



# STATE OF NEW YORK DEPARTMENT OF HEALTH

Corning Tower The Governor Nelson A. Rockefeller Empire State Plaza Albany, New York 12237

Barbara A. DeBuono, M.D., M.P.H.  
Commissioner of Health

Dennis P. Whalen  
Executive Deputy Commissioner

**ADMINISTRATIVE DIRECTIVE**

**TRANSMITTAL:** 98 OMM/ADM-6

**TO:** Commissioners of  
Social Services

**DIVISION:** Office of  
Medicaid  
Management

**DATE:** October 15, 1998

**SUBJECT:** Increased Medicaid Income and Resource Standards  
and Federal Poverty Lines Effective January 1, 1998 and  
June 1, 1998

**SUGGESTED  
DISTRIBUTION:**

Medicaid Staff  
Income Maintenance Staff  
Fair Hearing Staff  
Staff Development Coordinators

**CONTACT  
PERSON:**

Priscilla Smith (FPLs) at 1-518-473-5532  
Dennis Boucher (FMA) at 1-518-473-6111  
New York City Representative (212) 613-4330

**ATTACHMENTS:**

Attachment I: Medicaid Only Income and Resource  
Standards and Federal Poverty Line  
Effective January 1, 1998  
Attachment II: Federal Poverty Line Effective 6/1/98  
Attachment III: Revised Spousal Impoverishment  
Income and Resource Amounts

**FILING REFERENCES**

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
98 OMM-1					
91 ADM-54	OMM/	360-1.4(r)	101	MARG pp	GIS 97MA031
91 ADM-53	ADM 98-5	360-3.7(d)	101-a	110, 111.1	GIS 98MA010
91 ADM-50		360-4.1(b)	366	111.2, 285	GIS 98MA013
90 ADM-48		360-4.3(f)	P.L. 92-603	8.4, 8.6,	MBL Trans-
90 ADM-42		360-4.7(b)	P.L. 94-48	146	mittal 97-2
90 ADM-9		360-4.8	P.L. 94-566		MBL Trans-
90 ADM-6		(a)&(c)			mittal 98-2
89 ADM-38		360-7.7			
89 ADM-7		(g)&(h)			
87 ADM-50		360-7.8(a)			
87 ADM-27		360-4.10			
85 ADM-35					
85 ADM-3					

Date: October 15, 1998  
Trans. No. 98 OMM/ADM-6

Page No.1

**I. PURPOSE**

This Administrative Directive advises social services districts of:

- A. Increases in the Medicaid Income and Resource Standards.
- B. The annual update of the federal income official poverty line (federal poverty line).
  - 1. The estimated federal poverty line effective January 1, 1998.
  - 2. The revised federal poverty line effective June 1, 1998.

**II. BACKGROUND**

**A. MEDICAID INCOME AND RESOURCE STANDARDS**

The Social Security Administration (SSA) establishes the cost-of-living-adjustment (COLA) to the Supplemental Security Income (SSI) income standard. SSA announced that effective January 1, 1998 the COLA is 2.1 percent. The medically needy income standards for one, two, three and four person households must be adjusted to reflect this increase and maintain a one hundred dollar differential between household sizes.

The resource standards for medically needy applicants/recipients (A/Rs) are equal to one-half of the appropriate annual Medicaid income standards. Because the Medicaid income standards increased for one- to four-person households, the Medicaid resource standards must be increased accordingly.

**B. FEDERAL POVERTY LINE**

The federal Office of Management and Budget (OMB) establishes the federal poverty line. The OMB usually announces the federal poverty line in late February, but it is effective retroactively to January 1. The retroactive nature of the federal poverty line traditionally caused eligibility problems. When the COLA went into effect on January 1, the increased income caused some individuals to become ineligible for benefits only to become eligible again a few months later when the new line was implemented. The Department received permission from the federal Health Care Financing Administration to estimate the federal poverty line. Now, the Department is able to implement the COLA and the estimated federal poverty line on January 1, which results in more stable eligibility periods.

The federal poverty line announced in February in 1998 was slightly lower than the estimated poverty line the Department implemented on January 1, 1998. As a result, the poverty line used to determine Medicaid eligibility was revised effective June 1, 1998. Only a small number of cases are expected to be affected.

