

# Frequently Asked Questions (FAQ)

## HUD-assisted Housing and Medicare Advantage Supplemental Benefits



January 2025

## **Medicare Advantage Supplemental Benefits FAQ**

The U.S. Department of Housing and Urban Development (HUD) has received numerous inquiries from public housing agencies (PHAs), owners and managers of HUD-assisted properties, families receiving HUD rental assistance, and other stakeholders about the interactions between certain benefits provided under [Medicare Part C](#), commonly known as “Medicare Advantage (MA),” and HUD rental assistance programs. Specifically, HUD has been asked whether the use of certain benefits that are part of a MA Plan and may not be obviously medical and/or health expenses affects the income calculations used to determine a family member’s or individual’s eligibility and rent subsidy amounts for public or federally subsidized housing governed by HUD regulations.

This Frequently Asked Questions (FAQs) document specifically addresses enrollees’ use of certain benefits offered by MA plans and clarifies when the use of supplemental benefits will be included in the determination of income pursuant to [federal regulations for determining eligibility and rent-subsidy](#) provided to the tenant.

### **1. What are Medicare Advantage (MA) plans? And what are the supplemental benefits covered by these plans?**

Medicare Advantage (MA) health plans cover [Medicare Part A \(Hospital Insurance\)](#), [Medicare Part B \(Medical Insurance\)](#), [Medicare Part D \(Drug Coverage\)](#), and may include supplemental benefits. These plans are generally offered by private companies that contract with Medicare and are regulated by the [Centers for Medicare & Medicaid Services \(CMS\)](#). There are several types of MA plans and a complete list can be [found here](#).

MA supplemental benefits must either be “[primarily health related](#),” or qualify as special supplemental benefits for the chronically ill (SSBCI). The eligibility criteria for SSBCI may vary by plan but in every case the benefits must have a *reasonable expectation* of improving or maintaining the health or overall function of the chronically ill enrollee.<sup>1</sup> A non-exhaustive list of examples of non-primarily health related special supplemental benefits for the chronically ill can be found in the [April 24, 2019 Health Plan Management System \(HPMS\) Memorandum](#).

### **2. What MA supplemental benefits are included in income determinations under HUD’s requirements at 24 CFR § 5.609?**

When enrollees use supplemental benefits from their MA Plans to pay for rent and utilities, that support cannot be excluded from income determinations performed by a housing provider or PHA.<sup>2</sup> HUD requires that benefits or supports received *and used* for the purpose of paying rent

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<sup>1</sup> See section 1852(a)(3)(D) of the Act [42 U.S.C. § 1395w-22(a)(3)(D)] and the implementing regulation at 42 CFR § 422.102(f).

<sup>2</sup> HUD recognizes that other programs administered by CMS may also provide support for rent and utilities, specifically under Medicaid’s [Section 1115 Demonstration](#) and [Money Follows the Person \(MFP\) Demonstration](#). This FAQ does not address issues raised in connection with programs approved under these demonstrations.

and utilities – such as the supports that may be provided through an MA Plan with SSBCI – must be included in the calculation of income.<sup>3</sup>

**3. What MA supplemental benefits are excluded from income determinations under HUD’s requirements at 24 CFR § 5.609?**

PHAs and Owners and Managers of HUD-assisted properties should treat all other expenditures (except for rent and utility support) that qualify as supplemental benefits under an MA plan as excludable from annual income under 24 CFR § 5.609(b)(6).

**4. What happens if the assisted family is a Medicare Advantage enrollee receiving a preloaded debit card (also known as a “Flex Card”) with, for example, \$100 every month to administer benefits that include rent and utility support, but the preloaded amount is in the form of a use it or lose it benefit that does not roll over month to month or at the end of the plan year to create some larger resource for the assisted family?**

As explained above, supplemental benefits received *and used* for rent and utilities by an eligible MA enrollee cannot be excluded from income. Accordingly, if an assisted family receives and uses rent and utility support as a supplemental benefit through, for example, a Flex Card, the dollar amount the family spends on such rent and utilities must be included as income.

Any benefits administered through a Flex Card other than rent and utility support payments, or unused benefits (e.g., any portion of the Flex Card amount that is unspent and the family loses at the end of the month or plan year) should not be counted in the family’s income calculation. For example, if the family receives a \$100 Flex Card monthly and uses \$50 on other excludable health and medical care expenses but none towards rent and utilities, then the entire \$100 is excluded from the family’s income calculation.<sup>4</sup>

**5. How should a housing provider verify MA supplemental benefits that are included in a family’s income?**

The vast majority of MA supplemental benefits will be excluded from income determinations, and thus do not need to be verified, including benefits on Flex Cards that are used for anything other than rent and utilities. If a family reports that they receive MA benefits to help pay for rent and utilities, PHAs and HUD-assisted owners must attempt to collect third-party documentation of the expenses and may accept the self-certification of the HUD-assisted family member when third-party documentation is not available.

As noted above, MA benefits administered through Flex Cards should be excluded from income without additional documentation unless available information indicates that the beneficiary is using the benefit for rent and utilities.

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<sup>3</sup> HUD defines its utility allowance in accordance with 24 CFR § 5.603.

<sup>4</sup> See 24 CFR § 5.609.

Housing providers should be aware that Medicare beneficiaries often receive benefits administered through Flex Cards in normal commercial transactions, such as using the card when checking out at the grocery store, purchasing a specialized food item recommended by their physician, or paying for over-the-counter medication. Beneficiaries should not be expected to keep a record of all purchases made and may not have straightforward access to such records from vendors that administer benefits through a Flex Card. Because only supplemental benefits for rent and utilities are relevant for income determinations, housing providers should generally assume that benefits administered through Flex Cards have not been used to pay for rent and utilities unless the housing provider has information to suggest otherwise, or the beneficiary has indicated that they receive and have used (or will use) the supplemental benefit for rent and utilities.

**6. What if I have additional questions and concerns?**

Should you have any additional questions or concerns, please contact your [local HUD Field Office](#).

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