

# Medicaid Options for Children with Disabilities or Complex Health Needs

## Your Questions Answered

### Q: What is a Katie Beckett waiver?

**A:** “Katie Beckett” waivers are programs that allow children with complex health needs who would otherwise need to be in a hospital or nursing home to instead be cared for at home. Under federal law, when a child is in a “medical institution”, the parents’ income is not counted in determining the child’s eligibility for SSI (Supplemental Security Income). In Tennessee, a child who receives SSI also qualifies for Medicaid. A “medical institution” could be a hospital, nursing home, or Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IDD). Once the child leaves the institution, the parents’ income **is** counted, which for parents with higher income, may mean that the child no longer qualifies for SSI or for Medicaid.

“Katie Beckett waivers” refer to several different options that a state can choose which would allow parents’ income to not be counted in determining the child’s eligibility for Medicaid, if the child qualifies for care in a medical institution but lives at home. The child may then qualify for Medicaid when they otherwise would not because of their parents’ income.

There are two primary types of Katie Beckett options:

Under the TEFRA or **State Plan** option, the state must enroll all eligible children (i.e. those who meet institutional level of care) into Medicaid. The children become eligible for Medicaid services.

Under Katie Beckett **Waiver** options, a state may specify target populations (for example, children with intellectual or developmental disabilities, physical disabilities, etc.). The state may also specify a maximum number of children the state will serve, based on the state’s available funding. The children become eligible for Medicaid services **and** the home and community based services covered under that waiver. Waivers can be provided under multiple federal authorities, including Section 1915(c) and Section 1115 of the Social Security Act.

While some states use the TEFRA option (which requires that **all** eligible children are enrolled), most states use some form of Medicaid waiver authority, which sets a limit on the number of children who can enroll, based on the state’s ability to fund the services. This helps to ensure that the state does not incur financial obligations beyond the state’s ability to manage its Medicaid budget.

### Q: Is Tennessee the only state that does not have a Katie Beckett waiver or its equivalent for children with disabilities or complex health needs?

**A: No. This is not accurate.** For many years, Tennessee has applied the Katie Beckett option in its home and community based services waivers for children with intellectual and developmental disabilities which is authorized under Section 1915 (c) section of the Social Security Act. Parents’ income has not been counted when determining children’s eligibility to enroll in these waivers.

Tennessee currently applies the “Katie Beckett” provision for children in Employment and Community First CHOICES. **Parents’ income is not counted when determining a child’s eligibility for Employment and Community First CHOICES if the child meets institutional level of care.**

This is clearly recognized on the national website which identifies Katie Beckett options by state: [www.kidswaivers.org](http://www.kidswaivers.org). This website says:

Kids' Waivers is your site for Medicaid waivers, Katie Beckett or TEFRA programs, and other programs for children with disabilities or medical needs.

The page for TN <http://www.kidswaivers.org/tn/> says:

Tennessee has switched to a unified program for people of all ages with intellectual or developmental disabilities, the Employment and Community First CHOICES program, which is part of its 1115 demonstration waiver, TennCare II. Their three previous Medicaid waivers are not currently enrolling, as all applicants are being processed through the new program. **Parent income is not considered for children who meet a certain level of institutional care.**

Tennessee is going a step further than most states. Katie Beckett options are typically limited to children who qualify for institutional level of care. In Tennessee, if a child is “**at risk** of institutional placement,” but does not meet the established criteria for institutional care, our policies still allow the parents’ income to be excluded in order to allow the child to qualify for Medicaid when the services are needed in order for the child to continue living at home. This is done by approving the higher institutional level of care as a Safety Determination when the child would otherwise not qualify for Medicaid and have access to these services.

**Q: If Tennessee has a “Katie Beckett” option, why do some children with complex medical needs not qualify for Medicaid?**

**A:** Like all states that use a “Katie Beckett Waiver” option, Tennessee’s ability to enroll children with complex medical needs whose parents have income above Medicaid limits is limited by available funding. In order for the parents’ income to not count when determining the child’s eligibility for Medicaid, there must be an open slot into which the child will be enrolled.

**Q: Are there other ways that children with complex needs whose parents have income above Medicaid limits can qualify for Medicaid?**

**A:** Yes. Children with high medical expenses may also qualify for Medicaid in a spend down category. This means using medical bills to spend down the family’s income to the Medicaid limit. The family would still have to meet resource (or asset) limits. The family may have to spend down excess resources before the child could qualify for Medicaid based on this option.

**Q: Is it true that the overall costs to the state would be low because most children who get Medicaid coverage through a program such as a Katie Beckett waiver also have private insurance that would cover most of the costs leaving only a fraction of health care costs to be covered by state programs?**

**A:** Even if a child has other insurance, private insurance may not cover 24/7 private duty nursing, intensive therapies, or some of the kinds of expensive medical equipment these children may need. Many of these children have complex medical needs and may qualify for one-on-one nursing care in the home. In Medicaid, federal law does not permit the state to place limits on covered services for children as long as they are medical necessary. The cost of 24/7 private duty nursing alone is more than **\$300,000 per person per year**.