



**State of New Jersey**

DEPARTMENT OF HUMAN SERVICES

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

P.O. Box 712

Trenton, NJ 08625-0712

Telephone 1-800-356-1561

RICHARD J. CODEY  
Acting Governor

JAMES M. DAVY  
Commissioner

ANN CLEMENCY KOHLER  
Director

**MEDICAID COMMUNICATION NO. 05-08      DATE: August 31, 2005**

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

**SUBJECT:** NJ FamilyCare Expansion

On July 13, 2005, Acting Governor Codey signed into law the "Family Health Care Coverage Act" which among other things, reopens the NJ FamilyCare program to new applicant parents or caretakers. This Act includes a three year phase-in period for re-establishing eligibility for new applicant parents or caretakers. Effective September 1, 2005, the income limit for new parents or caretakers is 100% of the Federal Poverty Level (FPL). Effective September 1, 2006, the income limit will be 115% of the FPL and will increase to 133% of the FPL effective September 1, 2007. **Therefore, effective September 1, 2005, parents or caretakers of dependent children under the age of 19 whose income is equal to or less than 100% of the FPL may apply for coverage under NJ FamilyCare.** In addition, lawful permanent resident parents or caretakers may qualify for NJ FamilyCare regardless of date of entry into the USA .

Also, the Family Health Care Coverage Act expands the AFDC-Related Medicaid program by adding an **enhanced earned income** disregard for new applicant parents or caretaker relatives effective September 1, 2005. The new applicant earned income disregard is the difference between the AFDC Medicaid income standard and 100% of the FPL.

**AFDC-Related Medicaid**

**Prior to June 2002**

As you are aware, NJ FamilyCare was closed in June 2002 to new parent or caretaker relative applicants. This group was only eligible if their income was equal to or less than the AFDC Medicaid standard in effect as of July 16, 1996. The **earned** income disregards included \$90.00, plus a \$30 and 1/3 time limited disregard in addition to child care expenses. (See Attachment #1.) Eligible parents or caretaker relatives received a Plan A service package. These parents or caretaker relatives were and will continue to

be processed through FAMIS and in most cases are identified with Program Status Codes (PSCs) 310, 410, 320 and 420.

### **As of September 1, 2005**

Effective September 1, 2005 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 100% of the FPL. Parents or caretaker relatives eligible for AFDC-Related Medicaid using this disregard, which will be referred to as the "new applicant earned income disregard", (See Attachment #2) will receive either Plan D or Plan I service package and will be identified by using PSC 380. (See Medicaid Communication #03-05 dated February 10, 2003 regarding Plan D or I service package.) Parents or caretaker relatives, who qualify using the new applicant earned income disregard, are eligible no earlier than September 1, 2005.

In addition, effective September 1, 2005, Lawful Permanent Resident (LPR) parents or caretaker relatives who would qualify for AFDC-Related Medicaid using the new applicant 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 H service package as described in Medicaid Communication #03-17 dated September 29, 2003. **NOTE:** The LPR parents or caretaker relatives' (SPC 40s') eligibility is not effective until the month they are enrolled in the appropriate Plan H participating HMO. Therefore, SPC 40s are not eligible for retroactive coverage.

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

When evaluating eligibility for AFDC-Related Medicaid the unborn child should be counted in the household size. Also, the medical support requirement is satisfied as long as the parent/caretaker relative answers information as to whether or not they have health insurance. **REMINDER:** Parent/caretaker relatives who have other health insurance are eligible for AFDC-Related Medicaid.

### **Transitional Medicaid**

For those parents or caretaker relatives who qualify using the rules in effect as of July 16, 1996 and who receive a Plan A service package, if eligibility is lost because of the receipt of, or increase in, earnings, unemployment insurance benefits (UIB), or temporary disability insurance (TDI), these parents or caretaker relatives shall be evaluated for transitional Medicaid. Under transitional Medicaid, the first 12-months of coverage will have a total disregard of earned income, UIB or TDI, followed by 12-months of additional coverage. If eligibility is lost because of the receipt of, or an

increase in, child support, these recipient parents or caretaker relatives are eligible for up to 4 months of transitional Medicaid.

As an AFDC **recipient**, who has been covered as of September 2000, these individuals are entitled to the recipient earned income disregard. This disregard is the difference between the AFDC standard and 133% of the FPL. After the transitional Medicaid period has ended, they shall be evaluated using the 133% earned income disregard. (See Attachment #3.)

For those parents or caretaker relatives who became eligible using the new applicant earned income disregard, (PSC 380, Plan D or I), who may lose eligibility because of the receipt of, or increase in earnings, UIB or TDI are also entitled to transitional Medicaid the first 12-months of coverage will have a total disregard of earned income, UIB or TDI, followed by 12-months of additional coverage. However, prior to entering transitional Medicaid they shall be evaluated using the recipient earned income disregard. If they do not qualify using the recipient earned income disregard, it is at that point that they would enter into transitional Medicaid. **NOTE:** Families in transitional Medicaid are considered recipients and should be evaluated prior to their transitional period ending using the recipient earned income disregard. (The recipient earned income disregard may only be used for those recipients of AFDC-Related Medicaid Plans A, D or I.)

