

**10.10      MEDICAID FOR QUALIFIED CHILDREN, Regardless of Birthdate  
(Categorically Needy, Mandatory - Born On or After 10/1/83;  
Categorically Needy, Optional - Born Prior to 10/1/83)**

**NOTE:** The spenddown provision does not apply.

The Qualified Child (QC) coverage group provides Medicaid to Qualified Children only. However, the income of all members of the QC's Income Group, except that of siblings, is used to determine eligibility. In addition, members of the Needs Group, including siblings, are included in determining the correct 100% FPL to use as the maximum income level. See Appendix A.

**NOTE:** Technically, income is compared to the former AFDC/U payment level. However, the Department obtained a waiver from federal regulations to exclude all income, plus \$1.00, between the former AFDC/U payment level and 100% FPL for the appropriate family size. This was done to comply with the State Legislature's H.B. 5008, which mandates medical coverage for all children whose family income is below 100% FPL. While H.B. 5008 (Angel Bill; Medicaid Expansion) was written specifically for children born prior to 10/1/83, because others were already covered, the waivers must be applied to all QC's. The effect is that the income test becomes 100% FPL.

**A.      INCOME DISREGARDS AND DEDUCTIONS**

The following disregards and deductions are applied to the income of members of the QC's Income Group and are applied in the order listed.

**1.      Earned Income**

- AFDC Medicaid Standard Work Deduction: The deduction is applied to the earned income or gross profit from self-employment of each working person. The amount of the deduction must not exceed the amount of earned income or gross profit of each person.
- AFDC Medicaid Dependent Care Deduction: When the employed member(s) of the Income Group must pay for dependent care to accept or continue employment or training, the deduction is applied. The amount is applied as paid, up to the maximum amounts allowable for AFDC Medicaid. See Section 10.7,B,1. The

dependent is not required to be in the AG for the deduction to be applied.

2. Unearned Income

The first \$50 of child support is disregarded. This is the only disregard of unearned income.

When more than one child in the Needs Group receives child support, the disregard amount is divided by the number of children in the Needs Group who receive support. The resulting amount is deducted from each child's support amount to determine each child's countable child support.

**EXAMPLE:** Four blood-related siblings live in the same home and receive the following amounts of child support: Child A receives \$150 per month; Child B receives \$200; Child C receives \$50; Child D receives \$100. The \$50 disregard is divided by 4 and each child receives a disregard of \$12.50.

Child A

\$200.00	Child Support
<u>- 12.50</u>	Disregard
\$187.50	Countable Child Support

Child B

\$150.00	Child Support
<u>- 12.50</u>	Disregard
\$137.50	Countable Child Support

Child C

\$50.00	Child Support
<u>- 12.50</u>	Disregard
\$37.50	Countable Child Support

Child D

\$100.00	Child Support
<u>- 12.50</u>	Disregard
\$ 87.50	Countable Child Support

**EXAMPLE:** Mrs. E applies for Medicaid for her four grandchildren who live with her. Jane and John are blood-related siblings and are the children of Mrs. E's daughter, Samantha. They receive \$200 child support. Joan and Jim are blood-related siblings and are the children of Mrs. E's other daughter, Virginia. Joan receives \$150 child support and Jim receives none. Because all of Mrs. E's grandchildren are not blood-related siblings, 2 Needs Groups are established; one for Jane and John; one for Joan and Jim. Each Needs Group then receives the \$50 disregard.

The countable child support for each child is as follows:

Jane and John

The child support amount of \$200 is divided between the children and each child's amount is \$100. The \$50 disregard is divided between the two children as they are both in the Needs Group and each receives a \$25 disregard.

\$100	Child Support per Child
<u>- 25</u>	Disregard
\$ 75	Countable Child Support

Joan

Because Jim receives no child support and Joan is the only child in the Needs Group who receives child support, she receives the entire \$50 disregard.

\$150	Child Support
<u>- 50</u>	Disregard
\$100	Countable Child Support

3. From Remaining Income

**Waiver Deduction:** The difference between the former maximum AFDC/U payment for the appropriate Needs Group and 100% FPL for the same number of persons, plus \$1, is deducted from the income remaining after all other disregards and deductions have been applied.

**NOTE:** The former AFDC/U payments are now the AFDC Medicaid Limits found in Appendix A of this Chapter.

B. DETERMINING ELIGIBILITY

The 185% and 100% of SON tests are not applied.

Countable income is determined by subtracting allowable deductions and disregards from the total gross non-excluded income. The net monthly countable income must be less than the AFDC Medicaid Limit for the appropriate Needs Group size.

