kaiser commission on medicaid and the uninsured

THE HENRY J. KAISER FAMILY FOUNDATION

POLICY BRIEF

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Determining Income Eligibility in Children's Health Coverage Programs: How States Use Disregards in Children's Medicaid and SCHIP

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Medicaid and the State Children's Health Insurance Program (SCHIP) are important sources of health coverage for children in working families. Currently, 44 states, including the District of Columbia, cover children in families with income up to 200 percent of the federal poverty line ($42,400 per year for a family of four in 2008) or higher.[2] The most recent data show that the vast majority of children in Medicaid and SCHIP — 75 percent — are in families with at least one worker.[3] Many low-income workers are not offered health insurance through their employers, or coverage for dependents is not available or is too expensive. Thus, Medicaid and SCHIP provide critical help by making health coverage affordable for families whose incomes are insufficient to enable them to purchase health insurance on their own.

The methods used to determine whether a child qualifies for coverage, based on his or her family income, vary from state to state. Under longstanding federal law, states must follow certain rules in determining income-eligibility, but they also have considerable flexibility regarding whether they will count or exempt certain types or amounts of income and whether they allow deductions for certain types or amounts of expenses. Typically, states "disregard" — that is, they do not count — a portion of earnings from a working family's income to reflect that these resources are needed to cover work-related expenses and generally are not available to cover other costs, such as the cost of purchasing health coverage.

This issue brief describes the purpose of income "disregards" (which refer to both income that is excluded and expenses that are deducted from a family's earnings); how disregards help enable children in working families to obtain health coverage; the types and amounts of disregards currently used in Medicaid for children and SCHIP; and the implications of prohibiting the application of disregards in determining eligibility for children's health coverage programs.

Disregards have been used to provide families a work incentive; to make health coverage more widely available and affordable; and to ensure that a family's work-related expenses are taken into account when determining eligibility for public health coverage programs. Allowing for disregards in both Medicaid and SCHIP also helps foster smooth coordination between the programs. If the use of disregards is prohibited, uninsured children in low-income working families would be at risk of remaining uninsured or without affordable health coverage.

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[2] Donna Cohen Ross, Aleya Horn and Caryn Marks, "Health Coverage for Children and Families in Medicaid and SCHIP: State Efforts Face New Hurdles - A 50 State Update on Eligibility Rules, Enrollment and Renewal Procedures, and Cost-Sharing Practices in Medicaid and SCHIP in 2008," Kaiser Commission on Medicaid and the Uninsured, January 2008. (Since January 2008, South Carolina has created a separate SCHIP program and expanded coverage up to 200 percent of the federal poverty line and Wisconsin has expanded coverage up to 250% of the federal poverty line.)
[3] Kaiser Commission on Medicaid and the Uninsured/Urban Institute analysis of the March 2007 CPS.

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How Do States Determine Income Eligibility?

As means-tested programs, both Medicaid and SCHIP rely on family income as an important factor in determining eligibility for children. States must follow certain federal rules, in deciding on an "income methodology," but at the same time, they have significant discretion to determine what types of income to count and whether they will exclude or "disregard" particular types or amounts of income. Once income is calculated, it is compared to the program's income standard (which is a percentage of the federal poverty line); if the family's countable income is less than the standard, the child will qualify for coverage.[4]

In determining a child's eligibility for Medicaid, states are required, at a minimum, to apply the disregards established under the former Aid to Families with Dependent Children (AFDC) program, but they can choose to apply larger, more generous disregards, if they wish. The minimum disregards include a $90-per-month earnings disregard for each worker, a deduction for child care expenses up to $200 per month for children up to age 2, and up to $175 per month for children age 2 and older; and a $50 disregard for child support received.[5] Under SCHIP, states have broad flexibility to make decisions about whether to use disregards.

Why Use "Disregards?"

To provide a work incentive. An original purpose of using disregards in public benefit programs was to support low-income families in their efforts to enter the labor force and maintain their jobs. As far back as 1967, working mothers were allowed to keep a portion of their earnings and still qualify for AFDC. Research has shown this strategy to be an effective work incentive.[6] The minimum AFDC disregards were carried over into Medicaid for children. In addition to supporting low-income families' efforts to work their way out of poverty, disregards can help them avoid the choice between declining a higher paying job (or forgoing overtime hours) and losing their health coverage, which would compromise their children's health and the family's security. While states must, at a minimum, use the disregards established under the AFDC program, they can establish more generous disregards. By applying larger disregards, states enable working families to continue to qualify for coverage while they are earning more. This staves off the "income cliff," or the point at which additional earnings will make the child ineligible for coverage.

