculator which will be used to automatically calculate the contribution amount. Client contributions under a pre-determined level (see Schedule I *Rates and Maximums*) will not be collected.

If the monthly contribution calculated is greater than the cost of the approved service, the client is not eligible for financial subsidization.

#### 6.1.5 Adjustment to Client Contribution Calculation

There will be instances where an adjustment can be made to the client contribution calculated with the income test that does not have to be processed as an exception to income testing (Section 6.6). The following details the situations where the financial assessor can make an adjustment without prior approval of RHA management.

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#### 6.1.5.1 New LTC/PCH Single Resident with Community Home

At the time of admission to a LTC or PCH, a single subsidized resident with a home in the community may be permitted to retain sufficient income for the expenses to maintain the home in the community for a three month period. Verification of the basic household expenses, such as mortgage/utilities/insurance will have to be provided to the RHA. An adjustment to the client contribution to allow for community home expenses is not to exceed three months.

The client is to advise the RHA if they sell or otherwise dispose of the community home prior to the end of the three month period. The client contribution is then to be reviewed and the adjustment removed from the calculation of the client contribution.

#### 6.1.5.2 Pre-Arranged Funeral/Burial Insurance Premiums for LTC/PCH Residents

A subsidized LTC or PCH residents, who has a pre-arranged funeral/burial insurance in place at time of initial subsidization by the RHA, will be permitted to retain sufficient income to pay the premium through an adjustment to their client contribution. Appropriate verification of the pre-arranged funeral contract/burial insurance plan must be provided to the RHA.

The premium payment allowed is to be within the provincially set monthly maximum, to be paid towards a funeral with the maximum value identified in Schedule II, *Rates and Maximums*, providing the beneficiary is either “The Estate of” of the individual (preferred) or the funeral home. A life insurance policy which has the beneficiary as either “The Estate of” of the individual (preferred) or the funeral home may also be allowed.

The premium payment can be carried forward as an allowable adjustment to the monthly contribution in the event the client moves from the personal care home program to the long term care home program.

The Financial Assessor is to KIV the end date of the funeral/burial plan, and adjust the client contribution calculation when the term of the plan ends.

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#### 6.1.5.3 LTC/PCH Residents with Income Tax Owing on Current Income

Upon presentation of verification satisfactory to the RHA, the client contribution of LTC/PCH subsidized residents can be adjusted to allow the client to retain funds to offset income tax owing on current income. This adjustment to the client contribution will be reviewed, and modified as necessary, during the regularly scheduled financial reassessment.

#### 6.1.6 Adjustments to Net Income Reported on Line 236

There will be instances where an adjustment can be made to the net income reported on Line 236 that does not have to be processed as an exception to income testing (Section 6.6). The following details the situations where the financial assessor can make an adjustment without prior approval of RHA management. The adjustment to the Line 236 Net Income is to be reviewed and updated during the regularly scheduled financial reassessment, or at a KIV date reflective of when the income adjustment is to cease.

##### 6.1.6.1 Adjustment for CPP Disabled Contributor's and/or Surviving Child Benefit

Upon presentation of verification satisfactory to the RHA, the amount of income included on Line 114, CPP Benefits, of the NoA reported on behalf of dependant(s) for disabled contributor's and/or surviving child benefit(s), can be deducted from the Line 236 amount reported by the parent(s).

##### 6.1.6.2 Income Adjustments at Source

Upon presentation of verification satisfactory to the RHA, the Line 236 amount can be modified to reflect an adjustment to income made at the source of the payment. For example, a client is notified they had a \$1,200 CPP overpayment and future payments will be reduced to collect the amount paid in error. The Line 236 amount can be modified to reflect the \$1,200 reduction in pension income for the client.

#### 6.1.7 Individuals with Income below the Income Exemption Threshold

In the event the individual reports income below the exemption threshold, as per the Notice of Assessment, the individual will be eligible for a subsidy with no client contribution. All approved benefits would be set up in CRMS Pay Module or the client payment system utilized by the RHA.

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## **6.2 Use of Multiple Financial Assessments**

It is possible that the situation will arise where more than one assessment may be used to determine an individual's eligibility for financial subsidization.

