

# CHAPTER 94 MEDICAID ONLY MANUAL

Authority  
Unless otherwise expressly noted, all provisions of this Chapter were adopted pursuant to authority of N.J.S.A. 44:7-6 and were filed on May 24, 1976, as R.1976 d.157 to become effective on July 1, 1976. See: 7 N.J.R. 464(d), 8 N.J.R. 287(d).

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## SUBCHAPTER 1.

## INTRODUCTION

**10:94-1.1 General introduction**

On January 1, 1974, Title XVI of the Social Security Act replaced previous Titles I (Old Age Assistance), X (Aid to the Blind) and XIV (Aid to the Disabled), which were repealed. The Social Security Administration administers Title XVI, Supplemental Security Income (SSI), which provides cash payments to the aged, blind and disabled. Individuals who desire medical care only apply through the county welfare board for the Medicaid Only program under Title XIX.

**10:94-1.2 Choice of program by applicant**

(a) An aged, blind or disabled person who desires Medicaid and does not wish to receive a money payment may apply for the Medicaid Only program. To qualify for this program, he/she must have financial eligibility as determined by the regulations and procedures set forth in this manual.

(b) Persons who are neither aged, blind nor disabled qualify for Medicaid benefits when they are determined by the county welfare board to be eligible for Title IV-A payments (Aid to Families with Dependent Children) or assistance to the families of the working poor (a State program). Persons whose eligibility is thus established may choose to receive Medicaid Only benefits without accepting money payments. Regulations governing these programs are set forth in the public assistance manual and assistance standards handbook.

**10:94-1.3 Living arrangements**

(a) Aged, blind and disabled persons who are living in the community and meet the requirements of the SSI program may receive Medicaid Only.

(b) Aged, blind and disabled persons who are receiving care in an eligible medical institution and, because of income or resources, do not qualify for SSI may be eligible for Medicaid Only.

**10:94-1.4 Information on the manual**

This manual sets forth the policies and procedures necessary for the orderly and equitable administration of the Medicaid Only program as it relates to the aged, blind and disabled. It is a statement of policy and procedures separate from all other assistance programs, and is applicable to "Medicaid Only". The criteria for determination of eligibility are based on SSI policy and procedure which do not necessarily coincide with standards for other public assistance programs and therefore require separate instructions.

**10:94-1.5 Administrative organization**

The Medicaid Only program is administered by the county welfare boards of the State of New Jersey through the Division of Public Welfare in the Department of Institutions and Agencies. The county welfare boards contract with the Division of Medical Assistance and Health Services for the purpose of providing Medicaid Only benefits to eligible persons.

**10:94-1.6 Basic principles of administration**

(a) The following principles of administration shall apply to the Medicaid Only program.

1. Any aged, blind or disabled person who believes he/she is eligible shall be assured an opportunity to make application (including reapplication) for Medicaid Only by completing the appropriate application form.

2. The applicants or recipients are the primary source of information. However, it is the responsibility of the agency to make the determination of eligibility and to use secondary sources when necessary, with the applicant's knowledge and consent.

3. No recipient of Medicaid Only shall receive, during the same period, any other medical assistance from the State or any political subdivision thereof with respect to any maintenance requirements or other allowance for which allowance is made in the Medicaid Only program. The food stamp program is not considered a duplication of public assistance.

4. There shall be strict adherence to law and complete conformity with administrative policies. Requirements other than those established by law or regulations shall not be imposed on any person as a condition of receiving medical assistance.

5. The applicants or recipients shall have the right to request appeal on the action or inaction of the agency whenever they believe that they have not been given full consideration under the law. A fair hearing shall be conducted by an impartial official of the Department of Institutions and Agencies in accordance with prescribed procedure when:

- i. An application for Medicaid Only is denied;
- ii. An application for Medicaid Only is not acted upon by the county welfare board within 30 days for the aged and 60 for the disabled or blind; or
- iii. Medicaid Only is terminated.

6. Information about applicants and recipients and their circumstances shall not be disclosed except as required for the proper and efficient administration of the program and only to those agencies involved in the lawful administration or operation of public welfare functions or services.

7. There shall be no discrimination on grounds of race, color, religion, sex, national origin or marital, parental or birth status by state or local agencies in the administration of any public assistance program.

**10:94-1.7 Examination of review of manual**

This manual is a public document. Copies are available in the State office of the Division of Public Welfare and in each county welfare board office for examination or review during regular office hours on regular work days.

**10:94-1.8 County welfare board responsibility; manual**

The director of the county welfare board shall assign copies of this manual to staff members as appropriate and shall ensure that such persons are thoroughly familiar with its contents, apply the required policy and procedures correctly, and keep up-to-date on all policy changes.

**10:94-1.9 Providing manual material in adverse action situations**

Specific policy material necessary for an applicant or recipient or his/her representative to determine whether a hearing should be requested or to prepare for a hearing shall be provided to such persons without charge.

