

Implementation Guide: Medicaid State Plan Eligibility Eligibility Groups – Options for Coverage Reasonable Classifications of Individuals under Age 21

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Reasonable Classifications of Individuals under Age 21

POLICY CITATION

Statute: 1902(a)(10)(A)(ii)(I); 1902(a)(10)(A)(ii)(IV)

Regulation: 42 CFR 435.222

BACKGROUND

Overview

This reviewable unit (RU) describes the optional Medicaid eligibility group for reasonable classifications of individuals under age 21, as described at 42 CFR 435.222. It provides the criteria under which individuals may be covered under this group, the income standard used, and the basis for the income standard used.

Individuals Covered

Sections 1902(a)(10)(A)(ii)(I) and (IV) of the Act provide states with the option to cover all individuals under age 21 and/or reasonable classifications of such individuals, who have household income at or below a standard established by the state. Because this is an optional eligibility group, individuals are not eligible for this group if they are determined eligible for a mandatory group, such as the eligibility group for infants and children under age 19 (42 CFR 435.118), the eligibility groups for individuals receiving SSI (42 CFR 435.120 and 435.121) or the adult group (42 CFR 435.119), if elected.

Options: Age of Coverage. When electing this group, states specify the age threshold under which they will provide coverage. States may choose to cover individuals under age 21, under age 20, under age 19, or under age 18.

Options: Reasonable Classifications. States may elect to cover all individuals under the specified age who meet the requirements described in 42 CFR 435.222, and/or states may elect to cover one or more reasonable classifications of individuals. If reasonable classifications are established, the state specifies the categorical requirements and age threshold for each reasonable classification. States commonly have adopted this group to meet the needs of particular populations of children, for example, children who are in the custody of the state.

Income Eligibility

The state establishes an income standard for eligibility for each age group and reasonable classification covered under this eligibility group. The income standard(s) must be at least as high as the minimum and cannot exceed the maximum permitted for that age group or reasonable classification. The standard may be no income test.

The maximum income standard for this eligibility group is the higher of:

- The Aid to Families with Dependent Children (AFDC) payment standard in effect as of July 16, 1996, and

- The state’s highest effective income level for the reasonable classification of individuals under the Medicaid state plan or section 1115 demonstration as of December 31, 2013 (if covered as of that date). This standard is converted to a Modified Adjusted Gross Income (MAGI)-equivalent standard and may exceed the 1996 AFDC payment standard as follows.

Prior to implementation of MAGI, states regularly used the flexibility provided by section 1902(r)(2) of the Act to expand coverage under this group through the use of income disregards. Some states applied income disregards to all individuals under a specified age and others applied specific income disregards to specific reasonable classifications of individuals. When the MAGI-based methodologies became effective in 2014, states that covered one or more reasonable classifications of individuals under age 21 prior to January 1, 2014 converted their AFDC-based payment standards and methodologies (including income disregards) to equivalent MAGI-based income standards. For new age groups or reasonable classifications that were not covered before 2014, the income standard is limited to the 1996 AFDC payment standard, which is not converted to a MAGI-equivalent standard.

The minimum income standard varies, as follows, depending on the highest age of the individuals in the classification covered:

- Individuals under age 19 or reasonable classifications of individuals under age 19 – the minimum income standard is an FPL % greater than the lowest income standard chosen for children under the eligibility group for infants and children under age 19, at 42 CFR 435.118.
- Individuals under age 20 or age 21 (i.e., individuals aged 19 or individuals aged 19 and 20) or reasonable classifications of such individuals – the minimum income standard varies, depending on whether the state has elected to cover the adult group, at 42 CFR 435.119.
 - If the state covers the adult group, the minimum for each age group and classification for individuals aged 19 and 20 is a % FPL that is greater than 133%.
 - If the state does not cover the adult group, the minimum for each age group and classification for individuals aged 19 and 20 is the AFDC payment standard in effect as of July 16, 1996, not converted to a MAGI-equivalent.