To make coverage available and affordable. As states expanded Medicaid — and later, implemented SCHIP — children with family income up to twice the federal poverty line and higher became eligible for coverage. For these families, disregard policies remain instrumental in the eligibility determination process, since they account for the fact that workers must incur certain expenses, such as transportation to and from the job, and that money spent on such necessities is not available to purchase health insurance. By not counting a portion of family income that must be used for such expenses, states obtain a more accurate picture of a family's disposable income in evaluating whether the family should qualify for public health coverage.

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[4] Andy Schneider and R. Elias, R. Garfield, D. Rousseau and V. Wachino, "The Medicaid Resource Book," Kaiser Commission on Medicaid and the Uninsured, July 2002

[5] Section 1931 of the Social Security Act. These minimums refer to the amounts that must be used in determining a child's eligibility under the Medicaid "poverty level" category.

[6] Charles Michalopoulos, "Does Making Work Pay *Still* Pay?" An Update on the Effects of Four Earnings Supplement Programs on Employment, earnings and Income, MDRC, August 2005.

Disregard policies also help to keep coverage affordable for families with eligible children. A majority of states (34 states) require families with modest incomes to share the cost of coverage by paying premiums or enrollment fees, and most often the cost to the family is based on a sliding scale according to income.[7] Using the family's net income — after disregards are subtracted — to set the amount of the required premium helps make it more likely that families are charged appropriately and that they will be able to meet their premium payments so their children do not lose coverage.

To target assistance to families with particular needs. Some types of disregards are applied to *all* families applying for coverage; others are used to help *only* families that incur specific expenses. For example, while the minimum $90-per-worker monthly earnings disregard typically is applied to the income of all working families that apply for coverage for their children, a child care deduction and child support disregard are available only to families that pay those costs. States generally deduct a portion of child care expenses from the families' income, allowing deductions for actual expenses up to $200 per month for children up to age 2, and up to $175 per month for children older than age 2. Low-income working families generally pay more than these amounts for child care — on average, they actually pay $350 per month per child — so the child care disregard helps to buffer the effect of this financial burden when determining the child's eligibility for health coverage.[8]

In addition to work-related expenses, states also must disregard a portion of the child support payments received on a child's behalf from an absent parent, so that the money can be used by the custodial parent to provide for the child's basic needs. Some states also deduct a portion of the child support that a non-custodial parent pays toward the care of a child not living in his or her home. This is important because parents paying child support may also have children in their own households who need health coverage. The deduction also helps encourage parents to continue to meet their child support obligations.

To foster coordination between Medicaid and SCHIP. Using the same income counting rules in both Medicaid and SCHIP helps to facilitate the required "screen and enroll" process, which stipulates that when a child applies for SCHIP, a Medicaid eligibility determination must be made first, and a child found eligible for Medicaid must be enrolled in that program. Having the same income counting rules precludes the need to calculate income twice using different methodologies. Similarly, an essential feature of a seamless children's health coverage system is the ability of program administrators to easily transfer a child from one program to another if family finances or other circumstances change. Smooth transfers between Medicaid and SCHIP help avoid unnecessary gaps in coverage that can jeopardize the health of children, particularly those with chronic or pressing medical needs.

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[7] Donna Cohen Ross, Aleya Horn and Caryn Marks, "Health Coverage for Children and Families in Medicaid and SCHIP: State Efforts Face New Hurdles - A 50 State Update on Eligibility Rules, Enrollment and Renewal Procedures, and Cost-Sharing Practices in Medicaid and SCHIP in 2008," Center on Budget and Policy Priorities for the Kaiser Commission on Medicaid and the Uninsured, January 2008.

[8] This figure is based on data from 2002 (the most recent year available), adjusted for inflation to 2007 dollars.

Exhibit A
How Disregards Work

North Carolina's SCHIP program, NC Health Choice, covers children not eligible for Medicaid, who are in families with incomes up to 200 percent of the federal poverty line, or $41,300 per year for a family of 4 in 2008. Sam and Peggy Jones live in Charlotte and are raising two children, Sarah (age 3) and Ben (9 months). Both parents work full time and neither employer offers health insurance. Sam works as an appliance repairman earning $13 per hour and Peggy works as a paralegal earning $10 per hour. The family earns a total gross income of $46,000 per year, equivalent to 223 percent of the federal poverty line for a family of 4 in 2008. Because the children are both very young, they are enrolled in a child care program while their parents are working. Sam and Peggy pay $400 a month for their infant and $350 per month for their three-year-old.