There will be cases present where a community spouse of a LTC/PCH subsidized resident requests a financial subsidy for services/benefits under the Home or Residential Living Models. The LTC Income Test Assessment would first be applied to the couple to determine the client contribution of the LTC/PCH resident. If the community spouse requires Community Support Services, including SAP benefits, the appropriate Community Support Income Test would then be applied. In the application of the Individual in the Community or Special Assistance Only Income Test, the Line 236 of only the community spouse would be used to determine the client contribution. The income of the LTC resident, is not to be considered in the financial assessment.

## **6.3 Financial Reassessment**

Financial reassessments may be requested by the client at any point in time when there are substantial changes in their income. The normal cost of living indexing to the Old Age Security/Guaranteed Income Supplement is not considered a significant change in income, and need only to be considered in the annual review process. A variation in income due to changes in employment status would be considered significant and should result in a review.

The client is financially reassessed by the RHA annually, at a minimum. A financial reassessment may also be undertaken by the RHA at any time information is received that there is a change to client's income that may affect the calculated client contribution.

### **6.3.1 Reassessment Process**

To reassess the client contribution when there has been a substantial change in the income of the client that is not reflected in the Notice of Assessment, the RHA will have to estimate the average monthly income based on the information more recent than the Notice of Assessment.

In estimating the revised income, the income of the client includes, but is not limited to:

- Employment income;
- Public and private domestic and foreign pensions;

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- Income provided from RRSP's and RRIF's, as well as withdrawal of funds from these plans;
- Transfer payments for any level of government (e.g. OAS, GIS, CPP, WHSC, Veteran's Allowance);
- Business revenues;
- Investment income (e.g. interest and dividends);
- Loan repayments from family members;
- Income from a trust fund;
- Social Assistance Payments;
- Lump sum payments received from any source;
- Rental income; and
- Any other form of monies received as income.

#### **6.4 Grand Parenting**

With the use of income testing for all services in the LTC CSS system, there will be some active clients who will have a higher client contribution towards their subsidized services calculated with the income test. These clients will be grand parented and continue to pay their pre-February 1, 2019 client contribution, as detailed in this policy.

Clients will not be eligible for grand parenting if:

- They were not actively receiving subsidized services January 31, 2019.
- The client contribution calculated with the income test is lower than the contribution that was being paid prior to February 1, 2019.
- The client has an adjustment to the client contribution amount approved by the RHA as per policy (Section 6.6 *Financial Hardship Consideration*).

##### **6.4.1 Eligibility for Grand Parenting**

To be eligible for grand parenting a client must be:

- actively in receipt of subsidized services on January 31, 2019, and
- assessed for those subsidized services with the needs test or the LTC/PCH/CCH financial assessment.

##### **6.4.2 Client Contribution Adjustments**

There will be clients who are grand parented who had allowable expenses/outstanding debts, such as funeral policy premiums or credit card payments, included in their most recent financial assessment (needs test or LTC/PCH/CCH assessment). As the allowable expenses/outstanding debts are



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retired or paid off, the RHA will increase the client contribution by the same amount of the expense/debt that is retired/paid off.

When the adjusted client contribution amount is higher than the client contribution calculated with income test, the client will move to income testing for all future financial assessments.

#### 6.4.3 Termination of Grand Parenting

Grand parenting of a pre-February 1, 2019 client contribution will be terminated when:

- The client moves from one service program to another, for example from community support services to a personal care home placement.
- A lower client contribution is calculated with the income test due to a change to the annual income of the client.
- The income test contribution is lower than a grand parented contribution adjusted to reflect reduced expenses, as per Section 6.4.2.

When grand parenting is terminated, it cannot be re-instated for a client. All future client contributions will then be calculated with the income test, in accordance with policy.

### **6.5 Administrative Financial Review Process**

Each RHA has a protocol in place to review decisions. Clients who have had a financial assessment completed using the Income Test have the ability to request a financial review by using the established protocol process.

### **6.6 Financial Hardship Consideration**

Eligible clients who can demonstrate that they will experience significant financial hardship if they pay the calculated client contribution towards their subsidized services, may have a time limited adjustment to the client contribution approved by the RHA.

Financial hardship consideration is available to subsidized clients in the community and subsidized residents of long term care, personal care or community care homes who have a spouse/dependant(s) in the community, to ensure the spouse/dependant(s) have sufficient income to meet basic reasonable community expenses.

