

Raising the Medicaid Income Limits for Older Adults and People with Disabilities

AUGUST 2023

Hannah Diamond, Policy Advocate
Amber Christ, Managing Director, Health Advocacy

INTRODUCTION

The NJ FamilyCare program, New Jersey's Medicaid program, provides essential health coverage to 2.3 million low-income individuals, including nearly 300,000 older adults and people with disabilities.¹ Medicaid coverage is vital for older adults and people with disabilities, as it includes essential services not covered by Medicare. This coverage is especially crucial for low-income older adults who, due to racism and other forms of systemic discrimination, tend to have higher health needs and limited resources to pay for care.

The income eligibility criteria for NJ FamilyCare are inequitable. Older adults and people with disabilities experience more stringent income criteria than other Medicaid populations. Consequently, when older adults and people with disabilities turn 65 or obtain Medicare, despite having no changes in income and being at a point when their need for coverage is the greatest, many lose Medicaid coverage or experience an unaffordable share of cost.

Raising NJ FamilyCare's income limits to 138% of the Federal Poverty Level (FPL) will address these inequities and reduce disparities in access to care and support for older and disabled adults of color. Research demonstrates that restrictive income limits for Medicaid coverage prevent people of color from accessing benefits.² Due to racism and intersecting forms of discrimination, older and disabled people of color disproportionately have lower incomes. Therefore, increasing income limits to capture a greater segment of the low-income population is especially effective in bolstering equitable access to health and long-term services and supports for communities of color.

This fact sheet provides a summary of NJ FamilyCare's income eligibility limits for older adults and people with disabilities and details the positive impact that raising the income limits would have on the state's residents and their families. It draws on successful interventions and policy changes in California and New York to equip New Jersey advocates with strategies to increase the state's Medicaid income limits to 138% of the FPL. This is the first fact sheet in a series focused on expanding Medicaid financial eligibility in New Jersey for older adults and people with disabilities.

NEW JERSEY'S MEDICAID INCOME LIMITS ARE INEQUITABLE FOR OLDER ADULTS AND PEOPLE WITH DISABILITIES

The Affordable Care Act (ACA) enabled states to expand Medicaid eligibility to individuals under 65 with income limits at or below 138% FPL.³ The ACA did not, however, expand income eligibility for older adults and people with disabilities. As a result, many low-income older adults and people with disabilities in New Jersey cannot access Medicaid despite having less income than other Medicaid-eligible populations. The two Medicaid programs that have inequitable income limits for older adults and people with disabilities are the NJ FamilyCare Aged, Blind, Disabled (ABD) Program and the NJ FamilyCare Medically Needy Program.

NJ FamilyCare Aged, Blind, Disabled Program

Enrollment in the NJ FamilyCare ABD program enables access to critical state plan benefits such as home health care, personal care assistant services, adult day health services, dental, hearing, vision, and transportation. Current income criteria for the ABD program impose stricter income limits on older adults and people with disabilities (100% of the FPL or \$1,215 in 2023) than for single adults under 65 (138% of the FPL or \$1,677 in 2023) enrolled in NJ FamilyCare, creating a gap in coverage for those between 100% of the FPL and 138% of the FPL.⁴ This means that when an individual becomes Medicare eligible or turns 65 and as a result is no longer eligible for NJ FamilyCare, they are subject to stricter NJ FamilyCare ABD income criteria, causing many to lose access to coverage when their needs have not changed or are increasing. Research shows that individuals between 100% of the FPL and 138% of the FPL share similar levels of functional and cognitive impairment to those with Medicaid coverage, are likely to be in poor health, and are comprised primarily of people of color.⁵