Based on the family's gross income, it appears that Sam and Peggy earn too much for their children to qualify for NC Health Choice. However, North Carolina allows a $90 monthly earnings disregard per worker and also allows a deduction for child care expenses up to $200 per month for an infant and $175 per month for a child older than 2. Therefore, for this family, North Carolina disregards $555 per month, or $6660 per year. Their net income, for NC Health Choice eligibility purposes, is $39,400, which is below the NC Health Choice income limit. Thus, the Jones children qualify for coverage. Were it not for the disregards, the Jones' children, Sarah and Ben would remain uninsured.

Calculating NC Health Choice Eligibility for the Jones Children

NC Health Choice Eligibility Limit	$41,300/yr for a family of 4	(200 % FPL)
Jones Family Gross Income	$46,000/yr	(223 % FPL)

Allowable Disregards

Earnings for Sam and Peggy:	$90 per month x 2 workers x 12 months =	$2,160
Ben's child care:	$200 per month x 12 months =	$2,400
Sarah's child care:	$175 per month x 12 months =	$2,100
Total:		$6,660

Jones family income ($46,000) — Total Disregards ($6,660) = $39,400/yr (191% FPL)

The result is that the Jones family net income of $39,400 is below the income standard of $41,300 for a family of 4 and so the Jones' children, Sarah and Ben, can qualify for health coverage in North Carolina.

How Else Are Disregards Used?

States also can use disregards as a mechanism for expanding health coverage to individuals in working families with more modest incomes. To accomplish this, a state can use what is referred to as an "en bloc" or "block of income" disregard, under which the state disregards all family income between a minimum (mandatory) income level (for example, 133 percent of the federal poverty line, mandatory for an infant in Medicaid) and the income limit set by the state (for example, 185 percent of the federal poverty line for an infant in Medicaid). States employ this mechanism under their longstanding authority to determine eligibility using methodologies that are "less restrictive" than those used in their AFDC programs as of July 16, 1996. [9]

9 Section 1931(b) of the Social Security Act.

In SCHIP, states have longstanding flexibility to set income eligibility levels. Technically, under SCHIP, coverage is available for "targeted low-income children," defined as those not eligible for Medicaid who live in families with income (as defined by the state) at or below 200 percent of the federal poverty line, or up to 50 percentage points higher than the states' Medicaid income limit, whichever is higher. Because states have the discretion to define how they count income, they can use this flexibility to set their SCHIP income eligibility limit higher than 200 percent of the federal poverty line.[10] As in Medicaid, to accomplish this, a state can use an "en bloc" disregard, under which the state disregards all family income between 200 percent of the federal poverty line and the state's income limit.

This mechanism has been widely used and accepted in SCHIP since states began implementing the program and is explicitly described in numerous state plans approved by the Centers for Medicare and Medicaid Services (CMS). States including California, Connecticut, Massachusetts, Missouri, New Hampshire, New Jersey, New York, Pennsylvania and Tennessee use this method to set their effective income eligibility levels in SCHIP, thereby expanding coverage to more uninsured children. Having the flexibility to set income eligibility under SCHIP is especially important in states where living costs are high and families with modest incomes typically have insufficient income to meet basic family needs and also purchase health insurance. In 2007, the average cost of an employer-sponsored family plan was $12,106 a year in premiums (not including various out-of-pocket costs). Without an employer contribution, such premiums alone would take 29 percent of income for a family of four with income at 200 percent of the federal poverty line.[11]

Specific Disregards in States' Medicaid Programs for Children and SCHIP : Findings From a National Survey[12]

The attached table presents the disregards for work-related expenses, child care expenses, child support received and child support paid in children's Medicaid (poverty level category) and SCHIP programs in the 50 states and the District of Columbia as of January 2008, based on data collected as part of an annual survey of eligibility rules, enrollment and renewal procedures, and cost-sharing practices in Medicaid and SCHIP, conducted by the Center on Budget and Policy Priorities for the Kaiser Commission on Medicaid and the Uninsured. The table does not present the "en bloc" disregards states may use; rather, the income limits presented account for such disregards, if the state uses them.[13]

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[10] 42 CFR 457.10 states "Family income means income as determined by the State for a family as determined by the State"; see also Federal Register, vol 66. no. 8 January 11, 2001, p.2535 states (with respect to the definition of targeted low income child: "We left States the discretion to define "income" and "family" for purposes of determining financial need."