**10:94-1.10 Revisions of the manual**

The Division of Public Welfare shall issue revisions and changes to this manual as necessary. It is the responsibility of each holder of the manual to maintain its accuracy by inserting new material and removing obsolete pages promptly.

**10:94-1.11 Availability of manual**

- (a) A current up-to-date copy of the manual or any part of it is available from the Division of Public Welfare at the cost of printing and mailing to anyone who requests it in writing.
- (b) All public and university libraries which have agreed to keep the manual up-to-date will have a copy available under their regulations.
- (c) Each legal services office will be furnished with a copy of this manual free of charge.
- (d) Welfare, social service and other non-profit organizations will be furnished with a copy of the manual at no cost by an official written request to the Division of Public Welfare.
- (e) All supplementary State policy directives will routinely be sent to those who have been supplied with the manual. A mailing list will be maintained by the Division.

## SUBCHAPTER 2. THE APPLICATION PROCESS

### 10:94-2.1 Definitions

The following words and terms, when used in this Chapter, shall have the following meanings unless the context clearly indicates otherwise.

“Application process” means all activity performed by the Income Maintenance Section relating to a request for medical assistance payments. The application process is primarily geared toward the determination of basic eligibility. However, since intake by its very nature involves a combination of services and income maintenance functions, a service worker shall be available as required during such process.

“Applicants”, in Medicaid Only, means the aged, disabled or blind individual or his/her authorized agent who executes the formal written application (PA-1G).

“Approved” means that the applicant has been determined to be eligible for Medicaid Only.

“Disposition of the application” means the official determination by the CWB that one of the following actions is appropriate:

“New application” means a written request for assistance from an individual or his/her agent who has never previously requested assistance in any county in the State under the Medicaid Only program.

“Pending application” means the general term for application, reapplication, reopened application or transfer application prior to official disposition.

“Reapplication” means a written request for assistance by the individual whose previous application was rejected in any county in the State and who requests reconsideration of his/her current eligibility for Medicaid Only.

“Registration” means the action of the CWB in assigning a control number to an application.

“Rejected” is an inclusive term (for statistic purposes) for the following actions:

1. Denied means that the applicant has been determined to be ineligible for assistance for a specific reason.
2. Dismissed means official recognition that eligibility need not be considered further because:
  - i. The applicant died (however, if there were unpaid medical bills incurred subsequent to inquiry or application, whichever occurred first, the application process is to be completed); or
  - ii. The applicant cannot be located; or
  - iii. The application was registered in error; or
  - iv. The applicant moved to another county in New Jersey during the application process.
3. Withdrawn means that the applicant decides not to pursue the application further.



- required by the CWB as a part of the application process;
- 2. Assist the CWB in securing evidence that corroborates his/her statements;
- 3. Report promptly any change affecting his/her circumstances.

**10:94-2.3**

**Policy and procedure on prompt disposition**

(a) The maximum period of time normally essential to process an application for the ages is 30 days; for the disabled or blind 60 days.

(b) "Date of effective disposition" based upon either administrative or board action means:

1. In the case of an approved application, the effective date of the application. (Either the date of application, or the date of form PA-1-C, whichever is earlier);

2. In the case of a denied application, the date on which written notification informing the applicant of his/her lack of eligibility and the reason therefore is sent to him/her;

3. In the case of a withdrawn application, the date on which written notification confirming to the client that the agency has taken cognizance of his/her voluntary withdrawal is sent to him/her; or

4. In the case of a dismissed application, the date on which written notification informing the applicant of the dismissal and the reasons therefore is sent to him/her.

(c) It is recognized that there will be exceptional cases where the proper processing of an application cannot be completed within the 30/60 day period. Where substantially reliable evidence of eligibility, is still lacking at the end of the designated period, the application may be continued in pending status. In each such case, the CWB shall be prepared to demonstrate that the delay resulted from one of the following:

- 1. Circumstances wholly within the applicant's control; or
- 2. A determination to afford the applicant, whose proof of eligibility has been inconclusive, a further opportunity to develop additional evidence of eligibility before final action on his/her application; or
- 3. An administrative or other emergency that could not reasonably have been avoided; or
- 4. Circumstances wholly outside the control of both the applicant and CWB.

(d) When the complete processing of an application is delayed beyond 30 days for the aged or 60 days for the blind or disabled, written notification shall be sent to the applicant on or before the expiration of such period, setting forth

the specific reasons for delay.

(e) Each county director of welfare shall arrange operational procedures and establish appropriate operational controls within his/her staff organization to expedite the processing of applications and assure the maximum possible compliance with these standards.

(f) Control records on the exceptional cases shall disclose at any time the identity of all applications which have been in pending status beyond normal limits for processing and the reason therefore. Such record shall be adequate to make possible the preparation of a report of such information at any time it might be requested by the welfare board or either the Division of Public Welfare or the Division of Medical Assistance and Health Services.

#### 10:94-2.4 Intake policy and procedure

(a) "Intake" is a term applied to the county welfare boards' activities in relation to requests for information pertaining to or requests for Medicaid Only.

