



State of New Jersey

DEPARTMENT OF HUMAN SERVICES

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

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**MEDICAID COMMUNICATION NO. 07-15    DATE: September 17, 2007**

**TO:** County Welfare Agency Directors  
Statewide Eligibility Determination Agency  
Institutional Services Section Area Supervisors

**SUBJECT:** NJ FamilyCare Expansion for September 1, 2007 and Clarifications

As you are aware, the "Family Health Care Coverage Act" of 2005, reopened the NJ FamilyCare program to new applicant parents or caretakers and included a three year phase-in period for re-establishing eligibility. As previously stated in Medicaid Communication 05-08 (dated August 31, 2005), effective September 1, 2007, parents or caretakers are eligible for NJ FamilyCare if their income is equal to or less than 133% of the Federal Poverty Level (FPL). Lawful permanent resident parents or caretakers may also continue to apply for NJ FamilyCare regardless of date of entry into the USA .

The Family Health Care Coverage Act also expanded the AFDC-Related Medicaid program by adding an **enhanced earned income** disregard for new applicant parents or caretaker relatives. Effective September 1, 2007, the new applicant and recipient earned income disregard is the difference between the AFDC Medicaid income standard and 133% of the FPL.

#### **AFDC-Related Medicaid**

County Welfare Agencies (CWAs) shall continue to evaluate applicants and recipients pursuant to N.J.A.C. 10:69 for AFDC-Related Medicaid as these eligible parents or caretaker relatives receive a Plan A service package. The **earned** income disregards include \$90.00, plus a \$30 and 1/3 time limited disregard in addition to child care expenses (See Attachment #1 and Attachment #4). These parents or caretaker relatives will continue to be processed through FAMIS and in most cases are identified with Program Status Codes (PSCs) 310, 410, 320 and 420.



Effective September 1, 2007, when parents or caretaker relatives are not eligible using the above earned disregards, the \$30 and 1/3 disregard is replaced with an earned income disregard equal to the difference between the AFDC standard and 133% of the FPL. Parents or caretaker relatives eligible for AFDC-Related Medicaid using this disregard, which will be referred to as the "earned income disregard", will receive either Plan D or Plan I service package and will be identified by PSC 380 (See Attachment #2 and Medicaid Communication 03-05 dated February 10, 2003 regarding Plan D or I service package). Parents or caretaker relatives, who qualify using the 133% earned income disregard, are eligible no earlier than September 1, 2007, unless they would have qualified for up to 3 months retroactive eligibility using the eligibility income standards in effect prior to September 1, 2007 (the 115% earned income disregard). The earned income disregard shall also be used when determining eligibility for new applicants for the Medicaid Special program.

Lawful Permanent Resident (LPR) parents or caretaker relatives who would qualify for AFDC-Related Medicaid using the earned income disregard but have not been in this country for five years, may receive medical assistance through a State-only funded program. These LPRs cannot have other health insurance and they must be identified using PSC 380, with the Special Program Code (SPC) 40. LPR parents or caretaker relatives will receive a Plan D service package. As of July 1, 2007 Plan H was discontinued and Plan D coverage is now available to SPC 40 parents as well as PSC 763 recipients. **NOTE:** The LPR parents or caretaker relatives' (SPC 40s) eligibility **CANNOT be effective until the month they are enrolled in a participating HMO.** Therefore, SPC 40s are not eligible for retroactive coverage.

Federal regulations continue to mandate that we evaluate new applicants for the most appropriate program. Therefore, an individual shall be evaluated first for AFDC-Related Medicaid using the rules in effect on July 16, 1996 (Plan A) before using the earned income disregard (Plans D or I). Remember, most parents or caretaker relatives determined eligible for AFDC-Related Medicaid (either Plan A or Plans D or I) **may also be determined eligible**, from the month of application, for retroactive benefits up to three months prior to date of application and for transitional Medicaid.

Please refer to Medicaid Communication 05-08 for eligibility determining specifics on evaluations for **Transitional Medicaid**. Continue to evaluate families in transitional Medicaid as recipients and evaluate those recipients prior to the end of recipients' transitional period using the earned income disregard.



## NJ FamilyCare

New applicant parents or caretakers who do not qualify under AFDC-Related Medicaid using the earned income disregard shall be evaluated for eligibility under NJ FamilyCare. NJ FamilyCare income eligibility is based on gross family income. These parents or caretakers whose family income is equal to, or less than, 133% of the FPL must be uninsured and are identified using PSC 497. Eligibility **CANNOT be effective until the month they are enrolled in a participating HMO**. Therefore it is crucial that if there is not an open CWA case with ACTIVE HMO coverage to add this parent/caretaker to, then the case must be sent to the Statewide Eligibility Agency (Vendor). There is no premium requirement for these new parents or caretakers. Also, the waiting period for voluntarily dropping health insurance is 3 months. Parents or caretakers who are LPRs who would qualify for NJ FamilyCare but have not been in this country for 5 years, may be eligible for medical assistance through a State-funded only program. They must be identified using PSC 497 with SPC 40. These parents or caretakers will receive a Plan D service package effective with their HMO enrollment.