[11] "Employer Health Benefits: 2007 Summary of Findings," The Kaiser Family Foundation and Health Research and Educational Trust, 2007.

[12] Donna Cohen Ross, Aleya Horn and Caryn Marks, "Health Coverage for Children and Families in Medicaid and SCHIP: State Efforts Face New Hurdles - A 50 State Update on Eligibility Rules, Enrollment and Renewal Procedures, and Cost-Sharing Practices in Medicaid and SCHIP in 2008," Kaiser Commission on Medicaid and the Uninsured, January 2008.

[13] Also not presented in the table are additional, less common disregards states may apply. For example, Delaware excludes one-half of the gross parental income (including earned and unearned income) in the eligibility determination for a pregnant teen.

The survey found that:

- In children's Medicaid, all but five states (*Idaho, Massachusetts, Minnesota, Oregon and Wisconsin*) apply at least one type of disregard when determining eligibility.[14]

    - Nearly half the states (24 states) apply the required minimum set of disregards in their regular Medicaid programs: $90/month/worker earnings disregard (for work-related expanses); $200 or $175/month deduction of child care (depending on the child's age), and $50/month deduction of child support received.[15]

    - Eighteen states (18 states) apply at least one disregard in their regular Medicaid programs that is more generous than the minimum allowed by law.[16]

    - Eleven states (11 states) do not apply at least one of the mandatory disregards.[17]

- Of the 38 states with separate SCHIP programs, nearly two-thirds (25 states) apply at least one type of disregard when determining eligibility.[18]

    - All but five of the 25 states that apply disregards in their separate SCHIP programs (*Colorado, Iowa, Maine, Pennsylvania* and *South Dakota*), apply the same disregards that they use in their children's Medicaid programs.

      Colorado's SCHIP program does not apply the earnings disregard for workers in the household; it also allows families to deduct the full amounts of child care costs, child support received, and child support paid. In its Medicaid program, the mandatory minimum disregards are applied for earnings, child care expenses and child support received, but no deduction is applied for child support paid.

      Iowa's SCHIP program applies the same disregard for earnings and child support received as is applied in Medicaid. However, the state's SCHIP program does not apply a deduction for child care expenses or child support paid, whereas the state's Medicaid program does apply such disregards.

      Maine's SCHIP program allows only a monthly $50 disregard for child support received; in its Medicaid program, the state applies disregards for earnings, child care and child support paid.

      South Dakota's SCHIP program has no earnings disregard, but allows a higher child care deduction than is allowed in its Medicaid program. The deductions for child support are the same in both programs.

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[14] States for which the federal minimum disregards are not presented either reported that they have a federal waiver, an approved state plan amendment, or they did not report the minimum amounts.
[15] Arkansas and Minnesota apply different disregards in their SCHIP-funded Medicaid expansions.
[16] In Tennessee (not counted here) the mandatory minimum disregards are applied under the state's Medicaid waiver program, but not under regular Medicaid. Regular Medicaid applies only the $50 disregard for child support paid.
[17] See note 14.
[18] Not including "en bloc" disregards which, as noted, are not presented in this table.

Pennsylvania's SCHIP program does not allow a disregard for child support received, as is allowed in its Medicaid program. The earnings disregards and child care deductions are the same in both programs.

- Of the 18 states that cover children at or above 250 percent of the federal poverty line, 10 states apply at least one disregard in determining eligibility for children at this income level.[19]

Eliminating Disregards Would Likely Leave Many Children in Working Families Uninsured

The recent SCHIP reauthorization debate has focused attention on states' longstanding flexibility to establish income eligibility in children's health coverage programs, and has brought the issue of applying disregards to family income to the forefront. Stating its intention to guard against the risk of "crowd-out" (the substitution of public coverage for private coverage), CMS issued a directive on August 17, 2007 that precludes states from using SCHIP funds to expand health coverage to children in families with gross incomes (that is, income before disregards or deductions are applied) above 250 percent of the federal poverty line unless the state meets strict conditions related to the participation of lower income children in Medicaid and SCHIP, and the rates of employer-based coverage of children in the state.[20]