(b) When a client or a representative of a client inquires for Medicaid Only, an appointment for an interview with the client shall be arranged promptly. Such inquiries shall be recorded as inquiries unless and until there is an interview which results in a decision to make application for assistance.

(c) When the inquiry is by letter or telephone, an appointment, if requested, shall be arranged promptly. An application for Medicaid Only is not to be taken if applicant plans to or has applied for SSI.

(d) All inquiries and referrals shall be cleared with the State Data Exchange (SDX) and any previous information on file shall be made available to the worker for the initial interview.

#### 10:94-2.5 Application policy and procedure

(a) Application for Medicaid Only may be taken by the county welfare board where the applicant resides or is institutionalized at the time of making application.

(b) A legally appointed guardian shall always be recognized as an authorized agent to initiate an application to establish eligibility for Medicaid Only.

(c) In Medicaid Only, an individual who wishes to apply may be confined at home or at an institution, or may be subject to a critical illness or injury which impedes action on his/her own behalf. Consequently, the CWP shall accept any one of the following, in the order of priority as listed, as an authorized agent for the purpose of initiating an application:

1. A relative by blood or marriage;
2. A staff member of a public or private welfare agency of which the person is a client, who has been designated by the agency to so act;

3. A physician or attorney of whom the person is respectively a patient or client;
4. A staff member of an institution or facility in which a person is receiving care, who has been designated by the institutional facility to so act.

**10:94-2.6 Registration procedures and record of inquiries**

(a) Official registration of an application consists of the following steps:

1. Entry in application register under appropriate classification as new, reapplication, reopened application or transfer;
  2. Assignment of case control number (registration number) to a new application, or reassignment of previous number to a reapplication or reopened application;
  3. Preparation of appropriate form PA-9, registration card.
- (b) So far as possible, registration shall be completed on the same day that application for assistance is made. If the application is made outside the CWB office, registration shall be completed within three working days.
- (c) An inquiry is any request for information about assistance programs which is not a request for an application. A record is necessary only when the inquiry requires follow-up action.
- (d) The institutional services section makes Medicaid Only referrals for adults contemplating discharge from specific state and county institutions. These cases are to be registered within two working days.

**10:94-2.7 Reports to the Commission for the Blind and Visually Impaired under specified circumstances**

By law, the CWB is required to report to the Commission for the Blind and Visually Impaired, every individual coming to its attention who is known to be, or who is believed likely to become, permanently blind. The pertinent information shall be registered with the commission in the prescribed form.

**10:94-2.8 Assignment of pending application for completion of eligibility determination**

Each CWB shall provide a method to assure assignment of pending application to a worker within three working days and establish a follow-up tickler system.

**10:94-2.9 Process of establishing eligibility**

The process of establishing eligibility involves a review of the application for completeness, consistency, and reasonableness. A personal face to face interview with the applicant or his/her authorized agent is required.

10:94-2.10

MEDICAID ONLY

**10:94-2.10 Collateral investigation**

- (a) "Collateral investigation" shall refer to contacts with individuals other than members of applicant's immediate household, made with the knowledge and consent of the applicant(s).
- (b) The primary purpose of collateral contacts is to verify, supplement or clarify essential information.
- (c) The applicants will usually be able to help select the most likely sources of information about themselves. If they are unwilling to have the necessary inquiries made and are unwilling to secure the required information from such sources themselves, then it shall be explained that the CWB will be unable to certify entitlement to Medicaid Only.

**10:94-2.11 Case recording**

All pertinent information relating to the eligible applicant shall be recorded.

**10:94-2.12 Recommendation for agency decision**

The income maintenance (IM) worker is initially responsible for the recommendation for approval or denial. The IM worker will complete the work sheet and authorization for public assistance (PA-3A) and a copy will be sent to the Medicaid unit for preparation of the MAP-1. The statement of income available for nursing home payment (PA-3L) will be completed in appropriate cases.

**10:94-2.13 Supervisory review and approval**

- (a) In most cases an IM worker will complete the investigation and processing of the application.
- (b) All records shall be reviewed by a supervisory staff member prior to final disposition.
- (c) Any difference of opinion between worker and supervisor shall be resolved by a conference, and, if necessary, the issue shall be referred to a higher administrative level for disposition.
- (d) All records of application shall be approved in writing by the supervisor following review, either by signature or initialed transcript signature.

10:94-2.13  
SUPERVISORY REVIEW AND APPROVAL

(a) It is the intent of State law and policy that the normal method for disposing of applications recommended for approval shall be by the authority vested in the director of welfare to make decisions on eligibility for Medicaid Only. The director of welfare has the same authority to make case decisions other than approvals.

(b) The director may delegate such authority to any staff member or members as he/she may determine. He/she shall exercise this right of delegation in such a way as to assure the availability at all times of some staff member possessing the requisite authority to make decisions and to authorize payment by the Division of Medical Assistance and Health Services.

(c) Applications which may be held for the welfare board are:

1. Those where immediate medical need is not indicated; or
2. Those where the director believes that there is valid cause to question the available evidence on any point of eligibility, or where the case presents a special problem;
3. If so held, the application shall be identified in the narrative portion of the minutes, and in each instance shall include a brief statement of the question or special problem involved and the decision of the board.