To meet the Affordable Care Act’s maintenance of effort requirement, which remains in effect until October 1, 2019, states must maintain income standards and age ranges for this group that are at least as high as those in effect under their Medicaid state plans as of March 23, 2010, converted to a MAGI equivalent. A state may not eliminate or reduce eligibility by age or income under this group until October 1, 2019.

MAGI-based income methodologies are used to determine eligibility for this eligibility group. Separate RUs, **MAGI-Based Methodologies** (for states) and **MAGI-Based Methodologies – Territories** (for territories) describe the methodologies used by the

state. If the state wishes to make a change to its MAGI-based income methodologies, it must amend one of these RUs.

Interaction between Reasonable Classifications of Individuals and Adult Group

States that did not cover the reasonable classifications of individuals under age 21 group (either for all individuals under a specified age or one or more reasonable classifications), cannot adopt this group now if they have elected to cover the adult group described in 42 CFR 435.119. This is because the income standard for any group now adopted cannot exceed the state's 1996 AFDC payment standard, which in all states is lower than the income standard for the adult group (133% FPL). If a state has not elected to cover the adult group, it may adopt this group for all individuals under the age selected or reasonable classifications not covered before January 1, 2014. As a practical matter, any newly-adopted group or classification will only reach individuals who are age 19 and/or 20 because children under age 19 with income below the income standard for a new group will be eligible under the mandatory eligibility group for infants and children under age 19 described in 42 CFR 435.118.

REVIEWABLE UNIT DEPENDENCIES

Many RUs in MACPro are dependent upon other RUs. Each time a primary RU is changed, there could be an effect on other, secondary RUs which are dependent on the primary. For example, in the **Mandatory Eligibility Groups** RU, there is question as to whether the state covers the adult group. If **Yes** is selected, and if a box is checked to include the adult group in the submission package, then the **Adult Group** RU will be included by the system in the package and the user can navigate to it to complete it. If **No** is selected, the **Adult Group** RU will not be included in the package. In this example, the **Mandatory Eligibility Groups** RU is the *Primary RU* and the **Adult Group** RU is the *Secondary RU*. The **Adult Group** RU is considered to be dependent on selections made in the **Mandatory Eligibility Groups** RU.

Whenever a change in a primary RU may affect a secondary RU, you either need to revise the secondary RU (if it is already in the package) or add the secondary RU to the package so that it can be updated in the same submission package as the primary RU.

The following table explains the dependent relationships for the **Reasonable Classifications of Individuals under Age 21** RU:

Primary RU	Secondary RU	Nature of Dependency	Actions Needed
Mandatory Eligibility Groups	Reasonable Classifications of Individuals under Age 21	Unless the Mandatory Eligibility Groups RU (primary) has either been approved in MACPro or is included, completed and validated in the submission package, the Reasonable Classifications of Individuals under Age 21 RU (secondary) cannot be displayed.	If the secondary RU will not display because the primary RU is neither approved in MACPro nor included in the package, you need to: <ul style="list-style-type: none"> • Add the primary RU to the package, complete it and validate it. • Alternatively, remove the secondary RU from the package.

Primary RU	Secondary RU	Nature of Dependency	Actions Needed
Mandatory Eligibility Groups	Reasonable Classifications of Individuals under Age 21	<p>In section B of the Mandatory Eligibility Groups RU (primary), if <i>Yes</i> has been selected to <i>The state elects the Adult Group, described at 42 CFR 435.119</i> and the state did not cover a reasonable classification of children prior to 1/1/2014 (<i>No</i> is selected at C.1. in the secondary RU - Reasonable Classifications of Individuals under Age 21), the secondary RU cannot be completed and validated. The submission package cannot be submitted as long as it includes the secondary RU.</p>	<p>If you receive a warning message on the secondary RU that you cannot complete this RU because you cover the Adult Group and you did not cover the Reasonable Classifications of Individuals under Age 21 eligibility group before 1/1/2014:</p> <ul style="list-style-type: none"> • Make sure that you were correct to check <i>No</i> at C.1. in the secondary RU, that the state did not cover this group before 1/1/2014. • If this is correct and the state covers the adult group, you cannot cover the Reasonable Classifications of Individuals under Age 21 group in the state plan. • In this case, you need to remove the secondary RU from the package.