The CMS August 17 directive both constrains states' ability to expand health coverage to children in families with income above 250 percent of the federal poverty line (FPL), and also restricts states' flexibility to continue to apply disregards when determining eligibility for coverage under such expansions. For example, both Louisiana and Oklahoma had planned to expand coverage to children in families with income up to 300 percent FPL, but have been compelled to pare back their expansions to 250 percent FPL. Both states have been informed by CMS that the 250 percent FPL income limit must be a gross income limit, that is, they may not apply the usual disregards and deductions to determine eligibility. In both states, the initial plan had been to use the same disregards currently in place in their regular Medicaid and SCHIP-funded Medicaid expansion programs, which in Louisiana are the federal minimum amounts, and in Oklahoma are only slightly more generous. In Louisiana, state officials explained that the purpose was to, "reduce confusion for families and increase coordination between the two programs, as has been continually urged." According to Oklahoma state officials, "This interpretation [barring the use of disregards] significantly alters our plans for the expansion …a change of this magnitude would potentially delay implementation considerably beyond the 8/1/08 target date."[21] In addition, in response to the August 17 directive, both Tennessee and Indiana have modified their planned expansions by eliminating disregards currently in place for lower income children.[22]

Most experts and state officials view these conditions as nearly impossible for states to meet and have raised concerns about how the rates would be calculated. A majority of Governors and numerous members of Congress have criticized the August 17th directive, and it is the subject of

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19 Indiana's expansion to 250 percent of the federal poverty line was approved by CMS in May 2008.

20 Letter from Dennis Smith, Director of the Center for Medicaid and State Operations at the Centers for Medicare and Medicaid Services, to State Health Officials, August 17, 2007.

21 Correspondence with J. Ruth Kennedy, Medicaid deputy Director, Louisiana Department of Health and Hospitals, 3-17-08; Buffy Heater, Planning and Development Manager, Oklahoma Health Care Authority, 3-17-08.

22 As of March 1, 2008, Tennessee stopped using all disregards in their separate SCHIP program and now the state uses a gross income test to determine eligibility for SCHIP. (Correspondence with Stephanie K. Dickerson, Assistant Director, CoverKids)
Indiana approved an expansion to children in families with income up to 300 percent of the federal poverty line, but pared back to 250 percent of the federal poverty line and will not apply disregards.

several lawsuits. In addition, both the Congressional Research Service (CRS) and the Government Accountability Office (GAO) have issued legal opinions finding that the federal government was not authorized to issue the directive.[23] CMS issued a letter on May 7, 2008 in an attempt to address issues and concerns regarding the August 17th directive; however, the letter does not substantively change the underlying policies in the directive and the letter does not specifically address the issue of disregards.[24] In the Child Health Insurance Program Reauthorization Act (CHIPRA), which passed by a bipartisan majority but was vetoed by President Bush, Congress capped SCHIP eligibility at 300 percent of the federal poverty line, and disallowed the use of "en bloc" disregards. However, it explicitly supported permitting states to continue the use of other earnings disregards and deductions. The President's fiscal year 2009 budget proposes to further restrict eligibility in SCHIP, and reiterates the Administration's intention to limit the use of disregards in the SCHIP program.

The findings from the national survey presented in this brief indicate that children in nearly all states would be affected by policies to curtail the use of disregards. State flexibility to tailor their coverage programs to meet their residents' needs would be restricted as a result. If disregards are limited, state efforts to expand coverage to reduce the number of uninsured children could be hampered and substantial numbers of children in low-income working families that do not have the ability to purchase insurance on their own could be faced with a loss of health care coverage.

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[23] Memo to the Honorable John D. Rockefeller IV from Morton Rosenberg, American Law Division, Congressional Research Service, January 10, 2008; and Letter to the Honorable John D. Rockefeller IV and the Honorable Olympia Snowe from the Government Accountability Office, April 17, 2008.

[24] Letter from Herb Kuhn, Acting Director of the Center for Medicaid and State Operations at the Centers for Medicare and Medicaid Services, to State Health Officials, May 7, 2008.