**10:94-2.15 Notice of agency decision**

Designation of personnel responsible for preparation of decision notices shall be at the discretion of the agency.

**10:94-2.16 Retroactive eligibility for Medicaid**

(a) All applicants for Medicaid Only are to be queried as to whether or not they have outstanding unpaid medical bills incurred within the three-month period prior to the month of application for Medicaid Only. Those indicating the existence of such bills are to be supplied with an "Application for payment of unpaid medical bills", form FD-74, for completion. The intake worker will be responsible for assisting the applicant, where necessary, in the interpretation and completion of the application form (regardless of whether the individual is eventually determined to be eligible for public assistance). The intake worker will not be responsible for making a financial determination of eligibility for the three-month period in question.

(b) The applicant will be required to attach all outstanding unpaid medical bills to the FD-74 form and forward it to the:

Division of Medical Assistance and  
Health Services  
Retroactive Eligibility Unit  
P.O. Box 2486  
Trenton, New Jersey 08625

(c) For individuals who are incapable of acting on their own behalf, an authorized agent can make application for retroactive Medicaid eligibility when there are outstanding medical bills. Such persons, at the time of application, should be provided with a form FD-74 for completion and submission to the retroactive eligibility unit with the unpaid medical bills attached.

(d) In the case of an individual who is deceased, an authorized agent, as defined above, may make application for retroactive Medicaid eligibility by obtaining an application form FD-74 from either the county welfare board or the local medical assistance unit.

### SUBCHAPTER 3. ELIGIBILITY FACTORS

#### 10:94-3.1 General provisions

(a) Eligibility must be established in relation to each legal requirement to provide a valid basis for granting or denying medical assistance.

(b) The applicant's statements regarding his/her eligibility, as set forth in the application form, are evidence. The statements must be consistent and meet prudent tests of credibility. Incomplete or questionable statements shall be supplemented and substantiated by corroborative evidence from other pertinent sources, either documentary or nondocumentary:

1. Documentary sources of evidence present factual information recorded at some previous date by a disinterested party and filed as part of a record. Examples: certificates, legal papers, insurance policies, licenses, bills, receipts, notices of RSDI benefits, and so forth.

2. Nondocumentary sources of evidence are factual oral statements which appear to be reliable by individuals, based on the observation and personal knowledge of applicant's circumstances.

#### 10:94-3.2 Citizenship: requirements

The applicant must be a resident of the United States who is either a citizen or an alien lawfully admitted for permanent residence or otherwise permanently residing in the United States under color of law.

#### 10:94-3.3 Citizenship: definitions

(a) A person born in the United States is, by definition, a United States citizen. The United States is defined as the Continental United States, Alaska, Hawaii, Puerto Rico, Guam, and the Virgin Islands of the United States. Native-born persons of American Samoa and Swain's Island are also regarded as citizens of the United States.

(b) Naturalized citizens are those persons upon whom United States or collective naturalization or, under certain conditions, citizenship may be derived from a naturalized parent. Thus a child(ren) of a naturalized parent(s) is automatically considered a naturalized citizen(s). Women who themselves could be lawfully naturalized and, prior to September 22, 1922, were married to citizens, or were married to aliens who became citizens before that date, automatically became citizens. On and after that date, standard immigration and

resource maximum. However, the value of an automobile shall be totally excluded if necessary for an individual's employment, or if used by an individual to obtain regular medical treatment for a specific ailment. (Medical treatment is defined as other than routine physical examinations and received more than four times a year.)

3. Personal effects and household goods, to the extent that the total value of such resources does not exceed \$1,500:

i. The amount by which the value of such resources exceeds \$1,500 shall be countable toward the appropriate resource maximum.

ii. Items of therapeutic or sentimental value shall be ignored in the evaluation of personal effects.

iii. Prosthetic devices, dialysis machines, hospital beds, wheel chairs, and similar equipment shall be ignored in the evaluation of personal effects, unless such items are used extensively and primarily by other members of the household, as well as by the person whose physical condition requires them.

4. The cash surrender value of all life insurance policies owned and in the control of the individual, if the total face value of such policies does not exceed \$1,500.

i. If the total face value of such policies exceeds \$1,500, the total cash surrender value of all policies shall be included as a resource, countable toward the appropriate resource maximum.

5. Real property which is producing income consistent with its current market value, or real and/or tangible property essential to an individual's employment (for example, tools of a tradesman, land of a farmer, livestock, machinery, and so forth).

6. The value of resources which are not accessible to an individual through no fault of his/her own.

i. Such resources include, but are not limited to, irrevocable trust funds, property in probate, and real property which cannot be sold because of the refusal of a co-owner to liquidate.

ii. Inaccessible resources shall be reevaluated (regarding their accessibility) at every redetermination.