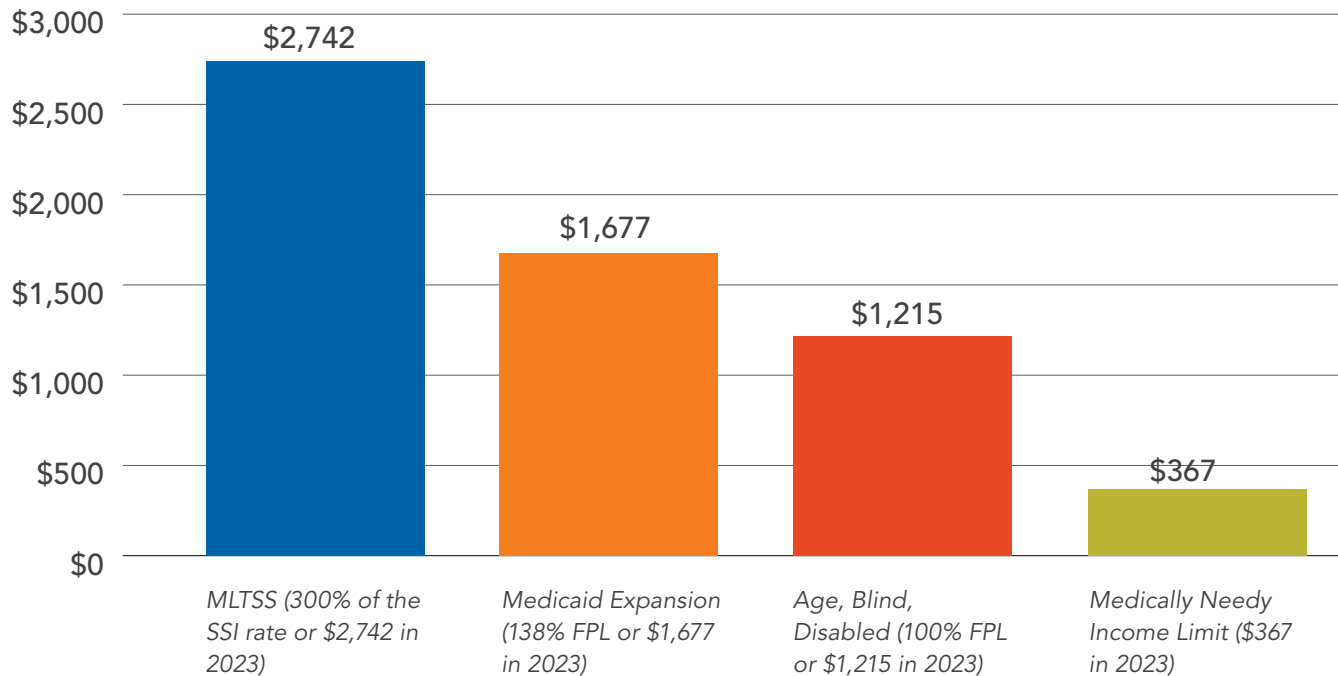
“ This means that when an individual becomes Medicare eligible or turns 65 and as a result is no longer eligible for NJ FamilyCare, **they are subject to stricter NJ FamilyCare ABD income criteria, causing many to lose access to coverage when their needs have not changed or are increasing.** ”

Managed long-term care services (MLTSS) in New Jersey provide access to Medicaid long-term care benefits in addition to state plan benefits for older adults and people with disabilities with higher care needs that meet a skilled nursing facility level of care. The income limit to qualify for MLTSS is much higher (300% of the SSI rate or \$2,742 in 2023) than NJ FamilyCare ABD, resulting in a coverage gap for older adults who have lower care needs and incomes between 100% of the FPL and 300% of the SSI rate.⁶ Increasing the income limit for NJ FamilyCare ABD up to 138% of the FPL will reduce the coverage gap between programs and provide care and services to people when they need them rather than when their care needs reach the level to qualify for MLTSS.

NJ FamilyCare Medically Needy Program

For older adults who exceed the income limit to qualify for NJ FamilyCare ABD, the Medically Needy Pathway allows them to “spend down” their income on medical expenses to become eligible.⁷ Consider Burnett, a 65-year-old woman with a monthly income of \$1,700, approximately 140% of the FPL. To “spend down” to the Medically Needy Income Limit (MNIL) in New Jersey (\$367 in 2023), Burnett must pay \$1,333 monthly for six months, approximately 78% of her income each month, leaving her with little money to pay for expenses such as rent, food, or utilities. Because the amount people must spend before becoming Medicaid eligible is so high, many choose not to enroll in the NJ FamilyCare Medically Needy program and instead pay for care out of pocket or forgo care altogether. Raising the MNIL to 138% of the FPL will mean that instead of paying \$1,333 a month to become Medicaid eligible, Burnett will pay just the amount her monthly income is over 138% of the FPL – in this case \$23.