Disregards in Children's Medicaid Programs (Poverty Level Category)
January 2008

STATE	Medicaid Income Eligibility (Percent of the Federal Poverty Line)			Disregards in Children's Medicaid Program			
	Age (0-1)[1]	Age (1-5)[1]	Age (6-19)[1]	Earnings ($/worker/month)	Child Care Expenses (per month)	Child Support Received (per month)	Child Support Paid (per month)
Alabama	133	133	100	$90	$200 or $175	$50	None
Alaska	175	175	175	$90	$200 or $175	$50	Full Amount
Arizona	140	133	100	$90	$200 or $175	$50	None
Arkansas[2]	200	200	200	$90 None	$200 or $175 None	$50 $50	None None
California	200	133	100	$90	$200 or $175	$50	Full Amount
Colorado	133	133	100	$90	$200 or $175	$50	None
Connecticut	185	185	185	$90	$200 or $175	$100	None
Delaware	200	133	100	$90	$200 or $175	$50	None
District of Columbia[2]	300	300	300	$90 $100	$200 or $175 Full Amount	$150 $150	None None
Florida	200	133	100	$90	$200 or $175	$50	None
Georgia[4]	200	133	100	$90	$200 or $175	$50	None
Hawaii	300	300	300	$90	None	None	None
Idaho	133	133	133	Gross Income	Gross Income	Gross Income	Gross Income
Illinois[4]	200	133	133	$90	$200 or $175	$50	Full Amount
Indiana	200	150	150	$90	$200 or $175	$50	None
Iowa	200	133	133	20%	$200 or $175	$50	Full Amount
Kansas	150	133	100	$200	None	None	None
Kentucky	185	150	150	$90	$200 or $175	$50	None
Louisiana	200	200	200	$90	$200 or $175	$50	Full Amount
Maine	200	150	150	$90	$200 or $175	$50	Full Amount
Maryland	300	300	300	$90	$200 or $175	$50	Full Amount
Massachusetts	200	150	150	Gross Income	Gross Income	Gross Income	Gross Income
Michigan	185	150	150	$90	$200	$50	Full Amount
Minnesota[2 5]	275 / 280	275	275	$90 Gross Income	$200 or $175 Gross Income	None Gross Income	Full Amount Gross Income
Mississippi	185	133	100	$90	$200 or $175	$50	None
Missouri	185	150	150	$90	$200 or $175	None	None
Montana	133	133	100	$120	$200	None	None
Nebraska	185	185	185	$100	Full Amount	None	None
Nevada[6]	133	133	100	$90 or 20%	Full Amount	None	None
New Hampshire	300	185	185	$90	$200 or $175	None	Full Amount
New Jersey[4]	200	133	133	$90	$200 or $175	$50	Full Amount
New Mexico[7]	235	235	235	$750 / $90	$375 / $175	$50 / $50	None
New York	200	133	100	$90	$200 or $175	$50	None
North Carolina	200	200	100	$90	$200 or $175	$50	Full Amount
North Dakota[8]	133	133	100	$90	Full Amount	$50	Full Amount
Ohio	200	200	200	$90	$200 or $175	$50	Full Amount
Oklahoma	185	185	185	$240	$200 or $175	$50	None
Oregon	133	133	100	Gross Income	Gross Income	Gross Income	Gross Income
Pennsylvania	185	133	100	$120	$200 or $175	$50	None
Rhode Island	250	250	250	$90	$200 or $175	$50	None
South Carolina	185	150	150	$100	$200	$50	None
South Dakota	140	140	140	20%	$200 or $175	$50	Full Amount
Tennessee[2]	185	133	100	None $90	None $200 or $175	$50 $50	None None
Texas	185	133	100	$120	$200 or $175	$50	Full Amount
Utah	133	133	100	$90	$200 or $175	$50	None
Vermont[9]	300	300	300	$90	$200 or $175	$50	None
Virginia	133	133	133	$90	$200 or $175	$50	None
Washington[10]	200	200	200	$90	Full Amount	None	Full Amount
West Virginia	150	133	100	$90	$200 or $175	$50	None
Wisconsin[11]	250	250	250	Gross Income	Gross Income	Gross Income	Gross Income
Wyoming[12]	133	133	100	$400 or $200	None	$50	None

SOURCE: Based on a national survey conducted by the Center on Budget and Policy Priorities for the Kaiser Commission on Medicaid and the Uninsured, 2008. See notes on the following page.

NOTES:

The income eligibility levels noted may refer to gross or net income depending on the state. The income eligibility levels account for “en bloc” disregards that are not separately presented in this table. Minimum disregards that are mandatory in Medicaid are as follows: $90/mo per worker; up to $200/mo for a child under age 2; $175/mo for a child age 2 and older; and $50 child support received. States have the flexibility to apply disregards that are larger than these minimums. These disregards are required in determining a child’s eligibility under the Medicaid “poverty level” category. The disregards that are used when determining eligibility for family coverage under Section 1931 (which includes children as well as parents) may be different from those presented in this table. Some states apply additional less common disregards.