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#### 6.6.1 Eligibility for Financial Hardship Consideration

To be eligible for an adjustment to their client contribution, a client must meet the following criteria:

- The client is maintaining a residence in the community, either as a single individual or with a spouse/dependant child, and they will experience significant financial hardship if the client contribution as calculated is paid; or
- A client is a resident of a long term care, personal care or community care home, and the client's spouse and/or dependant children, who are living in the community, would experience significant financial hardship if the client contribution as calculated is paid.

#### 6.6.2 Significant Financial Hardship

Significant financial hardship is when the payment of the client contribution, as calculated with the income test, would result in the client or the client's spouse and/or dependant children being unable to pay for the following each month:

- Food;
- Mortgage/rent;
- Home energy (Heat and light);
- Telecommunications (basic telephone, cable, and internet)
- Prescribed medication (must be medication which is on the NLPDP benefits listing) and other required prescribed health care; or
- Transportation – Automobile and/or medical transportation.

The amount of the adjustment to the client contribution will be determined based on what the family can afford, after meeting reasonable expenditures and expenses for basic needs. Expenses that are excessive or unreasonable will not be considered in determining the amount of the adjustment. RHAs will use comparable market rates in the clients local area in its determination of reasonable expenses.

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### 6.6.3 Client Contribution Adjustment

The adjustment to the client contribution will be determined by the RHA financial assessor and approved by RHA management.

#### **Procedure**

The client must provide documentation, satisfactory to the RHA financial assessor, that will allow the assessor to verify:

- Current income; and
- Allowable expenses.

#### **Allowable Expenses**

When a client is approved by the RHA for financial hardship consideration, the client contribution will be adjusted to ensure that sufficient income is kept by the client to offset the allowable expenses.

The client must provide documentation satisfactory to the RHA to support consideration of the following expenses as allowable:

- Mortgage/rent
- Property taxes/condo fees
- Home energy (heat and light)
- Telecommunications (basic telephone, cable, and internet)
- Property/renter's insurance
- Automobile expenses (car payment, insurance and significant repairs beyond general maintenance. Individual claiming expenses must have valid drivers license)
- Medical transportation \*
- Extended health insurance premiums
- Newfoundland Labrador Prescription Drug Program co-payments
- Dental care \*
- Medical equipment/supplies \*
- Prescribed special food and dietary supplements \*
- Emergency household repairs or necessary retrofitting to accommodate disabilities can be included (monthly cost with receipts/quotes)
- Pre-arranged funeral expenses
- Mandatory/statutory deductions against income, eg. Canada Pension Plan, income tax, employment insurance, etc.
- Court mandated payments, eg. child support, wage garnishment
- Newfoundland and Labrador Housing Corporation loan repayments

\*only non-reimbursable portion when dental/health insurance is in place

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Expenses will only be considered for the principal residence of the client and/or spouse. Expenses related to maintaining a secondary residence, cabin or a camper/trailer, will not be considered in the client contribution adjustment calculation.

### **Basic Living Allowance**

In addition to the allowable expenses approved by the RHA, the client will also retain a basic living allowance from their income. An amount of \$463 per month for a single client and \$685 per month for a couple/family, will be included in the calculation for the adjusted client contribution. This basic living allowance is included to ensure the client has funds to meet their basic needs including food, clothing, personal care items and general expenses.

#### 6.6.4 Approval of Client Contribution Adjustment

Client contribution adjustments resulting from financial hardship consideration will be effective for a maximum of one-year from the date the adjustment is approved.

A client may reapply for an exception to income testing at the end of the approved adjustment period, if they can demonstrate that their financial situation has not improved.

<p style="text-align: center;"><b>DEPARTMENT OF HEALTH AND COMMUNITY SERVICES</b>  Income Based Financial Assessment for  Long Term Care and Community Support Services</p>	
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## 7.0 DEFINITIONS

**Client** – for the purpose of this policy, refers to the person in receipt of the services.

**Cohabiting partner** – means either of 2 persons who are cohabiting and:

- Have cohabitated continuously in a conjugal relationship outside marriage for not less than one year; or
- Have entered into a written agreement in respect of their cohabitation, in which they agree on their respective rights and obligations during cohabitation, upon ceasing to cohabit or upon the death of either of them.