Primary RU	Secondary RU	Nature of Dependency	Actions Needed
Mandatory Eligibility Groups	Reasonable Classifications of Individuals under Age 21	In section B of the Mandatory Eligibility Groups RU (primary), if <i>No</i> has been selected to <i>The state elects the Adult Group, described at 42 CFR 435.119</i> and the state did not cover a reasonable classification of children prior to 1/1/2014 (<i>No</i> is selected at C.1. in the secondary RU - Reasonable Classifications of Individuals under Age 21), specific options are displayed for completion. Also, in section D of the secondary RU, the income standard will automatically display as <i>The AFDC payment standard as of 7/16/1996</i> . Section E will not display.	If you do not cover the Adult Group and you did not cover the Reasonable Classifications of Individuals under Age 21 eligibility group before 1/1/2014, select the appropriate options in the secondary RU.

INSTRUCTIONS

A. Characteristics

There are three statements (A.1. through A.3.) describing characteristics of this eligibility group.

B. Financial Methodologies

There is a statement that MAGI-based methodologies are used in calculating household income for this eligibility group. A separate RU, **MAGI-Based Methodologies (or MAGI-Based Methodologies-Territories)**, describes the MAGI-based methodologies used by the state.

If you wish to view the state's methodologies, select the *View approved version of MAGI-Based Methodologies* link.

- The appropriate **MAGI-Based Methodologies** RU will appear if there is an approved version in the MACPro system.
- If there is no approved version of the RU in MACPro, a screen will appear with the following message: "There is no approved version of this reviewable unit in MACPro available to display."
- Select the *Reasonable Classifications of Individuals Under Age 21* link to return to the **Reasonable Classifications of Individuals Under Age 21** RU.

C. Individuals Covered

At C.1., select *Yes* or *No* to indicate if one or more reasonable classifications of children was covered under the state plan as of December 31, 2013 or under a Medicaid 1115 Demonstration as of March 23, 2010 or December 31, 2013 with income standards higher than the current mandatory income standards for the individual's age (including disregarding all income).

- If *No* at C.1., and the state covers the adult group, you may not complete and submit this RU.

Screen Validation: A message will appear indicating that you may not choose to cover this optional group since the income standard for this group would be lower than that used for mandatory coverage.

- Navigate to the **Optional Eligibility Groups** RU and uncheck the **Reasonable Classifications of Individuals under Age 21** RU from the *Covered in State Plan* column. This will also automatically remove the RU from the submission package.
- If *No* at C.1., and the state does not cover the adult group:
 - At C.2. indicate, *Yes* or *No*, if the state covers all children of a specified age.
 - If *No*, continue to C.3.

- If *Yes*, at **C.2.a.** select one of the two options to indicate the age of children covered.
 - If **Age 19** is selected, select *Yes* or *No* to indicate if the state additionally covers reasonable classifications of children.
 - If *Yes*, continue to **C.3.**
 - If *No*, continue to section **D.**
 - If **Age 19 and Age 20** is selected, continue to section **D.**
 - If **C.3.** is displayed, enter reasonable classifications by selecting the *Add Classifications* button. See the **Reasonable Classifications of Children – Age 20 and/or Age 19** implementation guide for the instructions on how to complete the screen.
 - Once this screen has been saved, select the *Edit Classifications* button to add or remove a classification.
 - Once the reasonable classifications are finalized, continue to section **D.**
- If *Yes* at **C.1.** (i.e., the state previously covered the reasonable classifications of individuals group) continue as follows:

Screen Validation: If *No* is selected at both **C.2.** and **C.3.**, a message will appear indicating that you must indicate that you cover at least one age group or reasonable classification.

