

Implementation Guide: Medicaid State Plan Eligibility Children under Age 19 with a Disability

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Children under Age 19 with a Disability

POLICY CITATION

Statute: 1902(e)(3)

Regulations: 42 C.F.R. §435.225

BACKGROUND

Overview

This reviewable unit (RU) describes the optional Medicaid eligibility group for children under the age of 19 who have a disability, and who would be eligible for Medicaid if they were living in an institution. It provides the criteria under which individuals may be covered under this group, as well as the income and resource standards used.

Section 1902(e)(3) of the Social Security Act (the Act), permits states to extend Medicaid eligibility to certain children who are living at home, who require the level of care provided in an institution, and who would be Medicaid eligible if living in such an institution. Many individuals have income and/or resources too high to qualify for Medicaid unless they are living in an institution. Under this eligibility group, Medicaid eligibility may be granted to a child who would be eligible if institutionalized, but who can be cared for at home with no additional cost to Medicaid. This eligibility group is often called the Katie Beckett group because it was established as a result of the advocacy of Katie Beckett's family, who wanted to care for her at home.

Characteristics

The Children under Age 19 with a Disability group is an optional eligibility group. It covers individuals who:

- Are under the age of 19;
- Have a disability;
- Would be eligible for Medicaid if they were living in a medical institution;
- Require a level of care provided in a hospital, nursing facility, or an intermediate care facility for individuals with intellectual disabilities (ICF/IID), but who can receive such care in the home; and
- The state has determined that providing care at home would cost no more than it would cost to provide that care in an institutional setting.

Institutional Eligibility

The Children under Age 19 with a Disability group does not have income and resource requirements of its own. Instead, financial eligibility is derived from other eligibility groups (referred to here as the "principal" groups), which are identified in the RU. Some of these principal eligibility groups are specific to individuals living in an institution, such as the Institutionalized Individuals Eligible under a Special Income Level group (the special income

level group), and others cover individuals living in the community. In either case, eligibility for the Children under Age 19 with a Disability group is determined using the hypothetical assumption that the individual is in an institution.

This is important because of the deeming rules that generally apply to institutionalized individuals. As required by section 1902(a)(17) of the Act and described at 42 C.F.R. §435.602, when children live with their parents, the income and resources of the parents are counted when determining the financial eligibility of the child. This is called “deeming.” Conversely, under standard cash assistance-based methodologies, where an applicant is living alone, the income and resources of other individuals are not deemed available to the applicant, even where the income and resources of such other individuals would be deemed available to the applicant if they were living together. Generally, an individual in an institution is considered to be living alone, which means that the income and resources of other individuals are not included in determining eligibility for an institutionalized individual.

For the Children under Age 19 with a Disability group, under which eligibility may be granted where an individual *would be eligible* if institutionalized, this means that an applicant’s financial eligibility is evaluated without regard to the income or resources of a parent who may actually be living with the applicant. This is because the income and resources of the parent would not be deemed to the applicant if the applicant was in an institution. For example, a state that elects to serve the Children under Age 19 with a Disability group, and makes the special income level group a principal group, would determine eligibility for an applicant by comparing only the applicant’s income to the state’s income standard for the special income level group (which in most cases will be 300% of the SSI federal benefit rate), even if the applicant’s parent is living with the applicant. If a state does not cover the special income level group under its state plan, the rules of another group covered under the state plan, such as the medically needy, may be used.

Financial Eligibility

As noted above, the Children under Age 19 with a Disability group does not have its own income or resource standards or methodologies. Instead, to determine eligibility for this group, a state uses the standards and methodologies for other eligibility groups covered under the state plan. This includes any application of any income or resource disregards applied to the principal eligibility group under section 1902(r)(2) authority.

Option: Less Restrictive Methodologies. States also have the option to establish additional income and resource disregards exclusive to the Children under Age 19 with a Disability group. These less restrictive methodologies would create a higher effective income or resource standard for the group. Additional information on less restrictive income and resource counting methodologies can be found in the implementation guides that accompany the **Less Restrictive Income Methodologies under 1902(r)(2)** screen and the **Less Restrictive Resource Methodologies under 1902(r)(2)** screen.

Cost Effectiveness

Section 1902(e)(3)(B)(iii) requires, as a condition of eligibility for the Children under Age 19 with a Disability group, that the estimated cost to provide care for the individual in the home

does not exceed the estimated cost to provide care within an institution. Such a determination may occur annually, as part of the application and renewal processes, or a state may choose to determine cost effectiveness on a more frequent basis.

States that elect this eligibility group must describe their cost effectiveness process in the state plan. If the standard methodology is used, the state plan must describe the process by which the state will determine (1) the projected amount that will be expended by Medicaid for care provided to the individual outside an institution, (2) the projected amount that would otherwise be expended for medical assistance provided within an appropriate institution, and (3) any specific criteria used to determine that the care provided at home is cost effective. Alternatively, states may use a different methodology, which would also be described in the state plan.

INSTRUCTIONS

A. Characteristics

- There are two statements (A.1. and A.2.) describing the characteristics of this eligibility group.
- At A.3., select one or more of the groups of individuals (A.3.a. through A.3.e.) who would be eligible if in a medical institution and who the state intends to cover in this eligibility group.
 - If A.3.e. *Other eligibility group(s)* is selected, provide a description of the group(s) in the text box provided.

B. Financial Methodologies and Standards

- There is a statement at B.1. describing the income and resource methodologies and standards.
- At B.2., indicate *Yes* or *No*, if less restrictive methodologies are used in calculating countable income.
 - If *Yes* is selected, select the *Add/Modify Less Restrictive Methodologies* button.
 - When you have completed these screens, the less restrictive methodologies selected will be inserted into the **Children under Age 19 with a Disability RU**. (See the implementation guides, **Less Restrictive Income Methodologies – Selection** and **Less Restrictive Income Methodologies** for how to complete these screens.)
- At B.3., indicate *Yes* or *No*, if less restrictive methodologies are used in calculating countable resources.
 - If *Yes* is selected, select the *Add/Modify Less Restrictive Methodologies* button.
 - When you have completed these screens, the less restrictive methodologies selected will be inserted into the **Children under Age 19 with a Disability RU**. (See the implementation guides, **Less Restrictive Resource Methodologies – Selection** and **Less**

Restrictive Resource Methodologies for how to complete these screens.)

C. Cost-Effectiveness Determination

- Select one of the three options (C.1.a through C.1.c.) to indicate the frequency of the cost-effectiveness determination.
 - If C.1.c. is selected, briefly describe the frequency of the cost-effectiveness determination in the text box provided.
- Select one of the two options (C.2.a. or C.2.b.) to describe the cost-effectiveness determination methodology.
 - If C.2.a., *Standard methodology is used* is selected:
 - At C.2.a.i., select one of the two options (C.2.a.i.(1) or C.2.a.i.(2)) and provide a description of the selected option in the text box provided.
 - At C.2.a.ii., describe the method used to determine the cost of institutional care in the text box provided.
 - There is a statement about how cost-effectiveness is determined. At your option, enter additional comments in the text box provided.
 - If C.2.b., *An alternate methodology is used* is selected, enter a description in the text box provided.

D. 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

The less restrictive methodologies 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.

The cost-effectiveness determination methodology 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.