

SECTION 4

PATHWAYS TO COVERAGE

Any person has the right to apply for Medicaid or the Children's Health Insurance Program (CHIP) and to have their eligibility determined promptly. Parents, caretaker relatives, or guardians may apply for children or youth in their households as well as for themselves. If a disability determination is involved, the state is required to take no longer than 90 days to decide (so long as the applicant has given the state all the necessary information); if disability is not being decided, the decision is required to take no more than 45 days. All applicants must receive written notice of the eligibility decision and have the opportunity to appeal if they disagree with the decision.

To receive Medicaid or CHIP coverage, the applicant must meet certain eligibility criteria. The two key factors in deciding who is eligible are:

- Whether the person falls within a category of people who are covered by Medicaid or CHIP.
- Whether the person's household income meets the income eligibility threshold.

MEDICAID ELIGIBILITY

Major Mandatory Eligibility Groups

Federal law has long required states to provide Medicaid coverage to people with household incomes below a certain level who are in specific eligibility groups (primarily children and youth, their parents, people receiving Supplemental Security Income [SSI] due to disability, and people over age 65). States then have the option to extend eligibility to people with higher income levels and to other groups of individuals.

States are currently required to provide Medicaid to children and youth aged from birth through 18 who live in households with incomes below 138% of the federal poverty level (FPL).¹ States have the option of extending Medicaid to children and youth who live in

1. The language of the Affordable Care Act (ACA) set the income eligibility limit for the Medicaid expansion population at 133% of the FPL, but then instructs states to disregard a standard 5% of income in calculating eligibility. Throughout the tutorial, we use 138% of the FPL to account for the 5% Modified Adjusted Gross Income (MAGI) disregard. Patient Protection and Affordable Care Act, Pub. L. No. 111-148, §2001(a); Health Care and Education Reconciliation Act, Pub. L. No. 111-152, §1004(e). <https://www.govinfo.gov/app/details/PLAW-111publ152>



The two key factors in deciding who is eligible for Medicaid or CHIP coverage are:

- Whether the person falls within a category of people who are covered by Medicaid or CHIP.
- Whether the person's household income meets the income eligibility threshold.

Some states also look at whether the household's assets are below a certain level.

households with higher income levels. All states also participate in the CHIP program (described below), which provides coverage for uninsured children and youth living in households with income levels too high to qualify for Medicaid. Through Medicaid alone or both Medicaid and CHIP, all but two states provide coverage to children and youth living in households with incomes up to at least 200% of the FPL.²

Major Optional Coverage Groups

In addition, states may extend coverage to other optional groups, including:

- Children and youth with severe disabilities who live at home but qualify for an institutional level of care *without regard to the family's income*. This is often known as a TEFRA or Katie Beckett option and is provided in 49 states and the District of Columbia.³ For more about TEFRA, please see Section 11.
- Children and youth who meet the SSI disability criteria, live in households with income below 300% of the FPL, and whose families pay a premium to “buy in” to Medicaid.
- Parents with children or youth aged 18 or under in households with income above the level for which Medicaid coverage is federally required.⁴
- Medically needy persons whose income is above the Medicaid eligibility threshold but who “spend down” by incurring significant out-of-pocket medical expenses that reduce their income until they reach a state-specified income eligibility level.⁵

WAIVERS

States may cover other groups of people by requesting a waiver from the Centers for Medicare and Medicaid Services (CMS). The request asks for permission to waive certain requirements of the Social Security Act. States can also request to waive other federal rules, such as statewide availability of services, freedom of choice of providers, and universal access to all benefits.

The three most common types of waivers are named after the section of the Social Security Act to which they refer. These are:

- **1115 Research and Demonstration waivers** to demonstrate innovations in service delivery. States may use a 1115 waiver to cover people who do not fit into a Medicaid category—for example, adults without dependent children at home.
- **1915(b) waivers** that forgo freedom of choice of providers. This type of waiver is most commonly used to implement a mandatory managed care program.
- **1915(c) waivers** to provide Home and Community-Based Services (HCBS) to people living at home who would otherwise be eligible only if they resided in an institution. For example, many states operate HCBS waivers for adults and children or youth with developmental disabilities. These waivers sometimes raise the income eligibility level for Medicaid coverage and may provide coverage for additional benefits such as family support services, care coordination, specialized equipment, medical supplies, respite care, and home modifications.

2. In addition, 35 states and the District of Columbia cover pregnant women with incomes at or above 200% of the FPL. Kaiser Family Foundation (2020 March). *Medicaid and CHIP Eligibility, Enrollment, and Cost Sharing Policies as of January 2020: Findings from a 50-State Survey*. Retrieved May 11, 2021, from <https://www.kff.org/medicaid/report/medicaid-and-chip-eligibility-enrollment-and-cost-sharing-policies-as-of-january-2020-findings-from-a-50-state-survey/>

3. Musumeci, M., Chidambaram, P., & O'Malley Watts, M. (2019 June 14) *Medicaid Financial Eligibility for Seniors and People with Disabilities: Findings from a 50-State Survey*. The Kaiser Commission on Medicaid and the Uninsured. Retrieved May 11, 2021, from <https://www.kff.org/report-section/medicaid-financial-eligibility-for-seniors-and-people-with-disabilities-findings-from-a-50-state-survey-appendix-tables/>

4. States are required to provide Medicaid to parents who would have met the 1996 Aid to Families with Dependent Children (AFDC) eligibility requirements in their state. This income level varies by state, but is very low; the median is 28% of the FPL. States have the option to cover parents with incomes above that level. Kaiser Family Foundation, (2011). *Federal Core Requirements and State Options in Medicaid: Current Policies and Key Issues*, Figure 1. The Kaiser Commission on Medicaid and the Uninsured. Retrieved May 11, 2021, from <https://www.kff.org/health-reform/fact-sheet/federal-core-requirements-and-state-options-in/>

5. Centers for Medicare & Medicaid Services. (n.d.). Eligibility. Retrieved May 11, 2021, from <https://www.medicaid.gov/medicaid/eligibility/index.html>

Other waivers that include certain groups of children and youth with special health care needs (CYSHCN) include autism waivers, waivers for children and youth who are medically fragile or technology dependent, and waivers for individuals with traumatic brain injuries (see <https://ciswh.org/project/the-catalyst-center/financing-strategy/medicaid-waivers/>).

