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CMCS Informational Bulletin

DATE: July 3, 2019

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SUBJECT: Temporary Census Income and Medicaid and CHIP Eligibility

Preparations for the nationwide 2020 Decennial Census are underway, calling for the recruitment and hiring of thousands of individuals, many of whom are low-income. Concern about temporary earned income affecting eligibility for health coverage and other benefits has been a challenge to robust recruitment of census workers. In order to minimize concerns and incentivize census employment, the Administration is encouraging public benefit programs, to the extent permitted under the law, to exclude temporary income from census employment when determining eligibility for these programs. The Center for Medicaid and CHIP Services (CMCS) is issuing this Informational Bulletin (CIB) to describe existing authorities states may use to exclude, or minimize the impact of, income from temporary Census Bureau employment ("temporary census income") on Medicaid and Children's Health Insurance Program (CHIP) eligibility for census workers and their families.

Background

The Census provides low-income individuals, many of whom are eligible for Medicaid or in a household with Medicaid or CHIP eligible individuals, with a unique opportunity for employment and valuable training in work skills. These skills can provide an important foundation for entering the work force or advancing within the work force. The Census Bureau is working hard to recruit low-income individuals for census work, and one of the elements of a successful recruiting effort is ensuring the continued availability of Medicaid and CHIP coverage for workers and their families. During past censuses, state Medicaid and CHIP agencies have been encouraged to ensure that temporary census workers and their families do not lose eligibility due to temporary census income. This is consistent with the Administration's priorities to incentivize work opportunities where possible among individuals enrolled in means-tested public benefits programs.

In past censuses, states were able to disregard temporary census income for all Medicaid and CHIP eligibility groups. The move to the use of modified adjusted gross income (MAGI)-based methodology, which no longer permits the use of income disregards, changes the flexibilities available for many Medicaid eligibility groups and CHIP. Below we describe existing authorities states may use to exclude, or minimize the impact of, income from temporary Census Bureau employment.

Existing Flexibilities under the State Plan

Non-MAGI Eligibility Groups

States continue to have flexibility under section 1902(r)(2) of the Social Security Act ("the Act") to apply income and resource disregards in determining financial eligibility for individuals who are exempt from the use of MAGI-based methodologies (non-MAGI groups). As described at section 1902(e)(14)(D) of the Act, and implemented in regulation at 42 C.F.R. §435.603(j), non-MAGI methodologies are used to determine eligibility for individuals: who seek Medicaid on the basis of being age 65 or older or having blindness or disability; who request Medicaid coverage for certain long-term services and supports; who are being evaluated for one of the Medicare Savings Program (MSP groups); and who are medically needy. For these non-MAGI populations, states may disregard, in whole or in part, temporary census income. As discussed further below, a census income disregard can no longer be applied to an eligibility group that uses MAGI-based methodologies (such as Parents and Other Caretaker Relatives or Pregnant Women eligibility groups).

Many states have already elected to disregard temporary census income under the authority of section 1902(r)(2) of the Act for multiple eligibility groups in their state plan. We note that existing state plan disregards may have been time-limited, applying only to a specific Decennial Census. States should consult their state plans to determine whether census income disregards need modification/or to be updated. States that wish to apply disregards of temporary census income for non-MAGI groups for the first time or that wish to add or modify the non-MAGI groups affected need to submit a state plan amendment (SPA) to CMS. Such a SPA is submitted in the MACPro system. The SPA package will include each eligibility group to which the 1902(r)(2) disregard applies; and within each eligibility group the SPA effectuates the addition or modification of the disregard.

States with approved state plan disregards including eligibility groups that are now considered MAGI-based groups need not take further action. A SPA is not needed to delete the MAGI-based groups from the state plan page because the MAGI-based methodologies themselves prohibit application of specific income disregards. CMCS staff are available to provide technical assistance on existing state plan elections and potential SPAs.