**Dependant** – for the purposes of this policy, refers to a child of, or a person under the guardianship of, the client or the client's spouse who depends financially on either and who is either under 19; over 18 and enrolled full time in a post-secondary institution; or over 18 and disabled.

**Family** – the purposes of this policy, refers to a single person; a single person with dependants; a husband and wife, or cohabitating partners, with or without dependants.

**Family Income** – for the purposes of this policy, refers to the amount reported in the Canada Revenue Agency Income Tax Assessment, Line 236 "Net Income" for both the client and their spouse/cohabitating partner. If separate Income Tax Assessments are filed, the amount in Line 236 on each assessment will be combined to calculate the client contribution.

**Income** – for the purposes of this policy, refers to the amount reported in the Canada Revenue Agency Income Tax Assessment, Line 236 "Net Income".

**Spouse** – refers to a person to whom you are legally married; or to a cohabitating partner.

## SCHEDULE I

### Rates and Maximums

Private Paying Rates	
LTCF	\$ 2,990/mth
Medically Discharged	\$ 1,132.50/mth
Protective Community Residence	\$ 2,990/mth
Transportation Rates	
Transportation Rates:	
Community Access	\$ 0.30/km
PCHs (when provided by operator)	\$ 0.55/km
PCHs (when provided by family)	\$ 0.30/km
PCHs (when provided by Licensed Taxi carrier)	Actual
Residential Respite	
Residential Respite Rates	
Daily	\$ 55
Weekend (Friday to Sunday)	\$ 190
Extended Weekend (Friday to Monday)	\$ 251
Weekly	\$ 365
Monthly	\$ 1,380
Respite Provided in a PCH	\$ 78/day
Respite Provided in a LTCF	\$ 20/day
Home Support Hourly Subsidy Rates	
<b>Effective July 1, 2017:</b>	
Self-Managed:	
Respite/Homemaker/Attendant Care (base rate)	\$ 15.55
Behavioural Aides (base rate)	\$ 17.13
Home Therapist (base rate)	\$ 17.13
Agency	\$ 23.43
Maximum Subsidies	
PCH	\$ 2,375/mth
Home Support – Under 65	\$ 5,220/mth
Home Support – Over 65	\$ 3,650/mth
AFC	\$ 1,380/mth
Client Contribution	
No collection of client contributions below:	\$ 5.00/mth
Bookkeeper Rates	
1 - 2 Workers	\$25.00 bi-wkly + HST
3 Workers	\$30.00 bi-wkly + HST
4 Workers	\$35.00 bi-wkly + HST
5 + Workers	\$40.00 bi-wkly + HST
Pre-Arranged Funeral/Burial Insurance	
Maximum monthly premium	\$120
Maximum value of arrangement	\$10,000
Basic Living Allowance (Financial Hardship)	
Single	\$463/mth
Couple	\$685/mth

Updated: February 2019

## SCHEDULE II

Calculation of Net Income as per Line 236 of the Income Tax Assessment	
Line 101	Employment Income
Line 102	Commissions
Line 104	Other employment income: <ul style="list-style-type: none"> <li>• Employment income not reported on a T4</li> <li>• Net research grants</li> <li>• Clergy's housing allowance</li> <li>• Foreign employment income</li> <li>• Income maintenance insurance plans (wage loss replacement plans)</li> <li>• Veteran's benefits</li> <li>• Certain GST/HST rebates</li> <li>• Royalties</li> <li>• Amounts received under a supplementary unemployment benefit plan (guaranteed annual wage plan)</li> <li>• Taxable benefit for premiums paid to cover you under a group term life-insurance plan</li> <li>• Employee profit sharing plan</li> <li>• Medical premium benefits</li> <li>• Wage earners protection plan</li> </ul>
Line 113	Old Age Security pension
Line 114	CPP benefits
Line 115	Other pensions or superannuation (includes foreign pensions, annuity and RRIF)
Line 116	Elected split-pension amount
Line 117	Universal Child Care Benefit
Line 119	Employment Insurance and other benefits
Line 120	Taxable amount of dividends from taxable Canadian corporations
Line 121	Interest and other investment income (eg. foreign dividends, bank accounts, term deposits, GICs, etc.)
Line 122	Net partnership income: limited or non-active partners only
Line 125	Registered disability savings plan income
Line 126	Rental income
Line 127	Taxable Capital Gains
Line 128	Support Payments received
Line 129	RRSP income
Line 130	Other Income (scholarships, fellowships, bursaries, artists' project grants; apprenticeship incentive grant; lump-sum payments; retiring allowances; death benefits; other)
Lines 130 to 143	Self-employment income
Line 144	Workers' compensation benefits
Line 145	Social Assistance payments
Line 146	Net Federal Supplements
<b>Deductions to Income:</b>	
Line 206	Pension adjustment
Line 207	Registered Pension Plan deduction
Line 208	RRSP deduction
Line 209	Saskatchewan Pension Plan deduction
Line 210	Deduction for elected split-pension amount
Line 212	Annual union, professional or like dues
Line 213	Universal Child Care Benefit repayment
Line 214	Child Care expenses
Line 215	Disability supports deduction
Line 217	Business investment loss
Line 219	Moving expenses
Line 220	Support payments made
Line 221	Carrying charges and interest expenses
Line 222	Deduction for CPP or QPP contributions on self-employment and other earnings
Line 223	Deduction for provincial parental insurance plan premium on self-employment income
Line 224	Exploration and development expenses
Line 229	Other employment expenses
Line 231	Clergy residence deduction
Line 232	Other deductions
Line 235	Social Benefits repayment (EI or OAS)