### LAWFUL PERMANENT RESIDENTS

LPR parents or caretaker relatives found to be eligible are identified with SPC 40 and either PSCs 380 or 497 and they must be uninsured. They will receive a Plan D service package. Eligibility begins with enrollment into a HMO.

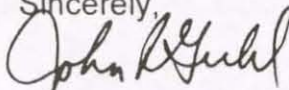
### OPERATIONS

All new applicant cases will continue to be evaluated first for AFDC-Related Medicaid then for NJ FamilyCare. It is imperative that new parents or caretakers be referred to the most appropriate units within the agencies. Remember to consider Medical Assistance evaluations for those families who apply or qualify for the Food Stamp Program. As in the past, the CWA **shall add only** uninsured parents or caretakers eligible for NJ FamilyCare (PSC 497) to an existing case with **current HMO** enrollment.

Should a parent or caretaker not qualify for AFDC Medicaid, they **must be referred** to the NJ FamilyCare Statewide Agency when the CWA cannot add the parent or caretaker to an existing HMO active case. The CWA and the Statewide Eligibility Determining Agency will continue to transfer and follow-up cases between the agencies in a seamless and timely manner.

Should you have further policy questions, please contact the Office of Policy Development at 609-588-2556 or your NJ FamilyCare field representative at 609-588-2835.

Sincerely,



John R. Guhl  
Director

JRG:LE  
Attachments

c: Jennifer Velez, Commissioner  
Department of Human Services

William Ditto, Executive Director  
Division of Disability Services

Kevin Martone, Assistant Commissioner  
Division of Mental Health Services

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Division of Youth and Family Services  
Department of Children and Families

Fred M. Jacobs, M.D., J.D., Commissioner  
Kathleen M. Mason, Assistant Commissioner  
Department of Health and Senior Services



## MEDICAID ELIGIBILITY FOR PARENTS/CARETAKERS

Parents/Caretakers may be eligible for medical coverage up to 133% FPL. Two types of coverage are available depending on the type and amount of family income. The coverages are designated by two Program Status Codes (PSC): 380 and 497. These PSCs differ by some eligibility factors, such as TPL, retro eligibility, and managed care enrollment. An application is required to be added for this coverage.

### INCOME DISREGARDS:

EARNED	UNEARNED
\$90	First \$50 of child support received
***\$30 and 1/3	Child support & alimony paid by any member of budget unit
Child Care (\$175 or \$200)	
***30 & 1/3 is applied only if countable amount is less than AFDC-MEDICAID standards; otherwise use only \$90.	

### EVALUATION:

- If total (earned + unearned) family income (after application of disregards) is less than 133% FPL, parent(s) should be added to MED file using OPT-61, as PSC 380. This is **AFDC-RELATED MEDICAID**.
- **HOWEVER**, if total family income is less than 133% FPL, **BUT UNEARNED INCOME EXCEEDS AFDC-MEDICAID STANDARDS**, child(ren) are eligible for NJ Family Care, and parent(s) is eligible for PSC 497.

Program Status Code (PSC) 380	Program Status Code (PSC) 497
Parent or caretaker <u>relative</u>	Parent or caretaker
Plan D Services	Plan D services
Other coverage: TPL is permitted except for LPRs <5 years.	NO TPL. <b>**ALL PSC 497s MUST BE UNINSURED</b>
Restricted alien (LPR<5 years) must be placed in Special Program "40" with date of entry; Plan D services; must be enrolled in HMO. <b>**MUST BE UNINSURED</b>	Restricted alien (LPR<5 years) must be placed in Special Program "40" with date of entry; Plan D services; must be enrolled in HMO.
Eligibility at less than 133% FPL (Enrollment in HMO for LPR<5 years)	Eligibility begins with enrollment in HMO
Eligible for Transitional benefits: <ul style="list-style-type: none"> <li>□ Earnings-100% disregard period + extension</li> <li>□ UIB/Temp. Disability-24 month ext period</li> <li>□ Child Support-4 months extension period</li> </ul>	NO TRANSITIONAL BENEFITS.
Retroactive eligibility can be evaluated per applicable FPL (115% 3 months prior to 9/1/07 or 133%)	NO RETRO.