1. To be eligible in the infant category, a child has not yet reached his or her first birthday. To be eligible in the 1-5 category, the child is age one or older, but has not yet reached his or her sixth birthday. To be eligible in the 6-19 category, the child is age six or older, but has not yet reached his or her 19th birthday.

2. For **Arkansas, District of Columbia, Minnesota,** and **Tennessee,** different disregards are used in the state’s regular Medicaid program (first line of the table) and their SCHIP-funded Medicaid expansion (second line of the table -- AR and DC) or Medicaid waiver programs (second line of MN and TN).

4. **Georgia, Illinois,** and **New Jersey** cover infants in families with income at or below 200 percent of the federal poverty line who are born to mothers enrolled in Medicaid. **Georgia** and **New Jersey** cover infants not born to Medicaid enrolled mothers in families with income at or below 185 percent of the federal poverty line. **Illinois** covers infants not born to Medicaid-enrolled mothers in families with income at or below 133 percent of the federal poverty line.

5. In **Minnesota**, the infant category under "regular" Medicaid includes children up to age 2. Under "regular" Medicaid, income eligibility for infants is up to 275 percent of the federal poverty line, and under SCHIP, eligibility for infants is between 275 percent and 280 percent of the federal poverty line. Under "regular" Medicaid, income eligibility for children ages 2-19 is up to 150 percent of the federal poverty line, and under the Section 1115 waiver, income eligibility for children in this age group is between 150 and 275 percent of the federal poverty line. The Section 1115 waiver provides coverage for children up to age 21.

6. **Nevada** disregards $90 or 20 percent of earnings (whichever is greater).

7. In **New Mexico**, the allowable disregards for earnings and childcare are based on age. Earned income disregard for households with children under age six is $750 per month. For households with children age six to nineteen, earned income disregard is $90 per month per employed parent. Eligibility is calculated separately for each child depending on his or her age. For children under age six, childcare expenses are either a standard $375 or the actual amount of the expenses if they exceed $375. For children age six and older, childcare expenses up to $175 a month may be deducted.

8. In **North Dakota,** $90 or the sum of federal income tax, state income tax, FICA, and any union dues, whichever is greater.

9. In **Vermont**, Medicaid covers uninsured children in families with income at or below 225 percent of the federal poverty line; uninsured children in families with income between 226 and 300 percent of the federal poverty line are covered under a separate SCHIP program. Underinsured children are covered under Medicaid up to 300 percent of the federal poverty line. This expansion of coverage for underinsured children was achieved through an amendment to the state’s Medicaid Section 1115 waiver.

10. **Washington** disregards all “reasonable” work-related childcare expenses in its children’s Medicaid and separate SCHIP programs.

11. **Wisconsin’s** expansion program was implemented in February 2008.

12. In **Wyoming**, earnings disregards are based on marital status. Married couples automatically get a standard $400 deduction. If not married and both parents are working, the family receives the $400 deduction. If unmarried with one parent working, there is a $200 deduction.