The new applicant earned income disregard will be used for new applicants applying for Medicaid Special. **NOTE:** Individuals who would have lost Medicaid Special because of receipt of, or increase in earnings or TDI, shall first be evaluated using the recipient earned income disregard. If they do not qualify using the recipient earned income disregard, they shall be evaluated for up to 12 months of the total earned income disregard under transitional Medicaid. They are not eligible for the 12-months of additional coverage. No individual in Medicaid Special is eligible beyond the month they turn 21.

## **NJ FamilyCare**

New applicant parents or caretakers who do not qualify under AFDC Medicaid using the new applicant 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 100% of the FPL must be uninsured and are identified using Program Status Code (PSC) 497. There is no premium requirement for these new parents or caretakers. Also, the waiting period for voluntarily dropping health insurance has been reduced from 6 months to 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 Special Program Code (SPC) 40. These parents or caretakers will receive a Plan H service package.

## **LAWFUL PERMANENT RESIDENTS**

Lawful Permanent Residents (LPRs) parents or caretaker relatives found to be eligible on or after September 1, 2005 are identified with SPC 40 and either PSCs 380 or 497

must be uninsured and will receive a Plan H service package. Eligibility begins with enrollment into a Plan H participating HMO Managed Care Service Administrator (MCSA) formally known as Administrative Service Organization (ASO). **NOTE:** NJ FamilyCare MCSA/ASO HMOs are Horizon NJ Health, University Health Plan and AmeriChoice. All members of a household/family shall be enrolled in the same HMO. When adding a SPC 40 adult to an existing case, if the family's current HMO is not a participating MCSA/ASO, then they shall disenroll from the current HMO and enroll in a participating MCSA/ASO. The adult's benefits are not effective until correct enrollment is completed. For further clarifications regarding Plan H service package, see Medicaid Communication Number 03-17, dated September 29, 2003.

## **GRANDFATHERED GROUP**

The Family Health Care Coverage Act allows individuals who are currently enrolled to remain eligible under the rules in effect September 2000. These individuals include single adults, and childless couples who are determined eligible prior to the closing of the program on September 1, 2001, (PSC 763) and parents and caretakers whose income was equal to or less than 200% of the FPL and who were found eligible prior to the close of the program on June 14, 2002. **NOTE:** Those parents who are found eligible for NJ FamilyCare identified by PSC 497 and 498 may continue to transition between the two PSCs as a result of a change in income. However, parents or caretakers determined eligible on or after September 1, 2005 identified with a PSC 497 **will no longer be** eligible if their income exceeds the current income standard of 100% of the FPL.

The program has not reopened at this time for single adults and childless couples. They continue to be eligible only through Work First New Jersey/ General Assistance (WFNJ/GA).

## **OPERATIONS**

All new applicant cases will be evaluated first for AFDC Medicaid then for NJ FamilyCare. It is imperative that new parents or caretakers be referred to the proper units within the agencies. As in the past, the County Board of Social Services (CBOSS) will add those uninsured parents or caretakers eligible for NJ FamilyCare (PSC 497) to an existing case so long as other family members are **currently** enrolled in an HMO. In cases where the parent or caretaker is identified with a SPC 40, managed care coordination is critical as explained above.

Should a parent or caretaker not qualify for AFDC Medicaid, they must be referred to NJ FamilyCare when the CBOSS cannot add the parent or caretaker to an existing HMO active case. The CBOSS and the Statewide Eligibility Determining Agency will continue to transfer cases between the agencies in a seamless and timely manner. For transferring cases to the Statewide Eligibility Determining Agency, the CBOSS should use the following address: NJ FamilyCare, PO Box 8367, Trenton, NJ 08650-8955.

The revised NJ FamilyCare applications will be available and distributed to your agencies. In the interim, you may use recently issued NJ FamilyCare applications to process eligibility for new applicants. Additional information such as Social Security

Number, date of birth, citizenship status, and other medical insurance information shall be obtained through other sources such as Food Stamp/TANF case records. **NOTE:** Applications for NJ FamilyCare can be mailed into your agency and **do not require face-to-face interviews**. At the option of the CBOSS, a Food Stamp application may be used to determine eligibility for AFDC-Related Medicaid or NJ FamilyCare.

Unfortunately, the FAMIS system will not be able to accommodate these changes until November 2005. Therefore, you must manually process these cases through the Medicaid Eligibility System (061 screen).

Your efforts in providing health coverage to our mutual beneficiaries are appreciated. For clarification, see Attachment #4. If you have further policy questions, please contact the Office of Policy Development at (609) 588-2556 or your NJ FamilyCare field representative.

