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HAWAII ADMINISTRATIVE RULES

TITLE 17

DEPARTMENT OF HUMAN SERVICES

SUBTITLE 12

MED-QUEST DIVISION

CHAPTER 1726

MEDICAL ASSISTANCE FOR FAMILIES WITH CHILDREN DESCRIBED  
IN SECTION 1931 OF THE SOCIAL SECURITY ACT

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### SUBCHAPTER 1

#### GENERAL PROVISIONS

§17-1726-1 Purpose. This chapter describes the requirements for eligibility and participation for families with children described in section 1931 of the Social Security Act. This chapter also describes the provisions for transitional medical assistance for these families. [Eff 12/03/01 ] (Auth: HRS §346-14) (Imp: 42 U.S.C. §1396u-1)

§17-1726-2 Definitions. As used in this chapter:

"Full-time employed" means an individual who is employed a minimum of one hundred thirty hours a month.

"Full-time student" means a child under age nineteen enrolled in a public or private elementary or secondary school.

"Section 1931 of the Social Security Act" means the section that was added to the Social Security Act by the Personal Responsibility and Work Opportunity Act of 1996, which established a new mandatory eligibility group of low-income families with children.

"Temporarily absent" means the child or caretaker relative is not present in the home for a period not to exceed sixty days, and from the date of departure there was a planned date of return. [Eff 12/03/01 ]  
(Auth: HRS §346-14) (Imp: 42 U.S.C. §1396u-1)

§§17-1726-3 to 17-1726-7 (Reserved)

## SUBCHAPTER 2

### ELIGIBILITY REQUIREMENTS

§17-1726-8 Basic eligibility requirements. Applicants and recipients shall meet the basic eligibility requirements described in chapter 17-1714 which include, but are not limited to U.S. citizenship or legal resident alien status, state residency, not residing in a public institution, and provision of social security number. [Eff 12/03/01 ] (Auth: HRS §346-14) (Imp: 42 U.S.C. §1396u-1)

§17-1726-9 Age requirement. (a) A child who is under eighteen years of age and who meets all other requirements of eligibility shall be eligible for assistance.

(b) Assistance may be provided to a child age eighteen if the child is a full-time student in a secondary school and is reasonably expected to graduate before reaching age nineteen.

(c) Eligibility shall be redetermined for the first month following the month in which a child reaches eighteen years of age or completes the program specified in subsection (b). [Eff 12/03/01 ]  
(Auth: HRS §346-14) (Imp: 42 U.S.C. §1396u-1)

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§17-1726-10 Specified relative and place of residence. (a) A child shall be living with one of the relatives specified in subsection (b) in a residence maintained as the child's own home in order to be eligible. The home shall be a family setting maintained by the relative who has assumed the responsibility for the daily care of the child.

(1) A home shall exist provided the relative exercises responsibility for the care and control of the child, even though either the child or relative is temporarily absent from the home.

(2) A child shall be considered living with specified relatives even though the child is under the jurisdiction of the court, or legal custody is held by an agency that does not have physical custody of the child.

(b) Persons considered to be specified relatives shall include:

- (1) Mother, father, sister, brother, half-sister, half-brother, aunt, uncle, aunt half-blood, uncle half-blood, great aunt, great uncle, great aunt half-blood, great uncle half-blood, grandmother, grandfather, great grandmother, great grandfather, first cousin, first cousin once removed, niece or nephew, great-great grandmother, great-great grandfather, great-great-great grandmother, great-great-great grandfather, great-great-great aunt, great-great-great uncle, great-great-great aunt half-blood, great-great-great uncle half-blood;
- (2) Stepmother, stepfather, stepsister, and stepbrother;
- (3) The adoptive parents of a legally adopted child as well as other natural or legally adopted children and relatives of the adoptive parents; and
- (4) The legally married spouse of any of the persons specified in this subsection even after the marriage has ended in death or divorce. [Eff 12/03/01 ] (Auth: HRS §346-14) (Imp: 42 U.S.C. §1396u-1)

§§17-1726-11 to 17-1726-15 (Reserved)

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## SUBCHAPTER 3

### FINANCIAL ELIGIBILITY REQUIREMENTS

§17-1726-16 Personal reserve standards. (a) The personal reserve standard is the maximum amount of countable family assets that may be held by an individual or family while establishing or maintaining eligibility for families with children described in section 1931 of the Social Security Act.