C. FAMILY MEMBER ALLOWANCE

Social service districts should note that the revised federal poverty line will also affect the family member allowance for spousal impoverishment cases involving a dependent family member. A family member allowance is established for a minor child, a dependent child, a dependent parent, or a dependent sibling of the institutionalized spouse or community spouse, who is residing with the community spouse and who has over 50% of his or her maintenance needs met by the community spouse and/or the institutionalized spouse.

The family member allowance equals one-third of the amount by which one-twelfth of 150 percent of the federal poverty line for a family of two exceeds the otherwise available monthly income of the family member. The maximum family allowance (when the family member's otherwise available income is zero) was \$457. As a result of a change in the poverty line, effective June 1, 1998, the maximum family member allowance is \$453.

III. PROGRAM IMPLICATIONS

A. MEDICAID INCOME AND RESOURCE STANDARDS

As a result of the January 1, 1998 2.1 percent COLA increase in SSI benefits, the Medicaid income standards used to determine Medicaid eligibility for federally participating A/Rs will increase for one- to four-person households. Increased income standards resulted in increased Medicaid resource standards for one- to four-person households. The new Medicaid income and resource standards are also applied to federally non-participating parents living with their dependent child(ren) under the age of 21, who are financially ineligible for Medicaid under the Low Income Families (LIF) income and resource standards. The LIF income standard currently equals the Public Assistance standard. LIF households may retain resources equal \$3000.

The new Medicaid standards are specified on the attached chart.

B. FEDERAL POVERTY LINE

The estimated federal poverty line was updated effective January 1, 1998; the actual federal poverty line announced in February was effective June 1, 1998. The updated federal poverty line is the basis for the Medicaid income eligibility standards which are applied to the following groups of A/Rs:

1. Presumptive Eligibility for Pregnant Women - Qualified providers determine presumptive eligibility for pregnant women by comparing their household incomes to 100 percent and 185 percent of the applicable federal poverty line (90 ADM-9). There is no resource test for pregnant women.

2. Pregnant Women and Infants - Medicaid eligibility for pregnant women and infants under age one, who are not otherwise eligible, is determined by comparing their household incomes to 100 percent or 185 percent of the applicable federal poverty line (90 ADM-9). There is no resource test for pregnant women and infants under age one.
3. Children Ages One Through Five - Medicaid eligibility for children who are at least one year of age but younger than six years of age and are not otherwise eligible for Medicaid, is determined by comparing their household incomes to 133 percent of the applicable federal poverty line (90 ADM-42). There is no resource test if eligibility is determined under the poverty based program.
4. Children born after September 30, 1983 - Medicaid eligibility for children born after September 30, 1983 who are at least six years of age but younger than 19 years of age and are not otherwise eligible for Medicaid, is determined by comparing their household incomes to 100 percent of the applicable federal poverty line (91 ADM-50). There is no resource test if eligibility is determined under the poverty based program.
5. Qualified COBRA Continuation Beneficiaries (CCBs) - Eligibility for the COBRA Continuation Coverage Program for qualified CCBs is determined by comparing their household incomes to 100 percent of the federal poverty line for a one- or two-person household (91 ADM-53). The resource limit is twice the SSI resource level.
6. Persons with AIDS or HIV-Related Illness - Financial eligibility for the Health Insurance Continuation Program (AIDS Health Insurance Program) for persons with AIDS or HIV-related illness is determined by comparing their household incomes to 185 percent of the federal poverty line for a one- or two-person household (91 ADM-54). There is no resource test.
7. Qualified Medicare Beneficiaries (QMBs) - Eligibility for the Buy-In Program for QMBs is determined by comparing their household incomes to 100 percent of the federal poverty line for a one- or two-person household. QMBs are eligible for Medicaid payment of Medicare Part A and B premiums, deductibles, and co-insurance (89 ADM-7 and 90 ADM-6). The resource level is twice the SSI resource level.
8. Qualified Disabled and Working Individuals (QDWIs) - Eligibility for Medicaid payment of Medicare Part A premiums for QDWIs is determined by comparing their household incomes to 200 percent of the poverty line for a one- or two-person household (90 ADM-48). The resource limit is twice the SSI resource level.
9. Specified Low Income Medicare Beneficiaries (SLIMBs)  
Eligibility for Medicaid payment of Medicare Part B premiums

for SLIMBs is determined by comparing their household incomes to 100 and 120 percent of the federal poverty line (93 ADM-30). The resource limit is twice the SSI resource level.