Sincerely,

/S/

Ann Clemency Kohler  
Director

ACK:LE

Attachments

c: Fred M. Jacobs, M.D., J.D., Commissioner  
Kathleen M. Mason, Acting Deputy Commissioner  
Department of Health and Senior Services

Edward E. Cotton, Assistant Commissioner  
Division of Youth and Family Services

Jeanette Page-Hawkins, Director  
Division of Family Development

Carol Grant, Director  
Division of Developmental Disabilities

## THE "NEW" MEDICAID ELIGIBILITY FOR PARENTS 9-1-2005

Beginning 9-1-2005, parents may be eligible for medical coverage up to 100% 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 coverage plan, and some eligibility factors, such as TPL, and managed care enrollment. An application is required to be added for this coverage.

**INCOME DISREGARDS:**

<b>EARNED</b>	<b>UNEARNED</b>
\$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 100% FPL, parent(s) should be added to MED file using OPT-61, effective 9-1-2005, as PSC 380. This is **AFDC-MEDICAID**.
- ❑ **HOWEVER**, if total family income is less than 100% FPL, **BUT UNEARNED INCOME EXCEEDS AFDC-MEDICAID STANDARDS**, child(ren) are eligible for NJ Family Care, and parent(s) is eligible for PSC 497.

<b>Program Status Code (PSC) 380</b>	<b>Program Status Code (PSC) 497</b>
Parent or caretaker relative	Parent or caretaker
Plan D Services	Plan D services
Other coverage: TPL is permitted except for LPRs <5 years.	NO TPL.
Restricted alien (LPR<5 years) must be placed in Special Program "40" with date of entry; Plan H services; must be enrolled in ASO. There are only 3 ASO in NJ ---Horizon Mercy, Americhoice, or University Health Plan. <b>**MUST BE UNINSURED</b>	Restricted alien (LPR<5 years) must be placed in Special Program "40" with date of entry; Plan H services; must be enrolled in ASO.
Eligibility at less than 100% FPL continues up to 133% FPL.	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 exists, but not prior to 9-1-2005	NO RETRO.

## **AFDC-RELATED MEDICAID GROUP (NEW APPLICANT EARNED INCOME DISREGARD)**

### **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  $\leq$  THE AFDC MEDICAID STANDARD (7/16/96) THEN CALCULATE EARNED INCOME. (IF UNEARNED INCOME IS  $>$  AFDC STANDARD CASE IS INELIGIBLE).**

### **EARNED INCOME DISREGARDS**

\$90 per employed individual

AFDC earned income disregard for family size:

AFDC earned income disregard for family size:

Disregard EARNED income between AFDC Medicaid payment and 100% FPL

Family Size	AFDC Payment	100% FPL Income	AFDC Earned Income Disregard
1	\$185	\$798	\$613
2	\$369	\$1,070	\$701
3	\$443	\$1,341	\$898
4	\$507	\$1,613	\$1,106
5	\$567	\$1,885	\$1,318
6	\$624	\$2,156	\$1,532
7	\$677	\$2,428	\$1,751
8	\$728	\$2,700	\$1,972

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.

## AFDC-RELATED MEDICAID GROUP (RECIPIENTS' EARNED INCOME DISREGARD)

### 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  $\leq$  THE AFDC MEDICAID STANDARD (7/16/96) THEN CALCULATE EARNED INCOME. (IF UNEARNED INCOME IS  $>$  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 133% FPL

Family Size	AFDC	133% FPL	AFDC Earned Income Disregard
1	\$185	\$ 1,061	\$876
2	\$369	\$ 1,422	\$1,053
3	\$443	\$ 1,784	\$1,341
4	\$507	\$ 2,145	\$1,638
5	\$567	\$ 2,506	\$1,939
6	\$624	\$ 2,868	\$2,244
7	\$677	\$ 3,229	\$2,552
8	\$728	\$ 3,590	\$2,862

Additional deductions

child care

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.



<b>AFDC Expansion PSC 380</b>	<b>NJ FamilyCare PSC 497</b>
Parents/Caretaker <b>relatives</b> 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 <b>gross</b> HH income (unearned and earned) must be less or equal to 100% FPL.
After all AFDC program disregards are applied subtract the AFDC earned income disregard (100% 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 9-1-05.	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 9-1-05	No retroactive eligibility.
After being determined eligible using 100% FPL, 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. If the HH unearned income is more than the AFDC income program standard but the total household income is equal to or less than 100% FPL, they should be evaluated for NJ FamilyCare as a 497. →	If the gross income for the HH exceeds 100% FPL, the parents/caretakers are no longer eligible.  They can not move into PSC498.
Health insurance packages: I- Fee-for-Services D- HMO enrollment H- Parents/caretaker relatives with SPC 40  * Parents/caretaker relatives' entire with SPC 40 must be enrolled in an ASO →	Health insurance package  D- HMO enrollment H- Parents/caretakers with SPC 40.
ASO's : Horizon NJ Health, University Health Plan and AmeriChoice . →	
Children under the age of 21 may be eligible for Medicaid Special using 100% FPL disregard. For children having eligibility using 100% FPL, they may retain eligibility if there is an increase in the earned income for HH and it is less than or equal to 133%. They remain a 380 Pgm. Status. If the HH earned income exceeds 133%, the child is eligible for <u>up to 1 year</u> of Medicaid extension.	