(b) An individual or family whose equity in non-exempt assets exceeds the personal reserve standard for a family of applicable size shall be ineligible for this particular group. The department shall then determine whether the individual or family is eligible for coverage through other medical assistance programs.

(c) The following personal reserve standards shall apply:

- (1) For a one-member family, the personal reserve standard shall be \$2000.
- (2) For a two-member family, the personal reserve standard shall be \$3000.
- (3) For a family of more than two members, the personal reserve standard shall be \$3,000 plus \$250 for each additional family member.  
[Eff 12/03/01 ] (Auth: HRS §346-14)  
(Imp: 42 U.S.C. §1396u-1)

§17-1726-17 Standards of need. The monthly standard of need is the financial assistance need standard that was used on July 16, 1996 for an individual or family of the same size. On July 16, 1996 the monthly financial assistance need standard was equal to one hundred per cent of the federal poverty level established by the federal government in 1993.  
[Eff 12/03/01 ] (Auth: HRS §346-14) (Imp: 42 U.S.C. §1396u-1)

§17-1726-18 Standards of assistance. The monthly standard of assistance is the financial assistance payment standard that was used on July 16, 1996 for an individual or family of the same size. On July 16, 1996 the financial assistance payment standard was equal to sixty-two and one-half per cent of the standard of need as described in section 17-1726-17.

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[Eff 12/03/01 ] (Auth: HRS §346-14) (Imp: 42  
U.S.C. §1396u-1)

§17-1726-19 Treatment of income and assets. (a) When determining financial eligibility for families with children described in section 1931 of the Social Security Act, the provisions for treatment of income and assets in the Hawaii QUEST program, as described in chapters 17-1724 and 17-1725, shall apply.

(b) When determining financial eligibility for families with children described in section 1931 of the Social Security Act, the provisions relating to financial support and responsibilities of Hawaii QUEST as described in section 17-1724-46 shall pertain.

[Eff 12/03/01 ] (Auth: HRS §346-14) (Imp: 42  
U.S.C. §1396u-1)

§17-1726-20 Determining income eligibility for families with children described in section 1931 of the Social Security Act. (a) An individual or family whose monthly gross income does not exceed one hundred per cent of the 2001 federal poverty level for a family of applicable size, shall be financially eligible for coverage under this particular group.

(b) For an individual or family whose monthly gross income exceeds one hundred per cent of the 2002 federal poverty level for a family of applicable size, monthly net earned income shall be determined by the following process:

- (1) From monthly gross earned income of each applicant or recipient, deduct the first \$90;
- (2) Next, deduct the first \$30 plus one-third of the remainder for four consecutive months and the \$30 exemption for eight additional months. Any month in which an employed individual is determined eligible under the provision of subsection (a) shall count as one of the four consecutive months providing the individual's monthly gross earned income exceeded \$90 for that month.
- (3) Next, deduct an amount equal to the actual cost for the care of each child living in the same family and receiving medical assistance, but shall not exceed:
  - (A) For a child age two years and older:
    - (i) \$175 a month if the applicant or recipient is employed full time; or

