

TO: Local District Commissioners, Medicaid Directors, Temporary Assistance Directors, and CNS Coordinators
FROM: Betty Rice, Director, Division of Consumer and Local District Relations
SUBJECT: 2006 Reduction in Medicaid Income and Resource Standards for Households of Two
EFFECTIVE DATE: January 1, 2006
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This message is to provide clarification on the 2006 changes to the Medicaid income and resource standard for a household size of two, as provided in GIS message 05 MA/045 and MBL Transmittal 05-06. As many districts have noted, the Medically Needy income standard for a household of two has decreased from a standard of \$11,700 annually (\$975 per month) in 2005 to \$10,800 annually (\$900 per month) in 2006.

Federal requirements limit a state's Medically Needy income standard to 133.33% of the payment standard for the Aid to Dependent Children (ADC) Program at the time Welfare Reform was implemented, for an individual or family of comparable size. The federal Centers for Medicare and Medicaid Services determined that New York's Medically Needy income standard for a household of two exceeded this limit. As a result, it was necessary to cap the Medically Needy income standard for household of two at \$10,400 annually, or \$867 per month. The Department has filed a State Plan Amendment to provide an additional income disregard allowed under the provisions of the Social Security Act, which allows us to bring the income standard for a household of two up to \$10,800 annually, or \$900 per month.

Because the resource standards for Medicaid and Family Health Plus (FHPlus) are linked to the Medically Needy income standards, the resource standards for households of two for Medicaid and FHPlus have also decreased. The Medicaid resource standard for a household of two was reduced from \$5,850 to \$5,400. The resource standard for FHPlus households of two was reduced from \$17,550 to \$16,200.

The allocation amount used in SSI-related budgeting is also affected by the change in income standard. The allocation amount must equal at least the difference between the federal benefit rates (FBR) for one and two. Until this change, New York used the difference between the Medically Needy income standards for households of one and two as the allocation amount, as this amount was greater than the difference between the FBRs for one and two. For 2006, the difference between the FBRs is the greater amount. Therefore, the difference between the FBR for one and the FBR for two will now be used. This monthly allocation amount equals \$301.

Districts are reminded that individuals who become ineligible due to this reduction in income standard and who are otherwise eligible for FHPlus, must be given the opportunity to enroll in FHPlus prior to discontinuing Medicaid coverage.