**AFDC-RELATED MEDICAID GROUP**  
(NEW APPLICANT EARNED INCOME DISREGARD 9/1/06 – 8/31/07)

**UNEARNED INCOME DISREGARDS**

First \$50 monthly child support received

Child support and alimony payments paid by any member of the household

**IF COUNTABLE UNEARNED INCOME IS EQUAL TO OR LESS THAN THE AFDC MEDICAID STANDARD (7/16/96) THEN CALCULATE EARNED INCOME. (IF COUNTABLE UNEARNED INCOME IS GREATER THAN THE AFDC STANDARD CASE IS INELIGIBLE).**

**EARNED INCOME DISREGARDS:**

\$90 per employed individual

AFDC earned income disregard for family size:

Disregard EARNED income between AFDC Medicaid payment and 115% FPL

Family Size	AFDC Payment	115% FPL Income	AFDC Earned Income Disregard
1	\$185	\$979	\$794
2	\$369	1,312	\$943
3	\$443	1,646	\$1,203
4	\$507	1,979	\$1,472
5	\$567	2,313	\$1,746
6	\$624	2,646	\$2,022
7	\$677	2,980	\$2,303
8	\$728	3,313	\$2,585

Additional child care deductions

Child support and alimony payments paid by any member of the household (if not applied to unearned income)

**COMPARE TOTAL NET (COUNTABLE EARNED + COUNTABLE UNEARNED) INCOME AGAINST THE AFDC PAYMENT STANDARD AMOUNT**

**\*\*Note:** Use of this disregard is applicable for applications from 9/06-8/07 and up to 3 months prior to 9/07-11/07 application for retroactive eligibility determinations.



**AFDC-RELATED MEDICAID GROUP**

(EARNED INCOME DISREGARD-FOR 9/1/07 APPLICANTS &amp; RECIPIENTS)

**UNEARNED INCOME DISREGARDS**

First \$50 monthly child support received

Child support and alimony payments paid by any member of the household

IF COUNTABLE UNEARNED INCOME IS EQUAL TO OR LESS THAN THE AFDC MEDICAID STANDARD (7/16/96) THEN CALCULATE EARNED INCOME. (IF COUNTABLE UNEARNED INCOME IS GREATER THAN THE AFDC STANDARD CASE IS INELIGIBLE, See "NOTE" below).

**EARNED INCOME DISREGARDS**

\$90 per employed individual

AFDC earned income disregard for family size:

Disregard EARNED income between AFDC Medicaid and 133% FPL:

Family Size	AFDC	133% FPL	AFDC Earned Income Disregard
1	\$185	\$1,132	\$947
2	\$369	1,518	\$1,149
3	\$443	1,904	\$1,461
4	\$507	2,289	\$1,782
5	\$567	2,675	\$2,108
6	\$624	3,061	\$2,437
7	\$677	3,446	\$2,769
8	\$728	3,832	\$3,104

Additional child care deductions

Child support and alimony payments paid by any member of the household (if not applied to unearned income )

**COMPARE TOTAL NET (COUNTABLE EARNED + UNEARNED) INCOME AGAINST THE AFDC PAYMENT STANDARD AMOUNT**

**Note:** If not eligible for AFDC Medicaid expansion, add back all disregards and compare to NJ FamilyCare income standard. Also REMEMBER to evaluate for Transitional Medicaid.

AFDC Expansion PSC 380	NJ FamilyCare PSC 497
Parents/Caretaker <u>relatives</u> only	Parents/Caretakers
Earned and unearned income (to be eligible as a 380, the HH unearned income must be below the AFDC income program standard)	The total <u>gross</u> HH income (unearned and earned) must be less or equal to 133% FPL.
After all AFDC program disregards are applied subtract the AFDC earned income disregard (133% FPL minus AFDC payment) and compare the remaining income to the AFDC payment standard	Eligibility is based on monthly gross income. No income disregards are given.
Effective date: Month of application but not before 9-1-07, except for those with SPC 40.	Effective date: date of HMO enrollment
May have other health insurance (TPL), except parents/caretakers with SPC 40.	No other health insurance (TPL) allowed.
Retroactive eligibility: Yes, but not before 9-1-07 unless eligible up to 3 months prior, using 115% New Applicant Disregard.	No retroactive eligibility.
<p>After being determined eligible, the parents/caretaker relatives (recipients) may retain eligibility as a 380 if their earned income does not exceed 133% FPL. The parents/caretaker relative recipients are eligible for 24 months of Medicaid extension if their earned income exceeds 133% FPL, or they receive Unemployment Insurance Benefits or Temporary disability. The parents/caretaker relatives are eligible for 4 months of Medicaid extension if they lose eligibility due to the receipt of child support.</p> <p>If the HH unearned income is more than the AFDC income program standard but the total gross household income is equal to or less than 133% FPL, they should be evaluated for NJ FamilyCare as a 497. →</p>	<p>If the gross income for the HH exceeds 133% FPL, the parents/caretakers are no longer eligible.</p> <p>They can not move into PSC498.</p>
<p>Health insurance packages: I- Fee-for-Services D- HMO enrollment</p>	<p>Health insurance package  D- HMO enrollment</p>
<p>Children under the age of 21 may be eligible for <b>Medicaid Special</b> using 133% FPL disregard. For children having eligibility using 133% FPL, they remain a 380 Pgm. Status. If the HH earned incomes exceeds 133%, the child is eligible for <u>up to 1 year</u> of Medicaid extension.</p>	