7. In the case of blind or otherwise disabled person, resources which have been accumulated in connection with a plan to achieve self-support.

i. To qualify for this exclusion, an individual's plan to achieve self-support shall have been approved by the Division of Vocational and Rehabilitation Services or the Commission for the Blind and Visually Impaired, and must be current as of the date of the exemption.

8. The amount received from an insurance company for the purpose of replacing or repairing an originally excludable resource, if repair or replacement of such resource occurs within three months for personal property, or within six months for real property.

i. The proceeds from the sale of a home which is excluded from the individual's resources will also be excluded from resources to the extent that they are intended to be used and are, in fact, used to purchase another home, which is similarly excluded, within six months of the date of the proceeds.

**10:94-4.17 Resource eligibility standards**

For eligibility in the Medicaid Only program, total countable resources are limited by the following standards.

**10:94-4.18 Resource maximum of \$2,250 (couple)**

(a) Participation in the program shall be denied or terminated if the total value of a couple's countable resources (including resources deemed countable) exceeds \$2,250.

1. A couple shall be defined as a man and a woman who are legally married, or who have been determined to be a couple by the Social Security Administration for receipt of RSDHI benefits, or who are living together in the same household and presenting themselves to the community in which they live as husband and wife.

**10:94-4.19 Resource maximum of \$1,500**

Participation in the program shall be denied or terminated if the total value of an individual's countable resources (including resources deemed countable) exceeds \$1,500.

**10:94-4.20 Grandfather clause**

(a) An individual who satisfied the following criteria may have his/her income and/or resource eligibility determined in accordance with procedures formerly used in New Jersey's OAA, AB, and DA programs if it is more advantageous to the individual (See Financial Assistance Manual, Chapter 300, for regulations in effect prior to January 1, 1974):

1. The individual was participating in the Medicaid program during December 1973 under one of New Jersey's Federal programs for the aged, blind, or disabled.
2. The individual has, since December 1973, continuously resided in

New Jersey.

3. The individual has, since December 31, 1973, continuously been an eligible individual, an eligible spouse, or an essential person participating in the Medicaid program:

- i. A spouse who received Medicaid coverage in December, 1973, because of his/her status as a person "essential" to the existence of an eligible person is also considered eligible for receipt of Medicaid Only benefits under the

provisions of the grandfather clause. Such spouse must continue to reside with the eligible individual alone in order to retain his/her essential person status.

ii. Once an individual's essential person status is terminated, he/she must again apply for benefits and be determined eligible or ineligible on the basis of criteria used for other newly applying aged, blind, or disabled individuals.

**10:94-4.21 Deeming of resources**

Resources shall be deemed countable toward the appropriate resource maximum, in accordance with the following provisions.

**10:94-4.22 Applicant living alone**

If the applicant lives alone, the total value of his/her countable resources shall be applied toward the \$1,500 resource maximum.

**10:94-4.23 Applicant living with spouse**

When the applicant lives with his/her spouse (whether or not the spouse is eligible for Medicaid Only), the total value of the husband's and wife's combined countable resources shall be applied toward the \$2,250 resource maximum.

**10:94-4.24 Applicant living apart from spouse and neither is institutionalized**

If the applicant has been living apart from his/her spouse for less than six months, the provisions of section 23 of this subchapter shall apply. If the applicant has been living apart from his/her spouse for more than six months, the provisions of section 22 of this subchapter shall apply.

**10:94-4.25 Applicant in the community, spouse institutionalized**

If the applicant (or spouse) resides in the community and the spouse (or applicant) resides in an institution, after one month the husband and wife shall be treated as two separate individuals (rather than as a couple) for the purposes of determining resource eligibility.

**10:94-4.26 Applicant unmarried and under 22 years of age; living with parents**

(a) If the applicant is an unmarried child under 18 years of age, or under 22 years of age and regularly attending school, who lives with his/her parents (including stepparents), the total value of all countable resources in excess of the appropriate parental resource maximum, cited in paragraph 1, shall be applied toward the applicant's \$1500 resource maximum.

1. Parental resource maximums (including stepparents):

- i. One parent: The total value of countable resources in excess of \$1,500 shall be applied toward the eligible child's resource maximum.
- ii. Two parents: The total value of countable resources in excess of \$2,250 shall be applied toward the eligible child's resource maximum.
2. If there is more than one eligible child in the household, the total value of countable resources in excess of the appropriate parental maximum shall be equally divided among such children. In cases of this nature, no part of the value of such resources shall be allocated to ineligible children residing in the household.

**10:94-4.27****Financial eligibility standards;****income; generally**

As a condition of eligibility for the Medicaid Only program, applicants must comply with the income standards set forth in this subchapter.

**10:94-4.28****Income defined**

(a) For the purposes of this program, income shall be defined as receipt, by the individual, of any property or service which he/she can apply, either directly or by sale or conversion, to meet his/her basic needs for food, shelter, or clothing. It shall include both unearned or earned income received by the applicant(s) during the month in which application or redetermination takes place. All income, whether in cash or in-kind, shall be considered in the determination of eligibility, unless such income is specifically exempt under the provisions of this subchapter.

