

Families and Children Manual	Section: Categories of Eligibility
Policy Manual Number: 015.045	Chapter: Child Medically Needy

CHILD MEDICALLY NEEDED

Legal Authority: 42 CFR 435.4; 42 CFR 435.301; 42 CFR 435.308; 42 CFR 435.602; 42 CFR 435.603; 42 CFR 435.831; 45 CFR 233.20; TCA 49-4-902(18) and (29); Tenn. Comp. R. & Regs. 1200-13-20

1. Policy Statement

TennCare Medicaid benefits are available to children under age 21 who are not eligible for a MAGI category, who have resources under the Medically Needy resource limit based on Eligibility Determination Group (EDG) size, and who have countable income equal to or less than the Medically Needy Income Standard based on EDG size, or have met the spenddown requirement. Eligible children must meet all of the Child Medically Needy non-financial eligibility requirements.

2. Non-Financial Eligibility Requirements

Children eligible for the Child Medically Needy category must meet all non-financial eligibility requirements. Additional information about each condition of eligibility is available in the Non-Financial Eligibility chapters.

- a. **Age:** A child must be under age 21.
- b. **Citizenship:** A child must be a U.S. citizen, U.S. national or eligible non-citizen.
- c. **Enumeration:** A child must possess and provide a valid Social Security Number (SSN) or proof of application for an SSN, unless they meet an exception.
- d. **State Residence:** A child must be a resident of Tennessee.
- e. **Cooperation with Child Support Services:** A child is not required to agree to cooperate with Child Support Services. If the parent or caretaker of the child who is applying for benefits refuses to cooperate, the child will not be penalized and will be reviewed for eligibility in this category.

3. Financial Eligibility Requirements

a. Eligibility Determination Group

The EDG for Medically Needy categories is based on the methods of the former AFDC program. The EDG includes individuals, living in the home, who impact the household size, and household income and resources considered for an applicant's financial eligibility. For EDG composition details, see the *Medically Needy Eligibility Determination Group* policy.

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b. Income Standard

EDG Size	Income Standard	EDG Size	Income Standard
1	\$241	11	\$683
2	\$258	12	\$733
3	\$317	13	\$792
4	\$325	14	\$842
5	\$392	15	\$900
6	\$408	16	\$950
7	\$467	17	\$1,000
8	\$517	18	\$1,058
9	\$567	19	\$1,108
10	\$625	20	\$1,167

Income eligibility for the Medically Needy Child category is determined using a two-step process. The first step determines the applicant’s total net income, and the second step determines whether the applicant must meet spenddown. See the *Medically Needy Spenddown* policy for complete spenddown policy and procedures.

If the applicant’s total net income does not exceed the Income Standard, and the applicant is otherwise eligible, the applicant will be approved for eligibility as Exceptionally Eligible.

If the applicant has total net income that exceeds the Income Standard, the applicant will have to spend down income using incurred or paid medical expenses.

c. Resources

The resource limit for the Child Medically Needy category is \$2,000 for one individual and \$3,000 for two individuals. An additional \$100 is added for each additional individual.

d. Disregards

i. Earned Income

The following situations specify disregards that are applied to an individual’s earned income.

1. Standard Work Expense Deduction

A \$90 disregard for work expenses is permitted per month for each individual with earned income.

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2. Dependent Care Deduction

A verified daycare expense of up to \$175 per month per dependent age 2 or older is applied. A verified daycare expense up to \$200 per month per dependent under age 2 is applied.

3. Irregular Earned Income Disregard

Exclude up to \$30 per calendar quarter of earned income that is received either irregularly or infrequently. In order to be excluded, the income need only be irregular or infrequent. See the *Medically Needy Countable and Excluded Income* policy.

4. Student Income

Exclude the earnings of a full-time student who works part time.

Exclude the earnings of a full-time student who works full time.

Exclude the earnings of a part-time student who works part time.

Count the earnings of a part-time student who works full time.

A student is defined as a child under age 21 attending primary or secondary school, college, university or a course of vocational or technical training.

- a. A child retains her student status during official school vacations and breaks if the requirement prior to the vacation or break were met, and the student plans to return.
- b. A child who is receiving elementary/secondary or equivalent vocational/technical instruction from a homebound teacher meets student requirements.
- c. An elementary school is defined as a state-approved educational institution comprised of grade kindergarten through eighth grade.
- d. Participation in apprenticeships, correspondence courses, other courses of home study and rehabilitation programs other than academic, institutional, vocational or technical training do not qualify a child as a student.

A full-time student for college or university is an individual who is enrolled in at least 12 credit or semester hours per semester. A part-time student is an individual who is enrolled in at least 6 but less than 12 credit or semester hours per semester. (TCA 49-4-902(18) and (29)).

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ii. Unearned Income

1. Child Support Disregard

Exclude up to \$50 per month of current child support payments received per EDG.

2. Irregular Unearned Income Disregard

Exclude up to \$30 per calendar quarter per household of unearned income that is received either irregularly or infrequently. See the *Medically Needy Countable and Excluded Income* policy.

iii. Child Support/Mandatory Expenses

1. Legally Obligated Child Support

When an applicant or Financially Responsible Relative (FRR) is making court-ordered child support payments for dependents outside the household, a deduction is permitted. Calculate the amount of the child support deduction by adding all monthly child support/mandatory expenses incurred.

2. Legally Obligated Child Support Arrearage

Deduct the amount of legally obligated child support arrearage payments being made by an applicant or FRR.

3. Legally Obligated Alimony

Deduct the amount of legally obligated alimony payments being made by an applicant or FRR.

e. Budget

Mr. Smith, a 20 year old full-time student, applied for medical assistance. He lives with his mother and two younger siblings, ages 2 and 3. Mr. Smith's mother has Net Countable Earned Income of \$800. She pays \$200 per month for childcare for her two younger children. The family incurred \$350 of allowable medical expenses during the three months prior to the application. The following budget is based on an EDG size of 4.

The remaining Net Countable Income is over the MNIS of \$325 for the applicant's EDG size of 4. A spenddown of \$185 is needed to qualify. Mr. Smith meets the income standard once the spenddown of his family's allowable medical expenses of \$350 is applied.

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Income Budget Calculation		
Net Countable Self-Employment Income	+ \$	0.00
Net Countable Earned Income	+ \$	800.00
Combined Earned/Self-Employment Income	= \$	800.00
Irregular Earned Income Disregard (\$30)	- \$	0.00
Standard Work Expense Deduction (\$90)	- \$	90.00
Dependent Care Deduction (Up to \$200 depending on age)	- \$	200.00
Remaining Countable Earned/Self-Employment Amount	= \$	510.00
Net Countable Unearned Income	= \$	0.00
Irregular Unearned Income Disregard (\$30)	- \$	0.00
Child Support Disregard	- \$	0.00
Total Deemed Income	= \$	0.00
Remaining Countable Unearned Income	= \$	0.00
Child Support/Mandatory Expense	= \$	0.00
Total Net Countable Income (Remaining Countable Earned/Self-Employment Amount + Total Deemed Income + Remaining Countable Unearned Income – Child Support/Mandatory Expense)	\$	510.00
Net Income Limit	\$	325.00
Spenddown Met		Yes
Income Test Result		PASS

The above budget is current as of March 2017.

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03.18.2019	1.	Non-Financial Eligibility Requirements	1	Non-Substantive Change	ME
10.01.2020	3.b.; 3.d.iii.1.	Financial Eligibility Requirements	2; 4	Non-Substantive Change	TN
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