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- (ii) \$165 a month if the applicant or recipient is not employed full time; or
- (B) For a child under the age of two years:
  - (i) \$200 a month if the applicant or recipient is employed full time; or
  - (ii) \$190 a month if the applicant or recipient is not employed full time.
- (4) Add the monthly net earned income for each applicant or recipient as well as any unearned income to determine the family's net income.
  - (c) When the family's net income does not exceed the family's standard of assistance, the family shall be eligible for coverage under this particular group.
  - (d) When the family's net income exceeds the family's standard of assistance, the family shall be ineligible for coverage under this particular group. The department shall then determine whether the individual or family is eligible for coverage through other medical assistance programs.
  - (e) The department shall not provide the one-third portion of the exemption to an individual after the fourth consecutive month it has been applied to the individual's earned income. The \$30 exemption shall not be applied after the eighth month following the fourth consecutive month, regardless of whether the \$30 exemption was actually applied in those months, when the individual continues to remain eligible for coverage under this particular group.
  - (f) The \$30 plus one-third earned income exemption provision shall not be used in determining an applicant's eligibility if the applicant did not receive medical assistance under the provisions of section 1931 of the Social Security Act in one of the four months preceding the month of application, unless the family's total income, without the \$30 plus one-third earned income exemption does not exceed the family's standard of need.
    - (1) The \$30 plus one-third earned income exemption shall be used to determine eligibility if the individual did not receive this deduction for four consecutive months or the individual received this deduction for four consecutive months but has subsequently not received medical assistance under the provisions of section 1931 of the Social Security Act for twelve consecutive months.

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- (2) When the family's total income without the \$30 plus one-third earnings exemption, exceeds the family's standard of need, the family is ineligible for medical assistance under the provisions of section 1931 of the Social Security Act.
- (3) The individual shall be eligible for the \$30 plus one-third earned income exemption if the family's total income, without the earned income exemption, does not exceed the family's standard of need. The \$30 plus one-third earned income exemption shall be used to determine eligibility if the individual did not receive this deduction for four consecutive months or the individual received this deduction for four consecutive months but has subsequently not received medical assistance for families described in section 1931 of the Social Security Act for twelve consecutive months. [Eff 12/03/01; am 05/10/03 ] (Auth: HRS §346-14) (Imp: 42 U.S.C. §1396u-1)

§17-1726-21 to §17-1726-27 (Reserved)

## SUBCHAPTER 4

### ELIGIBLE PERSONS

§17-1726-28 Persons to be included. The needs of the following individuals shall be included provided the individual is otherwise eligible to be included:

- (1) A child who meets the requirements of sections 17-1726-9 and 17-1726-10;
- (2) A specified relative defined in section 17-1726-10;
- (3) The parent or adult relative who is the only other eligible person in a family which includes a child who is a supplemental security income (SSI) beneficiary, shall be eligible:
  - (A) The presence of the SSI child shall merely qualify the specified relative. All other eligibility requirements shall be met; and



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- (B) The needs, income, and assets of the eligible non-SSI individual only shall be considered in determining eligibility.
- (4) The needs of an essential person who meets the requirements of section 17-1726-29 shall be included. [Eff 12/03/01 ] (Auth: HRS §346-14) (Imp: 42 U.S.C. §1396u-1)

§17-1726-29 Essential person. (a) An essential person means an individual who is:

- (1) Living in the same home with a child eligible for coverage under the provisions of section 1931 of the Social Security Act;
- (2) Ineligible in the person's own right for this particular group;
- (3) Designated by the individual eligible for coverage under the provisions of section 1931 of the Social Security Act as being essential to the individual's well-being; and
- (4) Performing a service that would not otherwise be performed or that would have to be purchased if the eligible individual was living alone.

(b) The income and resources of the essential person shall be considered in determining eligibility for this particular group. The eligible person shall be responsible for reporting the income and resources of the essential person. [Eff 12/03/01 ] (Auth: HRS §346-14) (Imp: 42 U.S.C. §1396u-1)

§17-1726-30 Persons to be excluded. (a) A person who receives supplemental security income benefits shall be excluded from receiving medical assistance under the provisions of section 1931 of the Social Security Act. All income and resources received by the person receiving SSI benefits shall not be considered in determining eligibility for the remainder of the family members.

(b) The needs of the unborn child shall be excluded. [Eff 12/03/01 ] (Auth: HRS §346-14) (Imp: 42 U.S.C. §1396u-1)

§17-1726-31 to §17-1726-37 (Reserved)

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## SUBCHAPTER 5

### HAWAII QUEST RELATED PROVISIONS

§17-1726-38 Hawaii QUEST related provisions. (a) The provisions of subchapter 2 of chapter 17-1727, freedom of choice, shall apply.