1. In order to be considered in the determination of eligibility, income must be "available". Income shall be considered available to an individual when:

- i. With the exception of income from self-employment, the individual actually receives the income;
- ii. With the exception of income from self-employment, the income becomes payable but is not received by the individual due to his/her preference for voluntary deferment;
- iii. Income has been deemed available to the applicant;
- iv. Net earnings from self-employment have been determined in accordance with this subchapter.

*2. Financial income shall be defined as payment received by an individual for services performed as an employee, or the net earnings as a result of self-employment.*

i. When the individual is both employed and self-employed, earned income shall consist of gross wages (or salary, and so forth), plus any net earnings from self-employment.

3. Unearned income shall be defined as any income which is not coincident with the provisions of paragraph 2 above; deemed income is counted as unearned income.

**10:94-4.29 Determination of countable income**

(a) Countable income shall be determined by adding the applicant's nonexempt unearned income (less appropriate exclusions) to his/her earned income (less appropriate exclusions). For county welfare boards of a mathematical persuasion the following formula may be applied:

$$C = (U - D) + (E - T), \text{ where}$$

C = Countable income

U = Total nonexempt unearned income

D = Exclusions applicable to unearned income

E = Total nonexempt earned income

T = Exclusions applicable to earned income

**10:94-4.30 Procedures regarding the determination of income eligibility**

(a) Determination of initial income eligibility shall be based on all earned and unearned income which has or will be received during the month for which application is made, beginning with the first day of such month, except that quarterly, semiannual or annual payments shall be prorated in accordance with subsection (b) of this section. (See section 31 of this subchapter regarding exclusion of student's earnings.)

(b) Rules on income received other than monthly are:

1. Income received weekly shall be multiplied by 4 1/3 to determine the monthly amount; bi-weekly income shall be multiplied by 2 1/6. (If earned income is irregular, the initial determination shall be based on the average of the amounts received each week during the four weeks preceding application.)

2. When income received on a quarterly, semiannual or annual basis is of sufficient amount to affect the individual's eligibility, it shall be prorated as a monthly amount and entered in the worksheet (PA-1E) accordingly.

3. The period of income eligibility begins with the month in which application is made and continues until the scheduled redetermination, or until a change in status or income occurs which requires an earlier redetermination. (See subchapter 5, Redetermination of Eligibility, of this subchapter.)

i. At the time of application, the applicant shall identify any income which he/she receives periodically (less frequently than once a month) or anticipates receiving prior to the time of redetermination.

ii. In situations where earned or unearned income is received irregularly or in irregular amounts, redeterminations shall be made as frequently as necessary. The individual shall be advised of his/her responsibility to report

significant changes in income. (See section 31 of this subchapter regarding exclusion of certain irregular income.)

**10:94-4.31 Income exclusions**

(a) The following income only shall be excluded in the determination of countable income. Income exclusions must be applied to unearned income first, then to earned income as appropriate. Exclusions must be applied in the order of their appearance in this subchapter.

1. Moneys received as a result of the sale of a resource shall be excluded. These moneys shall be treated as a resource.

2. Moneys received as a result of the settlement of a casualty insurance claim, if such settlement is intended as compensation for the loss or destruction of a previously excludable resource, shall be excluded.

3. Third-party payments for medical care or services, including room and board furnished during medical confinement, shall be excluded.

4. The value of social services (for example, advice, training, consultation) performed by any governmental or private agency shall be excluded.

5. The bonus value of food stamps shall be excluded.

6. All loans which are actually repayable shall be excluded.  
i. Regular contributions to an individual by his/her family, which are made over an extended period of time and which would be impossible to repay given the individual's current and/or future financial status, shall not be considered loans. Contributions of this nature shall be treated as income in accordance with this subchapter.

7. Benefits received under the following Federal programs shall be exempt.  
i. The value of benefits received under the Federal WIC program shall be exempt.

ii. The value of meals provided under the National School Lunch Act shall be exempt.

iii. Training incentive payments made under the Manpower Development and Training Act (MDTA) or under the Comprehensive Employment Training Act (CETA) of 1973 shall be exempt.

iv. Payments received under Title II of the Uniform Relocation and

Real Property Acquisition Act of 1970 shall be exempt.

v. Payments received for services performed in connection with the Domestic Volunteer Service Act of 1973 shall be exempt. Such programs include the Foster Grandparents program, Older Americans Community Service program, the Retired Senior Volunteer program (RSVP), the Service Corps of Retired Executives (SCORE), Volunteers in Service to America (VISTA), the Active Cooperative Volunteer Program (AVP), the Active Corps of Executives

(ACE), and other programs which are coordinated by the Federal ACTION agency.

vi. Payments made by the Disaster Assistance Administration shall be exempt.

8. That part of the proceeds of a life insurance policy which is used to pay the last illness and burial expenses of the insured shall be excluded.

i. Last illness and burial expenses shall include related hospital, medical, funeral, burial plot, and interment expenses, and related costs.