Income Eligibility Restrictions for New Jersey FamilyCare



NEW JERSEY SHOULD RAISE THE NJ FAMILYCARE INCOME LIMITS TO 138% FPL FOR OLDER ADULTS AND PEOPLE WITH DISABILITIES

To make Medicaid more equitably available to older adults and people with disabilities, New Jersey should pursue legislative changes to increase the income eligibility for the ABD and Medically Needy programs up to 138% of the FPL. California and New York increased income limits for their ABD and Medically Needy programs via their state budget processes; following these legislative changes, each state submitted state plan amendments to receive approval from the Centers for Medicare and Medicaid Services (CMS). The attached Appendix summarizes the legislative changes and state plan amendments California and New York secured and identifies the comparable New Jersey statutory and regulatory provisions.

Raising the Medicaid income limits to 138% of the FPL will:

Reduce Age and Disability-Based Disparities

Increasing income limits creates more parity between NJ FamilyCare programs that serve ABD populations by eliminating the “senior and disability penalty,” in which older adults and people with disabilities, despite living on fixed incomes, experience more restrictive income criteria than other NJ FamilyCare enrollees. Increasing the income limit prevents coverage loss upon turning 65 or becoming eligible for Medicare.

Promote Health and Financial Stability for Older Adults and People with Disabilities

Increasing income limits reduces the need for low-income older adults to go without care and risk their health or further impoverish themselves to pay for needed services. This change will also promote housing stability, particularly amongst Black older adults, as high Medicaid cost-sharing increases this population’s susceptibility to becoming unhoused due to disparities in homeownership.⁸

Decrease the Institutional Bias and Expand Access to Home and Community-Based Services (HCBS)

More affordable cost-sharing through higher income limits will increase access to HCBS, including personal care assistance services through state plan benefits. Increasing access to preventive services like personal care can help individuals remain healthier for longer, avoiding the more costly and unnecessary alternative of institutionalization. This effort directly invests in people of color, LGBTQ+ individuals, people with mental health conditions, and dementia, as these populations are more susceptible to institutionalization.⁹

Streamline Administrative Processes and Lessen Confusion Amongst Enrollees

Simplified enrollment pathways are easier to understand, enabling older adults and their family members to navigate the state's Medicaid program more effectively. This change will also likely produce savings for the state, as simplified administrative processes will require fewer resources to verify income eligibility.

Reduce the Direct Care Workforce Crisis

By increasing the income limit for New Jersey FamilyCare, more older adults can receive personal care assistant services through the Personal Preference Program, which permits individuals to compensate their chosen caregiver, often a family member, to provide care.¹⁰ As most caregivers are women and women of color, compensating family caregivers is an investment in equity that also reduces strain on the direct care workforce.

Build on Existing Precedent Established by the New Jersey Workability Program

In January 2022, Governor Phil Murphy signed legislation to increase the income limit for the New Jersey WorkAbility program, providing individuals with disabilities the ability to work, maintain higher incomes, and receive Medicaid coverage.¹¹

CONCLUSION

Expanding income eligibility for the ABD and Medically Needy pathways for NJ FamilyCare to 138% of the FPL will address disparities in access and promote financial stability for older adults and people with disabilities in New Jersey. By following strategies California and New York utilize to bridge gaps in coverage, New Jersey can create a more inclusive and equitable Medicaid program. For questions pertaining to this fact sheet, please [contact Hannah Diamond](#), Policy Advocate at Justice in Aging.