(b) The enrollment provisions described in subchapter 4 of chapter 17-1727 shall apply.

(c) The disenrollment provisions described in subchapter 5 of chapter 17-1727 shall apply.

(d) The provisions of subchapter 6 of chapter 17-1727, reimbursement to participating plans, shall apply.

(e) The provisions of subchapter 8 of chapter 17-1727, scope and content of services, shall apply.

(f) The provisions of subchapter 9 of chapter 17-1727, participating health plans, shall apply.  
[Eff 12/03/01 ] (Auth: HRS §346-14) (Imp: HRS §346-14, 42 C.F.R §430.25)

§§17-1726-39 to 17-1726-45 (Reserved)

## SUBCHAPTER 6

### TRANSITIONAL MEDICAL ASSISTANCE FOR CERTAIN FORMER RECIPIENTS

§17-1726-46 Purpose. This subchapter describes the provision of transitional medical assistance for families with children described in section 1931 of the Social Security Act who lose eligibility for medical assistance as a result of increased earned income, time-limited \$30 and one-third earned income exemptions, or collection or increased collection of child or spousal support payments.

[Eff 12/03/01 ] (Auth: HRS §346-14) (Imp: HRS §346-14; 42 C.F.R. §435.112; 42 U.S.C. §§1396r-6, 1396u-1)

§17-1726-47 Initial six-month period of transitional medical assistance for certain former recipients. (a) Medical assistance shall be extended

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to families for an initial six-month period at no cost when:

- (1) Eligibility or coverage for families with children described in section 1931 of the Social Security Act is terminated solely because of:
  - (A) Increased income from employment or increased hours of employment of the caretaker relative; or
  - (B) The four month limitation for the \$30 and one-third earned income exemptions or the eight additional month limitation for the \$30 earned income exemption applied to any family member's earned income is exhausted; and
- (2) The family received coverage for families with children described in section 1931 of the Social Security Act in at least three of the six-months immediately preceding the month in which the family became ineligible for this particular group; and
- (3) The family includes a child. Transitional medical assistance shall terminate at the end of the first month in which the family ceases to include a child.

(b) The department shall notify the family of the family's option to receive the additional six-month period of transitional medical assistance during the third and sixth month of this initial six-month period.

(c) The family shall report to the department, not later than the twenty-first day of the fourth month of the initial six-month period, on the family's:

- (1) Gross monthly earned income for each of the first three months of the initial six-month period; and
- (2) Cost for childcare that is necessary for the employment of the caretaker relative for each of the first three months of the initial six-month period.

(d) Transitional medical assistance shall terminate at the end of the sixth month of the initial transition period when the family fails to meet the reporting requirements of subsection (c), unless the family establishes good cause for failure to report timely. Failure to submit timely due to physical or

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psychiatric limitations may constitute good cause.  
[Eff 12/03/01 ] (Auth: HRS §346-14) (Imp: HRS  
§346-14; 42 C.F.R. §435.112; 42 U.S.C. §§1396r-6,  
1396u-1)

§17-1726-48 Additional six-month period of  
transitional medical assistance. (a) Medical  
assistance shall be extended for an additional six-  
month period at no cost provided the family:

- (1) Received medical assistance during the entire  
initial six-month period under section  
17-1726-47; and
- (2) Includes a child. Transitional medical  
assistance shall terminate at the end of the  
first month in which the family ceases to  
include a child.

(b) The family shall report to the department,  
not later than the twenty-first day of the first and  
fourth month of the additional six-month transition  
period, on the family's:

- (1) Gross monthly earned income for each of the  
preceding three months; and
- (2) Cost for childcare that is necessary of the  
employment of the caretaker relative for each  
of the preceding three months.

(c) The department shall notify the family of the  
reporting requirements of subsection (b) during the  
third month of the additional six-month transition  
period.