Disregards in Children's Separate SCHIP Programs
January 2008

STATE	Separate SCHIP Program[1] (Percent of the Federal Poverty Line)	Disregards in SCHIP Program			
	Age 0-19	Earnings ($/worker/month)	Child Care Expenses (per month)	Child Support Received (per month)	Child Support Paid (per month)
Alabama	200	$90	$200 or $175	$50	None
Alaska		N/A	N/A	N/A	N/A
Arizona	200	Gross Income	Gross Income	Gross Income	Gross Income
Arkansas		N/A	N/A	N/A	N/A
California	250	$90	$200 or $175	$50	Full Amount
Colorado	200	None	Full Amount	Full Amount	Full Amount
Connecticut	300	$90	$200 or $175	$100	None
Delaware	200	$90	$200 or $175	$50	None
District of Columbia		N/A	N/A	N/A	N/A
Florida[2]	200	$90	$200 or $175	$50	None
Georgia	235	$90	$200 or $175	$50	None
Hawaii		N/A	N/A	N/A	N/A
Idaho	185	Gross Income	Gross Income	Gross Income	Gross Income
Illinois[3]	200 (no limit)	$90	$200 or $175	$50	Full Amount
Indiana[4]	200	$90	$200 or $175	$50	None
Iowa	200	20%	None	$50	None
Kansas	200	$200	None	None	None
Kentucky	200	$90	$200 or $175	$50	None
Louisiana[5]	250	Gross Income	Gross Income	Gross Income	Gross Income
Maine	200	None	None	$50	None
Maryland		N/A	N/A	N/A	N/A
Massachusetts[3]	300 (400+)	Gross Income	Gross Income	Gross Income	Gross Income
Michigan	200	$90	$200	$50	Full Amount
Minnesota		N/A	N/A	N/A	N/A
Mississippi	200	$90	$200 or $175	$50	None
Missouri	300	Gross Income	Gross Income	Gross Income	Gross Income
Montana	175	$120	$200	None	None
Nebraska		N/A	N/A	N/A	N/A
Nevada[6]	200	Gross Income	Gross Income	Gross Income	Gross Income
New Hampshire	300	$90	$200 or $175	None	Full Amount
New Jersey	350	Gross Income	Gross Income	Gross Income	Gross Income
New Mexico		N/A	N/A	N/A	N/A
New York	250	Gross Income	Gross Income	Gross Income	Gross Income
North Carolina	200	$90	$200 or $175	$50	Full Amount
North Dakota[7]	140	$90	Full Amount	$50	Full Amount
Ohio		N/A	N/A	N/A	N/A
Oklahoma		N/A	N/A	N/A	N/A
Oregon	185	Gross Income	Gross Income	Gross Income	Gross Income
Pennsylvania	300	$120	$200 or $175	None	None
Rhode Island		N/A	N/A	N/A	N/A
South Carolina[8]	200	$100	$200	$50	None
South Dakota	200	None	$500	$50	Full Amount
Tennessee[9]	250	Gross Income	Gross Income	Gross Income	Gross Income
Texas	200	Gross Income	Gross Income	Gross Income	Gross Income
Utah	200	Gross Income	Gross Income	Gross Income	Gross Income
Vermont[10]	300	$90	$200 or $175	$50	None
Virginia	200	Gross Income	Gross Income	Gross Income	Gross Income
Washington[11]	250	$90	Full Amount	None	Full Amount
West Virginia	220	$90	$200 or $175	$50	None
Wisconsin		N/A	N/A	N/A	N/A
Wyoming[12]	200	Gross Income	Gross Income	Gross Income	Gross Income

SOURCE: Based on a national survey conducted by the Center on Budget and Policy Priorities for the Kaiser Commission on Medicaid and the Uninsured, 2008.
See notes on the following page.

NOTES:

1. The states noted use federal SCHIP funds to operate separate child health insurance programs for children not eligible for Medicaid. Such programs may provide benefits similar to Medicaid or they may provide a limited benefit package. They also may impose premiums or other cost-sharing obligations on some or all families with eligible children. These programs typically provide coverage through the child's 19th birthday.

2. **Florida** operates two SCHIP-funded separate programs. Healthy Kids covers children ages five through 19, as well as younger siblings in some locations. Medi-Kids covers children ages one through four. In **Florida's** separate SCHIP program, Medicaid disregards or gross income may be used (whichever is more beneficial to the family).

3. **Illinois** and **Massachusetts** provide state-financed coverage to children with incomes above SCHIP levels. Eligibility is shown in parenthesis.

4. CMS approved **Indiana's** expansion to children in families up to 250 percent of the federal poverty line in May 2008. Under this expansion, the state will not apply earnings, childcare and child support disregards in determining children's eligibility in families with income above 200 percent of the federal poverty line.

5. **Louisiana's** separate SCHIP program will be implemented June 1, 2008.

6. **Nevada** disregards $90 or 20 percent of earnings (whichever is greater).

7. In **North Dakota,** $90 or the sum of federal income tax, state income tax, FICA, and any union dues, whichever is greater.

8. **South Carolina** implemented a separate SCHIP program for children not eligible for Medicaid with income between 150 and 200 percent of the federal poverty line on April 1, 2008.

9. **Tennessee** also made changes to its separate SCHIP program as a result of the August 17, 2007 Directive. As of March 1, 2008, the state stopped using all disregards and now uses a gross income test to determine eligibility for SCHIP. (Correspondence with Stephanie K. Dickerson, Assistant Director, CoverKids)

10. In **Vermont**, uninsured children in families with income between 226 and 300 percent of the federal poverty line are covered under a separate SCHIP program.

11. **Washington** disregards all "reasonable" work-related childcare expenses in its children's Medicaid and separate SCHIP programs.

12. In **Wyoming**, earnings disregards are based on marital status. Married couples automatically get a standard $400 deduction. If not married and both parents are working, the family receives the $400 deduction. If unmarried with one parent working, there is a $200 deduction.

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