- At **C.2.** select, *Yes* or *No*, to indicate if the state covers at least one age group or reasonable classification of children who were not covered prior to January 1, 2014.
 - If *No*, continue to **C.3.**
 - If *Yes*, at **C.2.a.** select, *Yes* or *No*, to indicate if the state covers all children under a specified age limit who were not covered prior to January 1, 2014.
 - If *No*, continue to **C.2.b.**
 - If *Yes*:
 - At **C.2.a.i.** select one of the four options (**C.2.a.i.(1)** through **C.2.a.i.(4)**) to indicate the age of children covered.
 - At **C.2.a.ii.** select, *Yes* or *No*, to indicate if the state also covers one or more reasonable classifications of children.
 - In *No*, continue to **C.3.**
 - If *Yes*, continue to **C.2.b.**
 - If **C.2.b.** is displayed, enter reasonable classifications by selecting the *Add Classifications* button. See the **Reasonable Classifications of Children – Under Age 21, 20, 19 or 18** implementation guide for the instructions on how to complete the screen.
 - Once this screen has been saved, select the *Edit Classifications* button to add or remove a classification.
 - Once the reasonable classifications are finalized, continue to **C.3.**

- At **C.3.** select, *Yes* or *No*, to indicate whether the state covers at least one reasonable classification of children who were covered prior to January 1, 2014.
 - If *No*, continue to section **D.**
 - If *Yes*, at **C.3.a.** select, *Yes* or *No*, to indicate if the state covers all children under a specified age limit who were covered prior to January 1, 2014.
 - If *No*, continue to **C.3.b.**
 - If *Yes*:
 - At **C.3.a.i.** select one of the four options (**C.3.a.i. (1)** through **C.3.a.i.(4)**) to indicate the age of children covered.
 - At **C.3.a.ii.** select, *Yes* or *No*, to indicate if the state also covers one or more reasonable classifications of children.
 - In *No*, continue to section **D.**
 - If *Yes*, continue to **C.3.b.**
 - If **C.3.b.** is displayed, enter reasonable classifications by selecting the *Add Classifications* button. See the **Reasonable Classifications of Children – Under Age 21, 20, 19 or 18** implementation guide for the instructions on how to complete the screen.
 - Once this screen has been saved, select the *Edit Classifications* button to add or remove a classification.
 - Once the reasonable classifications are finalized, continue to section **D.**

D. Income Standard Used

If you made an election in section **C** to cover an age group and/or reasonable classification that was not covered by the state prior to January 1, 2014, there is a statement that the income standard for such age group and/or reasonable classification is the AFDC payment standard in effect as of July 16, 1996, not converted to a MAGI-equivalent standard.

- If you wish to view this standard, select the *View approved version of AFDC Payment Income Standard* link.
- This payment standard from the **AFDC Income Standards** RU will appear if it has been approved in the MACPro system.
- If there is no approved version of the RU in MACPro, a screen will appear with the following message: “There is no approved version of this reviewable unit in MACPro available to display.”
- Select the *Reasonable Classifications of Individuals under Age 21* link to return to the **Reasonable Classifications of Individuals under Age 21** RU.

If you made an election in Section **C**, to cover an age group and/or reasonable classification that was covered by the state prior to January 1, 2014, the age group and/or reasonable classifications entered in section **C** will be listed in section **D.**