10. Qualified Individuals - 1 (QI-1's) - Eligibility for Medicaid payment of Part B premiums for QI-1's is determined by comparing their household income to 120 percent and 135 percent of the federal poverty line (GIS 98MA010). The resource limit is twice the SSI level.
11. Qualified Individuals - 2 (QI-2's) - Eligibility for Medicaid payment of a portion of the Medicare Part B premium for QI-2's is determined by comparing their household income to 135 percent and 175 percent of the federal poverty line (GIS 98MA010). The resource limit is twice the SSI resource level.

The updated federal poverty lines for January 1, 1998 and June 1, 1998 are specified on the attached charts.

The new higher Medicaid standards and federal poverty lines will result in small increases in Medicaid-Only caseloads and expenditures.

C. FAMILY MEMBER ALLOWANCE

The federal poverty line is also used to calculate the family member allowance for spousal impoverishment cases involving a dependent family member. The June 1, 1998 revision in the federal poverty line may affect the amount of an institutionalized spouse's or community spouse's income that is considered available toward the cost of care.

Effective June 1, 1998, the family member allowance is calculated by subtracting the amount of the family member's otherwise available income from \$1357, dividing the result by three, and rounding up to the nearest dollar. The maximum family member allowance (where the family member's otherwise available income is zero) is:

$$\frac{\$1,357}{3} = \$453$$

As advised in OMM/ADM 98-1, a family member allowance is first made up of the community spouse's income in excess of the minimum monthly maintenance needs allowance. If the community spouse's excess income is insufficient to provide the family member allowance, all or part of the allowance, as necessary, is subtracted from any available income of the institutionalized spouse.

A lower family member allowance will increase the amount of an institutionalized spouse's or community spouse's income that is available to meet the cost of care. In addition, a lower family

---

member allowance will increase the amount of income which may be requested as a contribution from a spouse living apart from an SSI-related A/R.

IV. REQUIRED ACTION

A. MEDICAID INCOME AND RESOURCE STANDARDS

1. For all Medicaid-Only federally participating A/Rs whose eligibility is determined or redetermined for the month of January, 1998 or later, the January 1, 1998 income and resource standards must be used.
2. These revised standards must also be applied in determining eligibility effective January 1, 1998 for federally non-participating parents living with their children under age 21, but only if they are ineligible for Medicaid when their income and resources are compared to the LIF income and resource standards. (See 89 ADM-38)
3. All excess income and/or resource cases (inpatient and outpatient) active on or after January 1, 1998 must have their liability recomputed under these revised standards. Cases in which the six-month excess income period extends into the month of January, 1998 or later must be reevaluated using the new standards.

B. FEDERAL POVERTY LINE

Effective January 1, 1998 through May 31, 1998, for all new applications and recertifications, social services districts must use the updated estimated federal poverty line when determining eligibility for: children born after September 30, 1983 and pregnant women; COBRA Continuation Coverage for CCBs; the AIDS Health Insurance program for persons with AIDS or HIV-related illness; the Buy-In program including QMBs, SLIMBs, QDWIs, QI-1s and QI-2s.

Effective June 1, 1998 for all new applications and recertifications, social service districts must use the revised federal poverty line published in the Federal Register in February 1998 for the above mentioned groups.

There are no resource standards for pregnant women, infants, children born after September 30, 1983, or persons with AIDS or HIV-related illness who are applying for benefits under the AIDS Health Insurance Program. The resource standards for QMBs, SLIMBs, QDWIs, QI-1s, QI-2s and qualified CCBs remain at \$4,000 for a one-person household and \$6,000 for a two-person household.

C. FAMILY MEMBER ALLOWANCE

Effective June 1, 1998, the family member allowance will be calculated by subtracting the amount of the family member's otherwise available income from \$1357, dividing the result by three, and rounding up to the nearest dollar. The maximum family member allowance is \$453.

All spousal impoverishment cases involving a family member which are active on or after June 1, 1998, must be recomputed using the appropriate family member allowance formula. Social services districts are reminded that timely and adequate notice must be given when the rebudgeting of a case results in an increase in the amount of income available for the cost of care.

