

# Implementation Guide: Medicaid State Plan Eligibility Optional State Supplement Beneficiaries

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## Optional State Supplement Beneficiaries

### **POLICY CITATION**

**Statute:** 1902(a)(10)(A)(ii)(IV), 1902(a)(10)(A)(ii)(XI)

**Regulations:** 42 C.F.R. §§435.232, 435.234

### **BACKGROUND**

#### **Overview**

This reviewable unit (RU) describes the optional eligibility group for individuals who receive an optional state supplement. It provides the criteria under which individuals may be covered under this group, as well as the income and resource standards used.

The Optional State Supplement Beneficiaries group extends Medicaid eligibility to individuals who receive a specific type of cash payment from their state, known as a state funded supplementary payment, or an optional state supplement. Many states provide these cash payments to individuals who are receiving supplemental security income (SSI), or who would receive SSI but for excess income. State supplementary payments complement SSI and increase the income available to meet an individual's needs.

#### **Characteristics**

The Optional State Supplement Beneficiaries group is an optional group established by sections 1902(a)(10)(A)(ii)(IV) and 1902(a)(10)(A)(ii)(XI) of the Social Security Act (the Act) and implemented at 42 C.F.R. §§435.232 and 435.234. This eligibility group covers individuals who:

- Receive an optional state supplement (as defined below);
- Except for their income, would be eligible for SSI, or, in a 209(b) state, would meet the more restrictive eligibility requirements under 42 C.F.R. §435.121, except for income; and
- Do not have gross income exceeding 300 percent of the SSI federal benefit rate (FBR).

#### *Characteristics of an optional state supplement program*

A "state supplementary payment" is defined at section 1905(j) of the Act as a cash payment made by a state on a regular basis to a recipient of SSI benefits, or to an individual who would be eligible for such benefits except for income, in supplementation of SSI benefits. Under section 1905(j) of the Act and §§435.232(b) and 435.234(c), the payments must be:

1. Provided on a recurring or routine basis;
2. Paid in cash;
3. Based on the need or income of the individual; and
4. Equal to the difference between the individual's countable income and the income standard used to determine eligibility for the supplement

States may administer their supplementary payment programs on their own, or they may contract with the Social Security Administration (SSA), through an agreement under section 1616 of the Act, to have the SSA administer their supplementary payment programs. States may also elect to administer some payments directly and contract with SSA to administer other payments.

### **Individuals Covered**

Subject to the requirements described above (regarding who may be eligible for a state supplementary payment and the conditions that apply to the programs), a state is permitted to extend Medicaid eligibility to all individuals receiving an optional state supplementary payment, or only certain classifications of such individuals.

As described at 42 C.F.R. §§435.232(a) and 435.234(b), states may limit Medicaid eligibility to one or more of the following classifications of individuals receiving a state supplementary payment:

1. All individuals who are age 65 or older.
2. All individuals who have blindness.
3. All individuals who have a disability.
4. Individuals who are age 65 or older, or who have blindness and/or a disability and who are in a domiciliary facility or other group living arrangement.
5. Individuals receiving a state supplement that is administered by SSA.
6. Reasonable groups of individuals receiving a state supplement that is administered by the state.
7. Individuals in additional classifications specified by the Secretary

### **Financial Eligibility**

Financial eligibility for the Optional State Supplement Beneficiaries eligibility group is based on an individual's financial eligibility for the optional state supplement itself. This Medicaid eligibility group does not have its own income standards or income counting methodology.

#### *Income Standard*

States have great flexibility in establishing the income standards for their supplementary payment programs. These standards may vary based on the political subdivisions in which eligible individuals reside or the particular classifications created by the state for state supplementary payment eligibility. The income standard(s) for the state's supplementary payment program are described in the **Optional State Supplement Beneficiaries** RU.

Whenever a state updates the income standard(s) for its supplementary payment program, a state plan amendment must be submitted to update the standards in this RU.

Federal regulations, at 42 C.F.R. §435.1006, limit the availability of federal financial participation (FFP) for individuals in the Optional State Supplement Beneficiaries group to those whose gross incomes do not exceed 300 percent of the SSI FBR. This means that while a state's optional state supplement program may have a gross income standard exceeding 300 percent of the SSI FBR, individuals whose incomes exceed 300 percent of the SSI FBR would not be eligible for Medicaid under this eligibility group. In such cases, the actual standard is still described in the state plan, even if it exceeds 300 percent of the SSI FBR, however only

individuals with gross incomes not exceeding 300 percent of the SSI FBR may be eligible in this group.