9. Refunds on taxes for food, real property, or income shall be exempt.

10. That portion of a grant, scholarship, or fellowship which is to be used to pay tuition and mandatory fees (as defined by the educational institution) shall be excluded.

11. The value of agricultural produce, if raised for home consumption, shall be excluded.

12. Certain irregular and/or infrequently received income shall be excluded.

i. Unearned income which totals \$60.00 or less per quarter (any consecutive three month period), and which is received irregularly or cannot be anticipated shall be excluded.

ii. Earned income which totals \$30.00 or less per quarter (any consecutive three month period), and which is received irregularly or cannot be anticipated shall be excluded.

13. Moneys paid to an individual as compensation for the care of a legally assigned foster child shall be excluded. (This income is not excludable if the child is an eligible individual in his/her own right, or if he/she does not reside in the home of the eligible individual(s).)

14. One-third of the amount received as child support from an absent parent shall be excluded.

15. Income received as compensation for services performed as an employee, or from self-employment, by an unmarried student who is under 22 years of age, shall be excluded to the extent that such income does not exceed \$1,200 in a calendar quarter and/or \$1,620 per calendar year.

i. A person shall be considered a student if he/she meets the following criteria:

(1) He/she is enrolled in a course or courses of study and attends to the extent required for continued enrollment. Specifically, a person must attend:

(A) A college or university at least eight semester or quarter hours weekly; or

(B) A secondary school at least 12 clock hours weekly; or

(C) A course of vocational or technical training (other than at a secondary school, college or university) designed to prepare the student for

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gainful employment involving shop practice, at least 15 clock hours a week; or without shop practice, at least 12 clock hours per week; or

(D) Less than the appropriate requirements in (A), (B) and (C) above, if it is determined that there are extenuating circumstances beyond the control of the student and he/she is pursuing a course of study comparable to the requirements of (A), (B) and (C) above.

(2) A student shall be considered in regular attendance if he/she is engaged in home study provided by a secondary school, college, university, or governmental agency and a home visitor or tutor supervises the study or training. For purposes of this section, government-sponsored courses in the various self-improvement and antiproverty programs are considered to be for the purposes of preparing the student for gainful employment.

(3) A student shall be considered in regular attendance during normal vacation periods if he/she is in regular attendance in the month immediately preceding and the month immediately following the vacation period.

(4) A student shall be considered in regular attendance for the month in which he/she completes or discontinues his/her school or training program.

16. The first \$20.00 per month of income, other than income received as a VA pension based upon need, shall be excluded. This exclusion shall be applied first to unearned income, and any remaining amount of exclusion then applied to earned income.

17. Earned income, in the amount of \$65.00 per month plus one half of the remaining sum, shall be excluded.

18. In the case of blind persons only, all expenses reasonably attributable to the earning of income shall be excluded.

19. In the case of blind or otherwise disabled persons, the amount of money which is needed to achieve an approved plan of self-support shall be excluded.

i. In order for this exclusion to apply, the plan of support must have been approved, in writing, by the Division of Vocational and Rehabilitation Services or the Commission for the Blind and Visually Impaired. The plan must also be current.

20. The following income shall be excluded in the determination of  
i. All payments received from public assistance programs, including general assistance and SSI, shall be excluded.

(1) Income which has been taken into account in determining the amount of such an assistance or SSI payment shall be excluded.

ii. Payments received for the foster care of an ineligible child shall be excluded.

iii. The bonus value of food stamps shall be excluded.  
 iv. The value of agricultural produce, if raised for home consumption, shall be excluded.

v. Refunds on taxes, real property, or income shall be excluded.

vi. The earned income of an ineligible child, who is a student and resides in the household, unless such child actually makes his/her income available to the family, shall be excluded.

(1) Earned income from this source shall not exceed \$1,200 in any calendar quarter nor \$1,620 in the calendar year. If the limit is exceeded, any amount over \$1,620 shall be included in the determination of deemed income.

vii. The income of ineligible children, who are residing in the household, shall not be deemed to the eligible individual.

viii. That portion of a grant, scholarship, or fellowship which is to be used to pay tuition and mandatory fees (as defined by the educational institution) shall be excluded.

ix. Income needed to achieve an approved plan of self-support shall be excluded.

(1) In order for this exclusion to apply, the plan of support must have been approved by the Division of Vocational and Rehabilitation Services or the Commission for the Blind and Visually Impaired. The plan must also be current.

x. The amount of \$65.00 per month as an employment expense, shall be excluded from earned income.

(1) In households in which more than one person is employed, only one exclusion shall be allowable.

xi. The amount of \$65.00 for each ineligible child who is under 21 and resides in the household shall be excluded.

(1) The \$65.00 deduction shall be reduced dollar for dollar by the income of the ineligible child, if any. If the child's monthly income is greater than \$65.00, no exclusion shall be allowed.

xii. For purposes of deeming, a living allowance in the amount indicated shall be excluded from the gross income of the following persons:

(1) Ineligible spouse: \$78.90 per month;

(2) One parent in the home: \$157.70 per month;

(3) Two parents (including stepparent) in the home: \$236.60 per month.

xiii. Benefits received under the Federal programs identified in this subchapter shall be excluded.