## SCHEDULE III

### Income Exemption Thresholds

Family Size	Annual exemption
<b>Individuals with Non-Employment Income</b>	
Single	\$ 13,000
Couple	\$ 21,000
Dependant Exemption (per Dependant)	\$ 2,000
<b>Individuals with Employment Income</b>	
Single	\$ 27,150
Single with one dependant	\$ 30,009
Single with more than one dependant	\$ 42,870
Couple with no dependants	\$ 30,009
Couple with dependants	\$ 42,870

Updated: February 2019



## SCHEDULE IV

### Client Contribution Calculations

Service/Client Group	Assessed Income Base	Client Contribution Formula
<b>Long Term Care</b>		
Single	Line 236	87% of assessed income base
Couple: Spouse in Community	Line 236	23% of assessed income base
Couple: Spouse and dependant in community	Line 236 adjusted by \$2,000 per dependant	23% of assessed income base
Couple: Spouse in LTC/PCH	Line 236	87% of assessed income base (each resident assessed as a single)
<b>Personal Care Home/Community Care Home</b>		
Single	Line 236	87% of assessed income base
Single: Employment Income	Line 236 adjusted for \$150 personal allowance and employment exemption (20%)	100% of adjusted assessed income base
Couple: Spouse in community	Line 236	23% of assessed income base
Couple: Spouse and dependant in community	Line 236 adjusted by \$2,000 per dependant	23% of assessed income base
Couple: Spouse in LTC/PCH	Line 236	87% of assessed income base (each resident assessed as a single)
<b>Community Support Services</b>		
Single: AESL Client, with or without Dependants no income	Not Applicable	No contribution, automatic financial eligibility
Single: Non-employment Income <sup>1</sup> , with or without dependant	Line 236	Maximum contribution of 18% of Line 236. <b>See Schedule V for details</b>
Single: Employment Income	Line 236	\$27,150 exempt (same as NLPDP Access Plan -Single), assess 10% of income above exemption as contribution
Single: Employment Income with one dependant	Line 236	\$30,009 exempt (same as NLPDP Access Plan -Couple), assess 10% of income above exemption as contribution
Single: Employment Income with more than one dependant	Line 236	\$42,870 exempt (same as NLPDP Access Plan - Family), assess 10% of income above exemption as contribution
Couple: AESL Clients no income	Not Applicable	No contribution, automatic financial eligibility
Couple: Non-employment Income <sup>1</sup>	Line 236	Maximum contribution of 18% of Line 236. <b>See Schedule V for details</b>
Couple: Employment Income, no dependants	Line 236	\$30,009 exempt (same as NLPDP Access Plan - Couple), assess 10% of income above exemption as contribution
Couple: Employment Income, with dependants	Line 236	\$42,870 exempt (same as NLPDP Access Plan - family), assess 10% of income above exemption as contribution