Effective June 1, 1998, the revised family member allowance also must be used in determining any requested contribution from income from a community spouse or from a spouse living apart from an SSI-related A/R.

NOTE: The new family member allowance must be used when completing an assessment of a couple's resource and income level.

V. ADDITIONAL INFORMATION

A. NOTICE REQUIREMENTS

When rebudgeting under the new income standards results in a change in Medicaid spenddown liability, the social services district must notify the recipient of the change in accordance with 89 ADM-21. Social services districts are reminded that in instances in which there is a decrease in the monthly spenddown liability, recipients must be notified in writing of such increase in coverage. Notices of change in coverage due to increased Social Security benefits are included with MBL Transmittal 97-2.

In accordance with 91 ADM-53, social services districts should make the "Notice to Potential Qualifying COBRA Continuation Beneficiaries" available to any individual requesting information concerning the COBRA Continuation Program, and to any individual who has health insurance coverage as the spouse or dependent child of a covered employee. Social services districts must update the federal poverty lines for one and two person households on page two of the notice to reflect the January 1, 1998 and the June 1, 1998 revisions.

Social Services districts must use the revised "Spousal Impoverishment Income and Resource Amounts" attachment when sending the "Informational Notice to Couples with an Institutionalized Spouse" to persons requesting such information (see Attachment III).

B. 249E AND 503 CASES

As specified in 87 ADM-50, social services districts are reminded that for applicants eligible under the provisions of Section 249E of Public Law 92-603 as amended by Public Law 94-48, the amount of the October 1972 COLA increase in Social Security Retirement, Survivors and Disability Insurance (RSDI) benefits must be disregarded in determining Medicaid eligibility. Budgeting procedures as described in 85 ADM-3 should be followed using the new conversion figures of .953 to determine what the A/R's RSDI income would have been in August, 1972 and .237 to allow for the disregard of the 20 percent increase of October, 1972.

In addition, applicants eligible under Section 503 of Public Law 94-566 ("Pickle" individuals) who became ineligible for SSI on or after April, 1977 must have a determination of Medicaid eligibility based on the Social Security benefit at the time they became ineligible for SSI. Budgeting procedures as described in 85 ADM-35 and 87 ADM-27 should be followed.

**NOTE:** The SSI resource level for one person remains \$2,000 and for two persons remains \$3,000 on and after January 1, 1998.

C. ALLOCATION

When allocating income to a non SSI-related child, use the new allocation amount of \$266. This is the difference between the new Medicaid income standards for two- and one-person households.

VI. SYSTEMS IMPLICATIONS

A. MBL UPSTATE

On the weekend of November 29 - November 30, 1997, MBL supported action on the new Medicaid income and resource standards with an automated mass rebudgeting and principal provider update process. MBL Transmittals 97-1 and 97-2 provide details related to system support. The estimated federal poverty levels were available on MBL December 1, 1997.

The actual federal poverty levels were available on MBL May 4, 1998. MBL Transmittal 98-2 provides details related to system support.

As of December 1, 1997, budgets with an Effective From Date of January 1, 1998 through May 31, 1998 are calculated using the new Medicaid income, resource and estimated federal poverty levels. As of May 4, 1998 budgets with an Effective From Date of June 1, 1998 are calculated using the actual poverty levels.



B. MBL NYC

On the weekend of December 6 - December 7, 1997, MBL supported action on the new Medicaid income and resource standards with an automated mass rebudgeting and principal provider update process. The estimated federal poverty levels were also available on MBL December 8, 1997.

The actual federal poverty levels were available on MBL May 4, 1998. MBL Transmittal 98-2 provides details related to system support.

As of December 8, 1997, budgets with an Effective From Date of January 1, 1998 through May 31, 1998 are calculated using the new Medicaid income, resource and federal poverty levels. As of May 4, 1998 budgets with an Effective From Date of June 1, 1998 are calculated using the actual poverty levels.

**VII. EFFECTIVE DATE**

The provisions of this Administrative Directive are effective retroactive to January 1, 1998 through May 31, 1998 for the estimated federal poverty line and effective June 1, 1998 for the actual poverty line. The revised family member allowance formula was effective June 1, 1998.

---

Ann Clemency Kohler, Deputy Commissioner  
Office of Medicaid Management