#### 10:94-4.32 Includable income

(a) Any income which is not specifically excluded under the provisions of section 31 of this subchapter shall be includable in the determination of

countable income. Such income shall include, but is not limited to, the following:

1. Any and all compensation for services performed as an employee shall be included as earned income.
2. Net adjusted income from self-employment shall be included as earned income.
  - i. In the determination of net adjusted income, IRS rules shall apply:
    - (1) Net adjusted income shall be the amount of gross income, less all allowable deductions attributable to the trade or business.
    - (2) Net adjusted income shall be the individual's distributive share of the trade or business in which he/she is a partner.
  - ii. If income from self-employment is received on other than a monthly basis, such income shall be averaged over the most recently ended taxable year in order to determine the average monthly or quarterly income to the individual, with the following exception:
    - (1) An individual whose income from seasonal self-employment is supplemented by income from employment and/or other sources during the balance of the year shall not have his/her self-employment income annualized. Income from self-employment shall be averaged only over the period in which it is intended to be received.
3. Payments received as an annuity, pension, retirement or disability benefit, workman's or unemployment compensation, or veteran's, Social Security, or strike benefit shall be included as unearned income.
  - i. SSA gross income shall be defined as the actual amount of the check, plus any premium deduction made under the Supplemental Medical Insurance program (SMI on Part B Medicare).
4. Scholarships, educational grants, fellowships and veteran's educational benefits shall be included as unearned income, except as provided in section 31 of this subchapter.
5. Support, alimony, and inheritances, in the amounts actually received, shall be included as unearned income except as provided in section 31 of this subchapter.
6. Cash payments, except those for medical costs, which are made on behalf of the individual by an organization or other third party shall be included as unearned income.
7. Payments made as the result of the settlement of a life insurance policy claim shall be included as unearned income except as provided in section 31 of this subchapter.
8. Cash or in-kind payments which are received as prizes, gifts, or awards shall be included as unearned income. (Occasional gifts, such as Christmas presents, with a value of \$20.00 or less, are excluded.)
  - i. A gift shall be defined as any payment which is neither given as

compensation for services or other consideration, nor as satisfaction of any legal obligation to the recipient of the gift.

ii. The value of an in-kind prize, gift, or award shall be its current market value.

9. Rents, dividends, interest, and royalties shall be included as unearned income.

i. The amount remaining, after all the costs of producing the income (except depreciation costs) have been deducted, shall be included as unearned income.

10. A lump-sum payment shall be included as income (either earned or unearned as appropriate) either in the month in which it is received or prorated over three months when the payment exceeds the individual's monthly deficit.

11. Room or board which is furnished for a nominal amount or without charge to the individual (or couple) shall be evaluated according to the following chart, unless the applicant can demonstrate that the costs are, in fact, less.

i. Room:

(1) One person: \$43.00;

(2) Two persons: \$64.00.

ii. Board:

(1) One person: \$45.00;

(2) Two persons: \$90.00.

12. Income which has been deemed available to an individual, less appropriate deemed income exclusions, shall be included as unearned income. Deemed income need not, in fact, be available to the individual in order to be included in the determination of countable income. Income shall be deemed countable toward the appropriate income maximum, in accordance with the following provisions:

i. If the applicant lives alone, the total amount of his/her countable income shall be applied to the appropriate income maximum.

ii. If the applicant lives with an eligible spouse, the total amount of the husband's and wife's combined countable income shall be applied to the appropriate income maximum.

iii. If the applicant lives with an ineligible spouse, the total amount of the husband's and wife's combined countable income, less deemed income exclusions applicable to the ineligible spouse, shall be applied to the appropriate income maximum.

iv. When neither spouse is institutionalized and the applicant has been living apart from his/her spouse for less than six months, the provisions of subparagraphs ii. and iii. above shall apply. If the applicant has been living apart from his/her spouse for more than six months, the provisions of subparagraph i. above shall apply. However, in the case of death or divorce, couple status shall be terminated immediately.

v. If the applicant (or spouse) resides in the community, and the spouse (or applicant) resides in an institution, the provisions of subparagraph iii. above shall apply for one month only. After one month, the provisions of subparagraph i. above shall apply.

vi. If a qualified individual is unmarried, under 22 years of age, and living with his/her parents, the individual's income shall be deemed to include all of the income, less appropriate exclusions, of the parent(s) or stepparen t(s) with whom he/she lives.

**10:94-4.33**

**Income eligibility standards**

Table A shall be used to determine the applicable eligibility standards for aged, blind, or disabled persons who make application for Medicaid Only benefits. As indicated in the table, standards are dependent upon the applicant's living arrangements.

Note: Persons who are neither blind, disabled or over 65 years of age shall have their eligibility for Medicaid Only determined in accordance with procedures used in the determination of AFDC or AFWP eligibility (see the Public Assistance Manual and the Assistance Standards Handbook).