

OPTIONS FOR ESTABLISHING INCOME STANDARDS UNDER HEALTH CARE REFORM

According to the proposed federal regulations published August 17, 2011 (NPRM), there are various income standards that States must establish under Health Care Reform for the following coverage groups. These income standards are to be set at or between the minimum and maximum levels shown in the chart below.

Explanation of terms used in the following table:

1931(b) Program - The 1931(b) program refers to the current program for low-income families with children deprived by the absence, death, incapacity, or unemployment of a parent.

“Effective Income Level” - According to proposed regulation 435.4, the term “effective income level” as used below for eligibility purposes is the current income standard applicable under the state plan for an eligibility group, after taking into consideration, any disregard of a block of income. Note: Generally, all income levels are to be converted to a MAGI-equivalent as these effective income level standards are adopted.

“Block of Income” - Although the term “block of income” is not defined in the NPRM, it has been addressed in a bulletin released by CMS (SHO # 10-005 CHIPRA # 16, dated March 2, 2010) and it appears that “block of income” does not include consideration of income disregards or deductions. The term does, however, include a disregard of a fixed percent of the FPL. Therefore, although the income standard for pregnant women and infants in the NPRM is often reflected as 185% FPL, there is a “block of income disregard” that has been used in California that raises the effective income standard to 200% FPL [State Plan, Supp. 8a to Att. 2.6A, pg. 1.] The 200% FPL amount is used in the table as applicable, whenever the 185% FPL limit is used in the NPRM.

“Applicable Income Limit” - The term “applicable income limit” is a term used in the proposed federal regulations for States that do not choose to provide full scope benefits to pregnant women. Such States may provide only pregnancy-related benefits to pregnant women whose income is above an applicable income limit as defined in the proposed regulations. Thus, States must first choose whether to provide all pregnant women with full scope benefits and if they do not, they must establish a pregnancy-related benefits income standard.

CMS is expected to issue further guidance on how states are to establish these new income levels.

Coverage Group	Proposed CFR	Minimum	Maximum	Current California Levels
<p>Parents and other Caretaker Relatives (and spouses if applicable)</p> <p>Currently covered under the 1931(b) program or the AFDC MN program. However, the AFDC MN program is not being implemented as part of this coverage group.</p>	435.110	<p><u>AFDC income standard</u> *</p> <p>\$633 family of 3</p>	<p><u>Higher of:</u></p> <p>(1) 1931(b) effective income limit (100% FPL in CA., e.g., \$1545 for a family of 3) **</p> <p>or</p> <p>(2) AFDC income standard *** increased by no more than percentage increase in CPI between July 16, 1996 and the effective date of such increase. (e.g., in CA. because the CPI increase is 1.6575, this amount is \$1218 or 79% FPL for family of 3.)</p>	<p><u>1931(b) limit:</u></p> <p><u>Applicant</u> family of 3: \$1545 (100% FPL)</p> <p><u>Beneficiary</u> family of 3: \$ 808 (52% FPL)</p> <p>but if all income is earned, the family can actually have \$1856 (120% FPL) because of an earned income disregard.</p>

* As of 5/1/1988

** As of 3/23/2010, or if higher, as of 12/31/2013

*** As of 7/16/1996

Coverage Group	Proposed CFR	Minimum	Maximum	Current California Levels
Pregnant Women Eligibility [See next page for scope of benefits discussion.]	435.116	<u>Higher of:</u> (1) 133% FPL; (\$2054 for a family of 3) or (2) Such higher income standard up to 185% FPL, as the State had established for determining eligibility of pregnant women *	<u>Higher of:</u> (1) 185% FPL (\$2857, family of 3); or (2) The highest effective income level of: <ul style="list-style-type: none"> • AFDC income standard (\$633 family of 3) ** • 200% FPL (\$3089) • SSI/SSP income limit (\$1524 disabled couple) ** 	200% FPL (\$3089 family of 3)

* As of 12/19/1989 or as of 7/1/1989 if authorizing legislation

** As of 3/23/2010, or if higher, as of 12/31/2013

Coverage Group	Proposed CFR	Minimum	Maximum	Current California Levels
<p>Pregnant Women – Level of Benefits</p> <p>States are allowed to limit benefits for pregnant women to pregnancy-related services if their income is above an applicable income limit.</p>	436.116	<p><u>AFDC income standard</u> (\$633 family of 3) *</p>	<p><u>Highest effective income level of:</u></p> <p>(1) AFDC income standard ** (\$734 family of 3)</p> <p>or</p> <p>(2) 1931(b) income limit *** (\$1545 family of 3)</p>	<p>1931(b) limit for full scope benefits (\$1545 for a pregnant woman applicant with one other family member (family of 3),</p> <p>or if ineligible, then</p> <p><u>200% FPL program</u> for pregnancy-related services and services for any other medical condition that may complicate the pregnancy (\$3089 family of 3)</p> <p>or if ineligible, then</p> <p><u>Medically Needy or Medically Indigent program</u> with or without a share of cost for full scope benefits.</p> <p>(Maintenance need income level is \$934 for a pregnant woman with one other family member. Income above this level results in a share of cost.)</p>

* As of 5/1/1988

** Because no “as of” date is specified in the NPRM, the current date for the AFDC income standard is used, i.e., 7/16/96

*** As of 3/23/2010, or if higher, as of 12/31/2013

Coverage Group	Proposed CFR	Minimum	Maximum	Current California Levels
Infants and Children Under Age 19	435.118	<p><u>The higher of:</u></p> <p>(1) 133% FPL (\$2054 family of 3) or for infants, 185% FPL* (\$2857 family of 3)</p>	<p><u>The higher of (1) or (2):</u></p> <p>(1) 133% FPL (\$2054 family of 3) or for infants, 185% FPL (\$2857 family of 3)</p> <p>or</p> <p>(2) The highest effective income limit for each age group by FPL program **</p> <p>200% infants (\$3089 family of 3)</p> <p>133% age 1 up to 6 (\$2054, family of 3)</p> <p>100% FPL for children age 6 up to 19 (\$1545 family of 3)</p>	<p><u>FPL Program Limits:</u></p> <p>200% - infants (\$3089 family of 3)</p> <p>133% - age 1 up to 6 (\$2054 family of 3)</p> <p>100% - age 6 up to 19 (\$1545 family of 3)</p>

* As of 12/19/1989 for determining eligibility for infants, or as of 7/1/1989 if authorizing legislation

** As of 3/23/2010, or if higher, as of 12/31/2013