- Enter income standard information by selecting on the name of the age group or classification. Once the income standard has been entered, selecting on the name again will either minimize or maximize the income standard information.
- For each age group or classification, select one of the three options presented (**D.1.** through **D.3.**) to define the income standard.
 - If **D.2. *The maximum standard*** is selected, the maximum standard will display once it has been entered at **E.2.c.**
 - If **D.3. *Another income standard*** is selected, at **D.3.a.**, indicate, *Yes* or *No*, if the income standard is based on a % of FPL.
 - If *Yes*, at **D.3.b.** enter the % of FPL in the text box provided.
 - If *No*, at **D.3.b.** select one of the four options to define the income standard.
 - If the first option, ***The current income standard used for Parents and Caretaker Relatives*** is selected, the standard in section **C.** of the **Parents and Other Caretaker Relatives** RU will apply.
 - If you wish to view this standard, select the ***View approved version of Parents and other Caretaker Relatives*** link.
 - The payment standard from the **Parents and Other Caretaker Relatives** RU will appear if it has been approved in the MACPro system.
 - If there is no approved version of the RU in MACPro, a screen will appear with the following message: “There is no approved version of this reviewable unit in MACPro available to display.”
 - Select the ***Reasonable Classifications of Individuals under Age 21*** link to return to the **Reasonable Classifications of Individuals under Age 21** RU.
 - If the second or third option is selected, the appropriate table of the **AFDC Income Standards** or **AFDC Income Standards – Territories** RU will apply.
 - If you wish to view this standard, select the ***View approved version of...*** link.
 - This payment standard from the **AFDC Income Standards** RU will appear if it has been approved in the MACPro system.
 - If there is no approved version of the RU in MACPro, a screen will appear with the following message: “There is no approved version of this reviewable unit in MACPro available to display.”
 - Select the ***Reasonable Classifications of Individuals under Age 21*** link to return to the **Reasonable Classifications of Individuals under Age 21** RU.
 - If ***Other dollar amount*** is selected, select the ***Add Income Standard*** button:

- The screen will display four options for entering this amount.
- Select the option that best corresponds to the state's dollar amount income standards.
- Complete the appropriate sections within the selected option to indicate the state's income standards. See the **Income Standards Entry** implementation guide for detailed instructions for updating these fields.
- When you have completed this screen, select the **Save Income Standard** button. After saving the income standards they will be inserted into the **Reasonable Classifications of Individuals under Age 21** RU.

E. Basis for Income Standard

If you made an election in section **C** to cover an age group and/or reasonable classification that was covered by the state prior to January 1, 2014, the age group and/or reasonable classifications entered in section **C** will be listed in section **E**. If you did not make such an election, then section **E** will not be included in your submission and it will not be visible on the screen.

In section **E**, enter information on the basis for the income standard by selecting on the name of the age group or classification. Once the basis has been entered, selecting on the name again will either minimize or maximize the information on the basis for the income standard. For each age group and/or reasonable classification:

1. Minimum Income Standard

- If the age selected for an age group or classification is **Under age 21** or **Under age 20** and the adult group was not elected in the **Mandatory Eligibility Groups** RU, there is a statement that the minimum income standard for the age group or classification is the AFDC payment standard in effect as of July 16, 1996, not converted to a MAGI-equivalent standard.
 - If you wish to view this standard, select the **View approved version of AFDC Payment Income Standard**
 - The payment standard from the **AFDC Payment Standards** RU will appear if it has been approved in the MACPro system.
 - If there is no approved version of the RU in MACPro, a screen will appear with the following message: "There is no approved version of this reviewable unit in MACPro available to display."
 - Select the **Reasonable Classifications of Individuals under Age 21** link to return to the **Reasonable Classifications of Individuals under Age 21** RU.
- If the age selected for the age group or classification of children is **Under age 21** or **Under age 20** and the adult group was elected in the **Mandatory Eligibility Groups** RU, there is a statement that the minimum income standard for the age group or classification is an FPL % greater than 133%.

- If the age selected for the age group or classification of children is *Under age 19* or *Under age 18*, there is a statement that the minimum income standard is an FPL % greater than the lowest standard chosen for children under this age under the Infants and Children under Age 19 eligibility group.
 - If you wish to view this standard, select the *View approved version of the Infants and Children under Age 19* link.
 - The payment standard from the **Infants and Children under Age 19** RU will appear if it has been approved in the MACPro system.
 - If there is no approved version of the RU in MACPro, a screen will appear with the following message: “There is no approved version of this reviewable unit in MACPro available to display.”
 - Select the *Reasonable Classifications of Individuals under Age 21* link to return to the **Reasonable Classifications of Individuals under Age 21** RU.