MAGI-based Eligibility Groups

MAGI-based methodologies are generally based on federal income tax rules for countable income. Because temporary census income is taxable as employment income, it is counted in financial eligibility determinations for MAGI-based Medicaid eligibility groups and CHIP. Section 1902(e)(14)(B) of the Act prohibits the use of income disregards in MAGI-based methodologies, so states that previously excluded or disregarded temporary census income for eligibility in their Medicaid or CHIP state plans may no longer exclude such income for these groups. We note that under section 1902(e)(14)(F), the provisions of MAGI-based methodologies cannot be waived.

However, states do have some flexibility under the rules for MAGI-based methodologies to mitigate the impact of temporary census employment. Under the regulations at 42 C.F.R.

§435.603(h)(3), states may elect to have a "reasonable method to include a prorated portion of reasonably predictable future income" in the state plan. This option to apply a "reasonably predictable changes" (RPC) methodology enables states to prorate, or spread out, expected future changes over a longer period of time, up to 12 months. Many states have elected RPC methodologies for MAGI-based eligibility determinations under their state plan. Most often, states use this RPC methodology for fluctuating income, such as from seasonal work or self-employment. A state that has an approved RPC methodology for seasonal work may include temporary census income within its scope such that a new SPA submission would not be necessary. States that do not have existing state plan authority to implement an RPC methodology may elect such a methodology through a MAGI-Based Methodologies SPA submitted through the MACPro system. An RPC methodology cannot be limited only to temporary census income.

How RPC Works

If an individual expects to earn an additional $1,200 over two months working for the Census Bureau, the individual may be determined financially ineligible based on current monthly income, but a reasonably predictable changes methodology can prorate the temporary income over 12 months (or some lesser number of months elected by the state), or $100 per month.

Use of such a methodology can ensure that many individuals maintain financial eligibility despite the increased income, but it will not protect all individuals in MAGI-based eligibility groups. If a person's monthly income is close to the income standard for eligibility, the prorated portion of the temporary income may still lead to financial ineligibility for the individual. Under the previous example, if the individual's MAGI-based household income is within $100 of the effective income standard before earning the temporary income, the individual would exceed financial eligibility despite the use of the reasonably predictable changes methodology.

Transitional Medical Assistance

The Parents and Other Caretaker Relatives eligibility group (implemented at 42 C.F.R. §435.110), retains specific coverage protections due to increased earned income through Transitional Medical Assistance (TMA). Under section 1925 of the Act, TMA provides up to 12 months of continued Medicaid coverage to families who become ineligible for Medicaid due to earnings or hours of employment of the parent or caretaker relative. TMA is a required eligibility protection that states must apply to qualifying individuals as a result of increased earnings, including from temporary census employment, of the parent or caretaker relative.

To qualify for extended eligibility under TMA, an individual (such as a temporary Census Bureau worker) must have been covered under the Parents and Other Caretaker Relatives eligibility group for a specified number of months prior to losing eligibility (three of the previous six months, or fewer than three at state option); continue to live with a dependent child; and have earnings that cause family income to exceed the income standard for the Parent and Other Caretaker Relative group. TMA is triggered by a change in circumstances resulting from income from, or hours of, work of a parent or caretaker relative receiving coverage under the group for

Parents/Caretaker relatives described in 42 C.F.R 435.110. If temporary census income earned by an individual in the Parent/Caretaker Relative group triggers a transition to TMA, the Medicaid agency would redetermine the individual's eligibility when census employment ends. Unless other circumstances have changed, the individual likely would be transitioned back to the Parent/Caretaker Relative group at that time. (Children in the family who are eligible for the mandatory group for Children under Age 19, implemented at 42 C.F.R. §435.118, may benefit from TMA, although it is not necessary to transition children to TMA unless they lose eligibility for the mandatory group.)

Technical Assistance

CMS is available to provide technical assistance on the options and requirements described in this CIB, including how to submit the required state plan amendments. If you have questions or need technical assistance related to the state plan strategies discussed above, please contact Stephanie Kaminsky, Director, Division of Medicaid Eligibility Policy, at stephanie.kaminsky@cms.hhs.gov or (410) 786-4653.