



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

Region 10
2201 Sixth Avenue, MS/RX-43
Seattle, Washington 98121

FEB 27 2006

Ms. Robin Arnold-Williams
Secretary
Department Social & Health Services
P.O. Box 45010
Olympia, WA 98504-5010

RE: TN#06-002

Dear Ms. Arnold-Williams:

The Region 10 office of the Centers for Medicare & Medicaid Services has completed its review of State Plan Transmittal Number 06-002. This amendment implements a less restrictive income deduction for self-employed individuals, allowing the choice between a standard earned income deduction of \$100 or the actual business expenses when determining Medicaid eligibility for Section 1931 families, children, and pregnant women. This change is reflected in Supplement 8a to Attachment 2-6A, page 1 and 2 and Supplement 12 to Attachment 2.6-A, pages 3 and 4.

This state plan amendment is approved effective January 1, 2006.

If you have any additional question or require any further assistance, please contact Maria Garza at (206) 615-2542.

Sincerely,

Karen S. O'Connor
Associate Regional Administrator
Division of Medicaid and Children's Health

Cc: Douglas Porter, HRSA Assistant Secretary
Ann Myers, State Plan Coordinator

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
06-02

2. STATE
Washington

FOR: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
January 1, 2006

5. TYPE OF PLAN MATERIAL (*Check One*):

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate Transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION:

7. FEDERAL BUDGET IMPACT:

a. FFY 2006 \$0
b. FFY 2007 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Supplement 8a to Attachment 2.6-A pages 1 and 2
Supplement 12 to Attachment 2.6-A pages 3 and 4

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*):

Supplement 8a to Attachment 2.6-A pages 1 and 2
Supplement 12 to Attachment 2.6-A pages 3 and 4

10. SUBJECT OF AMENDMENT:

Less Restrictive Income Deduction for Self-Employed Individuals

11. GOVERNOR'S REVIEW (*Check One*):

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED: Exempt
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

Robin Arnold-Williams

16. RETURN TO:

Ann Myers
Department of Social and Health Services
Medical Assistance Administration
925 Plum St SE MS: 45533
Olympia, WA 98504-5533

13. TYPED NAME:

ROBIN ARNOLD-WILLIAMS

14. TITLE:

Secretary

15. DATE SUBMITTED:

Feb. 2, 2006

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: **FEB -2 2006**

18. DATE APPROVED: **FEB 27 2006**

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: **JAN -1 2006**

20. SIGNATURE OF REGIONAL OFFICIAL:

Karen S. O'Connor

21. TYPED NAME:

KAREN S. O'CONNOR

22. TITLE:

Associate Regional Administrator

23. REMARKS:

**Division of Medicaid &
Children's Health**

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

3. The following applies to children covered under Section 1902 (a) (10) (A) (i) (III) of the Act, who are defined in 1905 (n) (2) of the Act:

As a result of the Washington State legislature authorizing and appropriating funding, the state has implemented the following methodology:

- a. Effective January 1, 1992, income in excess of the state's AFDC standard, but less than 100% of the federal poverty level (FPL), is disregarded.
- b. Effective July 1, 1994, income in excess of the state's AFDC standard, but less than 200% of the federal poverty level (FPL), is disregarded.

When determining or re-determining eligibility, a self-employed applicant or recipient may choose to use a standard earned income deduction of \$100 or actual expenses, whichever is most beneficial.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

ELIGIBILITY UNDER SECTION 1931 OF THE ACT (continued)

2. A motor vehicle necessary to transport a physically disabled household member is excluded.
3. An increase in assets is disregarded from the point of application so long as the client remains otherwise continuously eligible.
4. For purposes of the 185% gross income test, income in excess of 185% of the AFDC need standard is excluded.
5. When determining countable income, either fifty percent of all earned income, or \$90 and \$30 and 1/3, (if applicable) and whichever is greater, is exempt.
6. All earned income is excluded in the second or third month for two months starting with the month a family exceeds Section 1931 income standards. This exclusion allows Transitional Medicaid coverage for any family who loses eligibility for Section 1931 Medicaid due to earnings, and will give the family the necessary 12 months of post-1931 eligibility Transitional Medicaid coverage.
7. Diversion cash assistance is not countable as income or a resource in the initial month of Medicaid eligibility.
8. Actual amount of court-ordered child support paid for a child out of the home is a deduction from earned income.
9. Actual amount of childcare and dependent care, is a deduction from earned income.
10. When determining or re-determining eligibility, a self-employed applicant or recipient may choose to use a standard earned income deduction of \$100 or actual expenses, whichever is most beneficial.

The income and/or resource methodologies that the less restrictive methodologies replace are as follows:

1. And 2. When determining countable resources, the equity value of one car up to \$1500 is exempt.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

ELIGIBILITY UNDER SECTION 1931 OF THE ACT (continued)

3. When determining countable resources, the resource limit of any available resources for applicants and recipients may amount up to \$1000.
4. When determining income eligibility, the state uses a gross income test of 185% of federal poverty level.
5. When determining countable income, \$90 and \$30 and 1/3 are exempt.
6. An increase in earned income is not excluded for two months. A person who has received Medicaid under Section 1931 for less than three months is not eligible for twelve months of transitional Medicaid.
7. Diversion cash assistance did not exist.
8. Court-ordered child support was not an income deduction.
9. Childcare and dependent care earned income deductions were limited to:
 - (a) \$175 per month for a child over the age of two; and
 - (b) \$200 per month for a child under the age of two.
10. When determining or re-determining eligibility, a self-employed applicant or recipient is allowed to deduct actual business expenses, whichever is most beneficial.

 The agency terminates medical assistance (except for certain pregnant women and children) for individuals who fail to meet TANF work requirements.

 X The agency continues to apply the following waivers of provisions of part A of title IV in effect as of July 16, 1996, or submitted prior to August 22, 1996 and approved by the Secretary on or before July 1, 1997.

Under Section 402(a) (41) and 402(a) (38) allows the State to provide benefits to families in which the principal earner works 100 or more hours per month.