All waiver programs must demonstrate that they cost the federal government no more than the projected cost if the state did not have the waiver. This is called “cost neutrality.” States estimate the cost of providing services to each eligible individual under the waiver and use this estimate to project the number of people who can be served under the waiver. To guarantee cost neutrality, states often cap the number of people who can be served under a waiver. This is why states often have waiting lists for their HCBS waiver programs even though the general Medicaid program, as an entitlement, is not permitted to have a waiting list.⁶

CHIP ELIGIBILITY

The CHIP program provides coverage for uninsured children and youth under age 19 whose income is above the Medicaid eligibility limit, up to a limit established by the state and capped by the federal government. CHIP income eligibility limits range from 175% of the FPL in North Dakota to 405% of the FPL in New York.

Medicaid Eligibility and the Affordable Care Act

In 2014, state Medicaid programs had the option of expanding Medicaid to most adults, ages 19 to 65, which meant many parents with dependent children were newly eligible for Medicaid. However, states were required to cover all children and youth, from birth through age 18, with family incomes below 138% of the FPL. In states where Medicaid eligibility for children ages 6 to 18 was limited to 100% of the FPL, children enrolled in CHIP were shifted to Medicaid. This improved their benefits (see Section 5). The

“maintenance of effort” (MOE) provision of the Affordable Care Act (ACA), prohibited states from reducing Medicaid or CHIP eligibility limits below those in effect when the ACA was enacted on March 23, 2010 through 2019. In 2018, the Helping Ensure Access for Little Ones, Toddlers, and Hopeful Youth by Keeping Insurance Delivery Stable Act (HEALTHY KIDS Act) and the Advancing Chronic Care, Extenders, and Social Services Act (ACCESS Act) extended this MOE through 2023 and 2027 respectively.⁷

Where Are the Opportunities for Title V Programs?

Title V programs have the opportunity to partner with state agencies in charge of health care reform to assure that the needs of families with CYSHCN are considered. Title V programs may want to partner with Medicaid and CHIP programs to:

- Provide input on new eligibility and enrollment systems to assure that CYSHCN who are Medicaid eligible (particularly under categories such as TEFRA/Katie Beckett or medically needy; see Section 11 for more about TEFRA) are enrolled in Medicaid and therefore have services covered under the EPSDT benefit.
- Write into their interagency agreement (IAA) with the Medicaid and CHIP programs the type of outreach to families of potentially eligible CYSHCN that each program will conduct and how subsequent enrollment will occur. Outreach efforts should address health literacy, culture, and language needs of racially and ethnically diverse families.
- Encourage Medicaid and CHIP programs to incorporate screening for special health care needs as part of the eligibility or health-plan enrollment process to track eligibility and enrollment trends, create opportunities for cross referrals to Title V, and identify children and youth who may benefit from care coordination or care planning.

6. State waivers are listed on the Centers for Medicare and Medicaid (CMS) website: <https://www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list/index.html>

7. Center for Medicare & Medicaid Services. (October 5, 2018). Key provisions of legislation extending federal funding for the Children’s Health Insurance Program. Retrieved January 26, 2022 from <https://www.medicaid.gov/federal-policy-guidance/downloads/sho18010.pdf>



TEST YOUR KNOWLEDGE

- 1. As of 2014, states must provide Medicaid to children age 0-18 in households with incomes less than:**
 - a. 200% of the FPL
 - b. 138% of the FPL
 - c. 133% of the FPL
 - d. 100% of the FPL
- 2. 1915(c) waivers for Home and Community-Based Services may be implemented to provide special services for:**
 - a. Children with developmental disabilities
 - b. Children who are dependent on medical technology
 - c. Children with autism
 - d. Any of the above
- 3. True or False: States may provide Medicaid coverage to certain children regardless of their parent's income.**



FIND OUT IN YOUR STATE

- 1. What is the income eligibility limit for children in your state for Medicaid? For CHIP? What is the eligibility limit for their parents?**
- 2. What does your state interagency agreement between Title V and Medicaid include?**
- 3. What waivers does your state Medicaid program currently have in place that serve CYSHCN? How many CYSHCN are served under these waivers? Is there a waiting list to enroll in these waivers?**

ANSWER KEY

1. b 2. d 3. True. Children living at home with disabilities severe enough to qualify them for care in an institutional setting are eligible in 49 states and D.C. through waiver programs and the TEFRA state plan option.

This document is part of Medicaid and CHIP: A Tutorial on Coverage for Children and Youth with Special Health Care Needs (CYSHCN). The document is available in its entirety at <https://ciswh.org/resources/Medicaid-CHIP-tutorial>

The Catalyst Center (U1TMC31757) is supported by the Health Resources and Services Administration (HRSA) of the U.S. Department of Health and Human Services (HHS) as part of an award totaling \$500,000, with no financing by nongovernmental sources. The contents are those of the author(s) and do not necessarily represent the official views of, nor an endorsement, by HRSA, HHS or the U.S. Government.



Boston University School of Social Work
Center for Innovation in Social Work & Health
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