APPENDIX

ABD Income Limit Increase: California

Legislation

- [SB 104 Budget Trailer Bill](#), amending WIC § 14005.40. Passed and signed into Law on July 9, 2019.
- “(3) (A) Pursuant to Section 1902(r)(2) of the federal Social Security Act (42 U.S.C. Sec. 1396a(r)(2)), all countable income over 100 percent of the federal poverty level, up to 138 percent of the federal poverty level, shall be disregarded, after taking all other disregards, deductions, and exclusions into account for those persons eligible pursuant to this section.”

State Plan Amendments

- [CA-20-0045](#) – submitted September 2, 2020, and approved November 19, 2020.
- [CA-19-0050](#) – submitted September 30, 2019, and approved December 20, 2019.

ABD Income Limit Increase: New York

Legislation

- [SB 8006C](#), amending Section 366 of Social Services Law. Passed and signed into law on April 9, 2022.
- “(a) The following income and resources shall be exempt and shall not be taken into consideration in determining a person’s eligibility for medical care, services, and supplies available under this title: (7) income based on the number of family members in the medical assistance household, as defined in regulations by the commissioner consistent with federal regulations under title XIX of the federal social security act that does not exceed one hundred thirty-eight percent of the federal poverty line for the applicable family size, which shall be calculated in accordance with guidance issued by the United State secretary for health and human services and with other applicable provisions of this section;”

State Plan Amendment

- SPA has been submitted and is pending with CMS: link unavailable.

New Jersey Statutory Authority

- [N.J.S.A 30:4D-3\(i\)\(11\)](#): “Is an individual 65 years of age and older, or an individual who is blind or disabled pursuant to section 301 of Pub.L.92-603 (42 U.S.C. s.1382c), whose income does not exceed 100% of the poverty level, adjusted for family size, and whose resources do not exceed 100% of the resource standard used to determine medically needy eligibility pursuant to paragraph (8) of this subsection;”

New Jersey Administrative Code

- [N.J.A.C § 10:72-4.1\(a\)](#): “Income limits for Medicaid for aged, blind, and disabled persons (except for specified low-income Medicare beneficiaries), covered under the provisions of this chapter will be based on 100 percent of the poverty income guidelines as defined by the U.S. Department of Health and Human Services in accordance with sections 652 and 673(2) of the Omnibus Budget Reconciliation Act of 1981 (Pub.L. 97-35). The monthly income standard will be 1/12 of the annual poverty income guideline rounded down to the next whole dollar amount for household unit sizes of one and two for aged, blind, and disabled individuals. The annual revision to the Federal poverty income guideline will be effective for purposes of this section with the first day of the year for which the poverty income guideline is promulgated.”

Medically Needy MNIL Increase: California

Legislation

- [SB 184](#), amending WIC § 14005.12, passed and signed into Law on June 6, 2022.
- Preamble: “This bill, to the extent that any necessary federal authorization is obtained, would increase the above-described income level for maintenance per month to be equal to the income limit for Medi-Cal without a share of cost for individuals who are 65 years of age or older or are disabled, generally totaling 138% of the federal poverty level. The bill would make these provisions operative on January 1, 2025, or the date certified by the department, whichever is later. The bill would repeal related provisions as part of conforming changes.”
- “For the purposes of Sections 14005.4 and 14005.7, the department shall establish the income levels for maintenance need at the lowest levels that reasonably permit medically needy persons to meet their basic needs for food, clothing, and shelter, and for which federal financial participation will still be provided under Title XIX of the federal Social Security Act. It is the intent of the Legislature that the income levels for maintenance need for medically needy aged, blind, and disabled adults, in particular, shall be based upon amounts that adequately reflect their needs.”

State Plan Amendment

- A SPA for this change has not been submitted. Submission is dependent upon inclusion in the state’s 2024/25 budget.

Medically Needy MNIL Increase: New York

Legislation

- [SB 8006C](#), amending Section 366 of Social Services Law. Passed and signed into law on April 9, 2022.
- “(a) The following income and resources shall be exempt and shall not be taken into consideration in determining a person’s eligibility for medical care, services, and supplies available under this title: (7) income based on the number of family members in the medical assistance household, as defined in regulations by the commissioner consistent with federal regulations under title XIX of the federal social security act that does not exceed one hundred thirty-eight percent of the federal poverty line for the applicable family size, which shall be calculated in accordance with guidance issued by the United State secretary for health and human services and with other applicable provisions of this section;”

State Plan Amendment

- [NY 23-0001](#) - Submitted December 30, 2022. Awaiting approval.