## SCHEDULE IV

Service/Client Group	Assessed Income Base	Client Contribution Formula
<b>Supportive Services for Children</b>		
Single Parent: AESL Client no income	Not Applicable	No contribution, automatic financial eligibility
Single Parent: Non-employment Income <sup>1</sup>	Line 236	Maximum contribution of 18% of Line 236. <b>See Schedule V for details</b>
Single Parent: Employment Income	Line 236	\$30,009 exempt (same as NLPDP Access Plan - Couple), assess 10% of income above exemption as contribution
Single Parent with more than one dependant: Employment Income	Line 236	\$42,870 exempt (same as NLPDP Access Plan - Family), assess 10% of income above exemption as contribution
Couple: AESL Client, no income	Not Applicable	No contribution, automatic financial eligibility
Couple: Non-employment Income <sup>1</sup>	Line 236	Maximum contribution of 18% of Line 236. <b>See Schedule V for details</b>
Couple: Employment Income	Line 236	\$42,870 exempt (same as NLPDP Access Plan - Family), assess 10% of income above exemption as contribution

<sup>1</sup> Non-employment income would include such payments as pensions and Employment Insurance (EI).

## SCHEDULE V

### Income Test Bands and Assessment Percentages for Individuals with Non-Employment Income

Application of the income test for a single:			Total % of income assessed
<b>Annual Exemption Threshold for a Single</b>		\$13,000	0%
Portion of Income Between \$13,001 to \$18,000	Assess at	24.0%	Up to 6.7%
Portion of Income Between \$18,001 to \$23,000	Assess at	34.0%	Up to 12.6%
Portion of Income Between \$23,001 to \$28,000	Assess at	42.8%	Up to 18%
Income Between \$28,001 to \$150,000 Assess Full Income At		18.0%	18%
If Income Exceeds \$150,000		Not Eligible for Subsidy	

**Effective July 1, 2016**

Application of the income test for a couple:			Total % of income assessed
<b>Annual Exemption Threshold for a Couple</b>		\$21,000	0%
Portion of Income Between \$21,001 to \$25,000	Assess at	38.5%	Up to 6.2%
Portion of Income Between \$25,001 to \$32,000	Assess at	32.3%	Up to 11.9%
Portion of Income Between \$32,001 to \$40,000	Assess at	42.5%	Up to 18%
Between \$40,001 to \$150,000 – Assess Full income at		18.0%	18%
If Income Exceeds \$150,000		Not Eligible for Subsidy	

**Effective July 1, 2016**

In the event there is a dependant(s) in the household. An additional \$2,000 per dependant would be added to the annual exemption threshold.

Income related to the dependant(s) would have to be included in the calculation of total Net Income of the family.

## SCHEDULE VI

### Examples of Calculating Client Contribution Using the Income Test

The following are examples of how this test would be applied to **clients with non-employment income**

**Example 1: Application for a single:**

Line 236, annual income		\$25,200
This equates to monthly income of		\$2,100
Assess Contribution:		
Portion of Income Between \$13,001 to \$18,000	At 24%	\$1,200
Portion of Income Between \$18,001 to \$23,000	At 34%	\$1,700
Portion of Income Between \$23,001 to \$25,200	At 42.8%	<u>\$941</u>
Total Annual Contribution		\$3,841
Monthly Contribution		\$320
Monthly Retained Income		\$1,780

**Example 2: Application for a single:**

Line 236, annual income		\$29,400
This equates to monthly income of		\$2,450
Assess Contribution:		
If Income Exceeds \$28,000 Assess Full Income At	18%	<u>\$5,292</u>
Total Annual Contribution		\$5,292
Monthly Contribution		\$441
Monthly Retained Income		\$2,009

**Example 3: Application for a Couple:**

Line 236, annual income		\$32,000
This equates to monthly income of		\$2,583
Assess Contribution:		
Portion of Income Between \$21,001 to \$25,000	At 38.5%	\$1,540
Portion of Income Between \$25,001 to \$32,000	At 32.3%	<u>\$2,261</u>
Total Annual Contribution		\$3,801
Monthly Contribution		\$316
Monthly Retained Income		\$2,267

**Example 4: Application for a Couple:**

Line 236, annual income		\$43,000
This equates to monthly income of		\$3,583
Assess Contribution:		
If Income Exceeds \$40,000 Assess Full Income At	18%	<u>\$7,740</u>
Total Annual Contribution		\$7,740
Monthly Contribution		\$645
Monthly Retained Income		\$2,938