### *Financial Methodologies*

The Optional State Supplement Beneficiaries eligibility group does not have its own income counting methodology because financial eligibility is based on eligibility for the state's supplementary payment program. Medicaid regulations, at 42 C.F.R. §§435.232(b)(2) and 42 C.F.R. §§435.234(c)(2), for 1634/1616 and non-1634/non-1616 states, respectively, require that state supplement programs to which Medicaid eligibility is attached pay benefits based on the difference between the state's supplementary payment standard and the individual's countable income. These regulatory provisions further instruct that the determination of an individual's countable income be generally based on how the state determines income eligibility for individuals 65 years old or older, or who have blindness or a disability, or in a manner less restrictive. SSI methodologies, including SSI income and resource disregards, are generally used to determine eligibility for a state supplementary payment. As described at 20 C.F.R. §416.2025, if a state enters into a 1616 agreement with SSA for the purpose of determining eligibility for a state supplement, then SSA will apply SSI methodologies in determining income eligibility, along with any less restrictive methodologies established by the state. 209(b) states that have not entered 1616 agreements with SSA may apply their more restrictive methodologies in determining state supplementary payment eligibility, or methodologies that are less restrictive than SSI's.

## REVIEWABLE UNIT DEPENDENCIES

Many RUs in MACPro are dependent upon other RUs. Each time a primary RU is changed, there could be an effect on other, secondary RUs which are dependent on the primary. For example, in the **Mandatory Eligibility Groups** RU, there is a question as to whether the state covers the Adult Group. If **Yes** is selected, and if a box is checked to include the Adult Group in the submission package, then the **Adult Group** RU will be included by the system in the package and the user can navigate to it to complete it. If **No** is selected, the **Adult Group** RU will not be included in the package. In this example, the **Mandatory Eligibility Groups** RU is the **Primary RU** and the **Adult Group** RU is the **Secondary RU**. The **Adult Group** RU is considered to be dependent on selections made in the **Mandatory Eligibility Groups** RU.

Whenever a change in a primary RU may affect a secondary RU, you either need to revise the secondary RU (if it is already in the package) or add the secondary RU to the package so that it can be updated in the same submission package as the primary RU.

The following table explains the dependent relationships for the **Optional State Supplement Beneficiaries** RU:

Primary RU	Secondary RU	Nature of Dependency	Actions Needed
Eligibility Determinations of Individuals Age 65 or Older or Who Have Blindness or a Disability	Optional State Supplement Beneficiaries	Unless the <b>Eligibility Determinations of Individuals Age 65 or Older or Who Have Blindness or a Disability</b> RU (primary) has either been approved in MACPro or is included, completed and validated in the submission package, the <b>Optional State Supplement Beneficiaries</b> RU (secondary) cannot be displayed.	If the secondary RU will not display because the primary RU is neither approved in MACPro nor included in the package: <ul style="list-style-type: none"> <li>• Add the primary RU to the package, complete it and validate it.</li> <li>• Alternatively, remove the secondary RU from the package.</li> </ul>
Eligibility Determinations of Individuals Age 65 or Older or Who Have Blindness or a Disability	Optional State Supplement Beneficiaries	The selection of <b>209(b) State</b> , or <b>SSI Criteria</b> or <b>1634 State</b> as the basis for the eligibility determination in section A of the <b>Eligibility Determinations of Individuals Age 65 or Older or Who Have Blindness or a Disability</b> RU (primary) affects the requirements displayed in section A of the <b>Optional State Supplement Beneficiaries</b> , RU (secondary) with respect to characteristics.	<ul style="list-style-type: none"> <li>• You must complete, save and validate the primary RU before you can complete the secondary RU.</li> <li>• Once the primary RU is approved in MACPro, it does not have to be included again in a submission package unless the basis changes, in which case the secondary RU also has to be included again.</li> </ul>

## INSTRUCTIONS

Where there are unique instructions for a 1634, SSI Criteria, or 209(b) state, the reader will be directed to the appropriate instructions.

### **A. Characteristics**

At **A.1.**, there is a statement that individuals qualifying under this group must receive an optional state supplement that meets the conditions described in sections **C.** and **D.**

*For 1634 and SSI Criteria States*

At **A.2.**, there is a statement that individuals must be eligible for SSI, except for their income.

*For 209(b) States*

At **A.2.**, select one of the two options, **A.2.a.** or **A.2.b.**, to indicate for which program the individuals would be eligible, except for their income.

*For All States*

At **A.3.**, there is a statement that individuals may not have gross income which exceeds 300% of the SSI Federal Benefit Rate (FBR).

### **B. Individuals Covered**

At **B.1.**, select *Yes* or *No* to indicate if the state covers all individuals who meet the characteristics in section **A.**

- If **No**, at **B.2.**, select one or more of the nine options (**B.2.a.** through **B.2.i.**) to indicate which classifications of individuals are included in this group.
  - If **B.2.h. *Individuals in additional classifications specified by the Secretary*** is selected:
    - Provide the name of the classification and a description in the text boxes provided.
    - If there is more than one classification, select the **+Add Classification** link and repeat the above step.
    - To delete a previously added classification, select **Delete** next to its name and description.
  - If **B.2.i. *Reasonable groups of individuals receiving a state-administered optional state supplement that meets the conditions specified in sections C. and D.*** is selected:
    - Provide the name of the classification and a description in the text boxes provided.
    - If there is more than one classification, select the **+Add Classification** link and repeat the above step.
    - To delete a previously added classification, select **Delete** next to its name and description.