2. *Maximum Income Standard*

- At **E.2.a.** indicate that the state has submitted and received approval for its converted MAGI-equivalent standards and the maximum income standard to be used for this reasonable classification of individuals. To do this, check the box next to the assurance.
- At **E.2.b.** select one of the four options (**E.2.b.i.** through **E.2.b.iv.**) to indicate the maximum income standard for the age group or classification.
- At **E.2.c.** select one of the five options (**E.2.c.i.** through **E.2.c.v.**) to indicate the amount of the maximum income standard.
 - If **E.2.c.i.**, *A percentage of the federal poverty level*, is selected, enter the % FPL in the text box provided.
 - If **E.2.c.iii.**, *The state’s AFDC payment standard in effect as of July 16, 1996, converted to a MAGI-equivalent standard*, is selected,
 - If you wish to view this standard, select the *View approved version of MAGI-Based AFDC Payment Income Standard*
 - The payment standard from the **AFDC Payment Standards** RU will appear if it has been approved in the MACPro system.
 - If there is no approved version of the RU in MACPro, a screen will appear with the following message: “There is no approved version of this reviewable unit in MACPro available to display.”
 - Select the *Reasonable Classifications of Individuals under Age 21* link to return to the **Reasonable Classifications of Individuals under Age 21** RU.
 - If **E.2.c.iv.**, *The maximum income standard for S25 Parents and Other Caretaker relatives*, is selected,
 - If you wish to view this standard, select the *View approved version of Parents and Other Caretaker Relatives* link.
 - The maximum income standard from the **Parents and Other Caretaker Relatives** RU will appear if it has been approved in the MACPro system.

- If there is no approved version of the RU in MACPro, a screen will appear with the following message: “There is no approved version of this reviewable unit in MACPro available to display.”
- Select the ***Reasonable Classifications of Individuals under Age 21*** link to return to the **Reasonable Classifications of Individuals under Age 21** RU.
- If **E.2.c.v., *Other dollar amount***, is selected, select the ***Add Income Standard*** button.
 - The screen will display four options for entering this amount.
 - Select the option that best corresponds to the state’s dollar amount income standards.
 - Complete the appropriate sections within the selected option to indicate the state’s income standards. See the **Income Standards Entry** implementation guide for detailed instructions for updating these fields.
 - When you have completed this screen, select the ***Save Income Standard*** button. After saving the income standards they will be inserted into the **Reasonable Classifications of Individuals under Age 21** RU.

F. Additional Information

Except in limited circumstances, this field remains blank. Please consult with CMS before adding any additional information concerning this RU.

REVIEW CRITERIA

If the state selects Yes at C.1., confirm that the state covered at least one reasonable classification of children as of the dates indicated with income standards higher than the current mandatory income standards.

If the state selects No at C.1., confirm that the state did not cover at least one reasonable classification of children as of the dates indicated with income standards higher than the current mandatory income standards.

If age 19 is selected at C.2.a.i., and the state additionally covers reasonable classifications of individuals, confirm that Age 20 is selected for the age for each classification added.

If the state selects Yes at C.1. and Yes at C.2., confirm that the age range or reasonable classification entered was not covered prior to January 1, 2014. Also, permit a selection of Yes to C.2. only if the state does not elect to cover the adult group, and then only age Under 21 or Under 20 may be selected.

If the state selects Yes at C.1. and Yes at C.3., confirm that the age range or reasonable classification entered was covered prior to January 1, 2014.

Any income standard entered or selected in section D. Income Standards Used for age groups or classifications of individuals under age 19 that were covered prior to January 1, 2014 must exceed the standards currently used for this age in the mandatory Infants and Children under Age 19 group.

Any income standard entered or selected in section D. Income Standards Used for age groups or classifications of individuals under age 21 or under age 20 that were covered prior to January 1, 2014 must exceed 133% FPL.

The income standard entered for each age group or classification may not exceed the maximum selected for that age group or classification.

Due to maintenance of effort requirements in effect through October 1, 2019, the amounts entered in section D. Income Standards Used must equal or exceed the MAGI-converted income standard in effect as of March 23, 2010 for each age range or classification of children. Also, the age selected for any classification that was covered as of March 23, 2010 may not be lower than that used as of March 23, 2010.