(d) The additional transitional medical  
assistance specified in subsection (a) shall terminate  
when the:

- (1) Family fails to meet the reporting  
requirements of subsection (b), unless the  
family establishes good cause for the failure  
to report timely. Failure to submit timely  
due to physical or psychiatric limitations  
may constitute good cause;
- (2) Caretaker relative had no earnings in one or  
more of the previous months, unless the lack  
of earnings was due to involuntary loss of  
employment, illness, or other good cause; or
- (3) Family's average gross monthly earnings, less  
costs for childcare that is necessary for the

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employment of the caretaker relative, during the preceding three month period exceeds one hundred eighty-five per cent of the federal poverty level for a family of applicable size. [Eff 12/03/01 ] (Auth: HRS §346-14) (Imp: HRS §346-14; 42 C.F.R. §435.112; 42 U.S.C. §§1396r-6, 1396u-1)

§17-1726-49 Four months of transitional medical assistance for certain former recipients. (a) Medical assistance shall be extended to a family for a period of four consecutive calendar months at no cost when:

- (1) Eligibility or coverage for families with children described in section 1931 of the Social Security Act is terminated because of the collection or increased collection of child or spousal support payments under Title IV-D of the Social Security Act; and
- (2) The family received coverage for families with children described in section 1931 of the Social Security Act in at least three of the six-months immediately preceding the month in which the family became ineligible for this particular group.

(b) The four-month period shall begin on the date eligibility for coverage for families with children described in section 1931 of the Social Security Act is terminated.

(c) When eligibility for coverage for families with children described in section 1931 of the Social Security Act is terminated retroactively, the four-month period shall begin retroactively with the first month in which coverage through this particular group was erroneously received. [Eff 12/03/01 ] (Auth: HRS §346-14) (Imp: HRS §346-14; 42 U.S.C. §1396u-1)

§17-1726-50 Enrollment and plan changes. (a) A family eligible for transitional medical coverage shall continue enrollment in QUEST medical plan in which the family was enrolled as a recipient of the families with children group described in section 1931 of the Social Security Act.

(b) A family participating in transitional medical coverage shall not be able to change from one

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medical plan to another except when the family moves to a new residence, which is not serviced by the QUEST plan in which the family is enrolled.

(c) A family participating in transitional medical coverage shall not participate in the annual QUEST open enrollment period. [Eff 12/03/01 ] (Auth: HRS §346-14) (Imp: HRS §346-14; 42 C.F.R. §430.25)

§17-1726-51 Disenrollment. (a) A family may request disenrollment and termination of coverage at any time during the transitional medical assistance period.

(b) A family who is determined ineligible for continued coverage shall be disenrolled and eligibility shall be terminated. [Eff 12/03/01 ] (Auth: HRS §346-14) (Imp: HRS §346-14; 42 C.F.R. §430.25)

§17-1726-52 Addition of members to the former family. (a) A new family member may be added to a family when the family is receiving transitional medical assistance because of:

- (1) Increased income from employment or increased hours of employment of the caretaker relative; or
- (2) The four month limitation for the \$30 and one-third earned income exemptions or the eight additional month limitation for the \$30 earned income exemption applied to any family member's earned income is exhausted.

(b) If eligible, a new family member shall be added to the family as of the month of request.

(c) Coverage of the new family member shall not extend beyond the date on which the coverage terminates for the rest of the family. [Eff 12/03/01; am 05/10/03 ] (Auth: HRS §346-14) (Imp: HRS §346-14; 42 U.S.C. §1396r-6)

§17-1726-53 Termination of transitional medical coverage. (a) When a family is determined ineligible

for or exhausts their transitional medical coverage, the department shall determine whether the family is eligible for further medical assistance.

(b) An eligibility determination shall be initiated, prior to the end of the transitional medical coverage, to ensure timely termination of the coverage or establishment of continued eligibility for medical assistance. [Eff 12/03/01 ] (Auth: HRS §346-14) (Imp: HRS §346-14; 42 U.S.C. §§1396r-6; 1396u-1)