New Jersey Statutory Authority

- [N.J.S.A. 30:4D-3\(i\)\(8\)\(d\)](#): “Individuals whose income exceeds those established in subparagraph (b) of paragraph (8) of this subsection may become medically needy by incurring medical expenses as defined in 42 C.F.R.435.831(c) which will reduce their income to the applicable medically needy income established in subparagraph (b) of paragraph (8) of this subsection.”

New Jersey Administrative Code

- [N.J.A.C. § 10:70-4.1\(a\)](#): “Income eligibility for the Medically Needy Program may be established by two methods. If the countable income of the budget unit (as determined in this subchapter) is equal to or less than the Medically Needy Income Level (MNIL) appropriate for the budget unit size, income eligibility is established and the eligible persons are entitled to Medically Needy Program payment for covered services. For cases in which the countable income of the budget unit exceeds the appropriate MNIL, income eligibility may only be established through medical spend-down (see N.J.A.C. 10:70-6).”

ENDNOTES

- 1 Division of Medical Assistance and Health Services (DMAHS), "[NJ FamilyCare Long Term Care: Month at a Glance](#)," May 2023; DMAS, "[NJ FamilyCare Enrollment Summary](#)," June 2023.
- 2 Cohen, M. & Tavares, J. "[How Medicaid Financial Eligibility Rules Exclude Financially and Medically Vulnerable Older Adults](#)." Journal of Aging and Social Policy, March 2023.
- 3 42 U.S.C. §1396a(a)(10)(A)(i)(VIII) "beginning January 1, 2014, who are under 65 years of age, not pregnant, not entitled to, or enrolled for, benefits under part A of title XVIII, or enrolled for benefits under part B of title XVIII, and are not described in a previous subclause of this clause, and whose income (as determined under subsection (e)(14)) does not exceed 133 percent of the poverty line..."; See also, 42 U.S.C. §1396a(e)(14)(C), "A State shall not apply any assets or resources test for purposes of determining eligibility for medical assistance under the State plan or under a waiver of the plan."
- 4 DMAHS, [Who is Eligible?](#), 2023; DMAHS, [The NJ FamilyCare Aged, Blind, Disabled Program Information](#).
- 5 Cohen, M. & Tavares, J. "[How Medicaid Financial Eligibility Rules Exclude Financially and Medically Vulnerable Older Adults](#)." Journal of Aging and Social Policy, March 2023.
- 6 Id.
- 7 In New Jersey, this pathway is permissible for the ABD pathway but not MLTSS. See American Council on Aging, [Medicaid Medically Needy Pathway to Eligibility: Income and Asset Limits](#), June 2023.
- 8 Evans, Tim., "[The Black-White Homeownership Gap in New Jersey](#)," September 2020, New Jersey Future; See Division of Aging Services, "[The 2020 New Jersey Elder Economic Security Standard](#)," January, 2021, for analysis of the Elder Index, a tool that measures the income needed by older adults in New Jersey to maintain their independence in the community.
- 9 Carlson, E. & Selassie, G., "[Racial Disparities in Nursing Facilities and How to Address Them](#)," September 2022, Justice in Aging; Movement Advancement Project & SAGE, "[Understanding Issues Facing LGBT Older Adults](#)," 2017; Ne'eman, Ari., et al., "[Nursing Home Residents Younger Than Age Sixty-Five Are Unique And Would Benefit From Targeted Policy Making](#)," October 2022, Health Affairs; Alzheimer's Association, "[2023 Alzheimer's Disease Facts and Figures: The Patient Journey In An Era of New Treatments](#)," 2023.
- 10 DMAHS, [Personal Preference Program \(PPP\)](#).
- 11 New Jersey [S 3455](#) / A 5262, Session 2020-2021.