### **C. Optional State Supplement Program**

- At **C.1.**, select one of the three options (**C.1.a.** through **C.1.c.**) to indicate how the optional state supplement program is administered – by the federal government, the state or a combination of the two.
  - If **C.1.b. By a combination of federal and state administration** is selected, describe the classifications that are administered by the state in the text box provided.
- At **C.2.**, there are statements describing conditions of the optional state supplement program.

### **D. Income Standard of Optional State Supplement Program**

This section is used to describe the income standard for your state's optional state supplement program. First you need to indicate whether there is just one standard, or whether the standard varies by either political subdivision, payment classification or both. Then, based on your selections, you will enter the standard(s).

- At **D.1.a.**, select **Yes** or **No** to indicate if the income standard varies by political subdivision.
  - If **No**, go on to **D.1.b.**
  - If **Yes**, select one of the three options (**D.1.a.i.** through **D.1.a.iii.**) to indicate by what type of political subdivision the standard varies.
    - If **D.1.a.i. County** is selected:
      - Provide the name of the county in the text box provided by beginning to enter the county name and then selecting it from the list presented.
      - To enter additional counties, select the **+Add County** link and repeat the above step.
      - To delete a previously added county, select **Delete** below its name.
    - If **D.1.a.ii. Region** is selected:
      - Provide the name of the region and a description in the text boxes provided.
      - To enter additional regions, select the **+Add Region** link and repeat the above step.
      - To delete a previously added region, select **Delete** below its name and description.
    - If **D.1.a.iii. Other political subdivision** is selected:
      - Provide the name of the other political subdivision and a description in the text boxes provided.
      - To enter additional political subdivisions, select the **+Add Other political subdivision** link and repeat the above step.
      - To delete a previously added political subdivision, select **Delete** below its name and description.
- At **D.1.b.**, select **Yes** or **No** to indicate whether the standard varies by payment classification.
  - If **Yes**, select one or more of the nine options (**D.1.b.i.** through **D.1.b.ix.**) to indicate the payment classifications by which the standard varies.

- If **D.1.b.ix. Other payment classification** is selected:
  - Provide the name of the payment classification and a description in the text boxes provided.
  - To enter additional payment classifications, select the **+Add Other Classification** link and repeat the above step.
  - To delete a previously added payment classification, select **Delete** next to its name and description.
- Enter the standard(s), as appropriate, based on the selections made in **D.1.a.** and **D.1.b.:**
  - If your state's income standard exceeds 300 percent of the SSI FBR, enter the actual standard exceeding 300 percent of the SSI FBR.
  - If you selected/entered multiple political subdivisions, but did not vary the standard by payment classification, enter the standard for individual and couple under each political subdivision entered.
  - If you selected/entered multiple payment classifications, but did not vary the standard by political subdivision, enter the standard for individual and couple under each payment classification selected/entered.
  - If you selected/entered multiple political subdivisions and multiple payment classifications, below each payment classification you selected/entered, enter the standard for each political subdivision, pertaining to that payment classification.

**E. Additional Information (Optional)**

Except in limited circumstances, this field remains blank. Please consult with CMS before adding any additional information concerning this RU.

**REVIEW CRITERIA**

*In section B., if the state does not cover all the individuals described in section A., the selections made at B.2. must be reasonable. For example, if the state selects B.2.a., All individuals age 65 or older, it should not additionally select a sub-group of individuals age 65 or older, such as B.2.d., Individuals in domiciliary facilities or other group living arrangements who are age 65 or older.*

*If B.2.h. Individuals in additional classifications specified by the Secretary or B.2.i., Reasonable groups of individuals receiving a state-administered optional state supplement that meets the conditions specified in sections C. and D. is selected, the classifications/groups must be sufficiently clear, detailed and complete to permit the reviewer to determine that the state's description meets applicable federal statutory, regulatory and policy requirements.*

*If C.1.b. By a combination of federal and state administration is selected, the classifications administered by the state that are entered must be sufficiently clear, detailed and complete to permit the reviewer to determine that the state's description meets applicable federal statutory, regulatory and policy requirements.*

*If D.1.a.ii. Region or D.1.a.iii. Other political subdivision is selected, the information entered must be sufficiently clear, detailed and complete to permit the reviewer to determine that the state's description meets applicable federal statutory, regulatory and policy requirements.*

*If D.1.b.ix Other payment classification is selected, the information entered must be sufficiently clear, detailed and complete to permit the reviewer to determine that the state's supplement program description meets applicable federal statutory, regulatory and policy requirements.*