1. General Rules

The following general rules apply, assuming that the gross non-excluded earned income is \$90 or more:

- If the Income Group has only unearned income, and the amount is at or below 100% FPL for the appropriate Needs Group size, the child is eligible as a QC.
- If the Income Group has only earned income, and the gross amount is at or below 100% FPL plus \$90, for the appropriate Needs Group size, the child is eligible as a QC.
- If the combination of the gross earned income plus unearned income is at or below 100% FPL plus \$90, for the appropriate Needs Group size, the child is eligible as a QC.

2. Specific Steps

Under any circumstances other than those in item 1 above, the following steps must be completed:

- Step 1: Determine the amount of monthly gross non-excluded earned income of the Income Group. Do not include the income of any sibling of the QC.
- Step 2: Subtract the AFDC Medicaid Standard Work Deduction for each working individual.

- Step 3: Subtract the AFDC Medicaid Dependent Care Deduction up to the maximum allowable amounts. The maximum amounts of the Deduction are determined as for AFDC Medicaid. See Section 10.7,B,1.
- Step 4: Add the gross non-excluded unearned income of the Income Group. This includes the child's countable child support. Do not include the income of any sibling of the QC.
- Step 5: Determine 100% FPL for the appropriate Needs Group size.
- Step 6: Subtract the maximum AFDC Medicaid Limit for the appropriate Needs Group size from the amount arrived at in Step 5, and add \$1.00.
- Step 7: Subtract the amount arrived at in Step 6 from the amount arrived at in Step 4.

The remainder is the countable income which is compared to the AFDC Medicaid Limit for the appropriate Needs Group size to determine the QC's eligibility. If the countable income is below the AFDC Medicaid Limit for the appropriate Needs Group size, the child is eligible. If the countable income is equal to or greater than the AFDC Medicaid Limit, the child is not eligible.

There is no spenddown provision for QC's, but, if ineligible as a QC, the child may be eligible under another Medicaid coverage group, including a group with a spenddown provision.

**EXAMPLE:** Mrs. A applies for Medicaid for her two children, Luke, age 13, and John, age 18. Each child receives \$50 in RSDI benefits. Mrs. A works. Her gross monthly income is \$1,000.

Step 1:	\$1,000	Gross Earned Income
Step 2:	<u>- 90</u>	AFDC Medicaid Standard Work Deduction
	\$ 910	
Step 3:	<u>- 50</u>	Day Care for Luke
	\$ 860	
Step 4:	<u>+ 50</u>	Luke's Unearned Income
	\$ 910	
Step 5:	\$1,027	FPL for 3
Step 6:	<u>- 253</u>	AFDC Medicaid Limit for 3
	\$ 773	
	<u>+ 1</u>	
	\$ 774	Waiver Deduction
Step 7:	\$ 910	Amount from Step 4
	<u>- 774</u>	Amount from Step 6
	\$ 136	Amount compared to AFDC Medicaid Limit for 3

Because \$136 is less than \$253, Luke is eligible as a QC. Because John's income is the same as Luke's, he is also eligible as a QC.

#### C. SPECIAL SITUATIONS

##### 1. Self-Employment

The AFDC Medicaid policy regarding self-employment income, found in Section 10.7,D, applies to the Income Group of the QC.

##### 2. Annual Contract Employment

Annual contract employment is treated the same for QC as it is for AFDC Medicaid. See Section 10.7,D.

##### 3. Educational Income

The AFDC Medicaid policy regarding educational income, found in Section 10.7,D, applies to the Income Group of the QC.

4. Deeming

Deeming is accomplished by including the financially responsible person in the Income Group of the QC.

Income of a stepparent is not deemed by including him in the Income Group, or by any other method.

5. Strikers

The presence of a striker in the Needs Group or Income Group of the QC has no bearing on the QC's eligibility.

6. Irregular Income

Regardless of the source, irregular income is not counted because it cannot be anticipated.

7. Lump Sum Payments

Lump sum payments are counted as income in the same way they are for AFDC Medicaid. See Section 10.7,D. The only difference is that 100% FPL is used to determine the amount counted as income each month, instead of the 100% Standard of Need. All other AFDC Medicaid provisions related to lump sum payments apply to the Income Group of the QC.

8. Withheld Income

Withheld income is counted as earned or unearned income, depending on the source.

9. Funds Diverted To A PASS

Funds diverted to a PASS account are treated as earned or unearned income, depending on the source.

10. Unstated Income

There is no provision that allows for counting unstated income.

11. Spenddown

There is no spenddown provision.

12. Unavailable Income

Income intended for the client, but received by another person with whom he does not live, when the individual receiving this income refuses to make it available, is excluded.

13. Income Received For A Non-Income Group Member

Income received by a member of the Income Group, which is intended and used for the care and maintenance of an individual whose income is not used in determining the eligibility of the payee's AG, is excluded as income.