

**MEDICAID ELIGIBILITY  
STATE COVERAGE INSURANCE (SCI) (CATEGORY 062)**

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**TITLE 8 SOCIAL SERVICES  
CHAPTER 262 MEDICAID ELIGIBILITY - STATE COVERAGE INSURANCE (SCI) (CATEGORY 062)  
PART 500 INCOME AND RESOURCE STANDARDS**

**8.262.500.1 ISSUING AGENCY:** New Mexico Human Services Department.  
[8.262.500.1 NMAC - N, 7-1-05]

**8.262.500.2 SCOPE:** The rule applies to the general public.  
[8.262.500.2 NMAC - N, 7-1-05]

**8.262.500.3 STATUTORY AUTHORITY:** New Mexico Statutes Annotated, 1978 (Chapter 27, Articles 1 and 2 authorize the state to administer the medicaid program. The State Coverage Insurance (SCI) program is authorized under a health insurance flexibility and accountability (HIFA) waiver under section 1115 of the Social Security Act for the parent population and a medicaid demonstration waiver under section 1115 for the childless adult population, both subject to special terms and conditions.  
[8.262.500.3 NMAC - N, 7-1-05; A, 6-1-10]

**8.262.500.4 DURATION:** The SCI program is operated subject to continuation of the federal Section 1115(a) demonstration waivers and subject to availability of funds.  
[8.262.500.4 NMAC - N, 7-1-05; A, 6-1-10; A, 8-1-13]

**8.262.500.5 EFFECTIVE DATE:** July 1, 2005, unless a later date is cited at the end of a section.  
[8.262.500.5 NMAC - N, 7-1-05]

**8.262.500.6 OBJECTIVE:** The objective of the SCI program is to reduce the number of uninsured New Mexico residents by implementation of a basic coverage health insurance benefit provided by contracted managed care organizations (MCOs), with cost-sharing by beneficiaries, employers, and the state and federal governments.  
[8.262.500.6 NMAC - N, 7-1-05]

**8.262.500.7 DEFINITIONS:** See 8.262.400.7 NMAC.  
[8.262.500.7 NMAC - N, 7-1-05]

**8.262.500.8 [RESERVED]**

**8.262.500.9 ESTABLISHING NEED - GENERAL REQUIREMENTS:** Methodology for establishing financial eligibility for state coverage insurance (SCI) uses New Mexico works cash assistance definitions of income, rules for income availability, and exempt income with the exception of Subsection D 8.102.520.9 NMAC, SSI, which is considered to be unearned income for the SCI program; Subsection C of 8.102.520.11 NMAC and Subsection B of 8.102.520.12 NMAC, which refer to the methodology for determining self-employment income. Additionally, SCI income methodology considers child support and social security survivor benefits for children exempt income not unearned income.

A. **Income test:** In order to be eligible for SCI, countable income (after applicable exemptions and disregards) must meet the SCI household income limit for the appropriate family size. The SCI income standards are based on 200 percent of federal poverty levels (FPLs). SCI uses New Mexico works income definitions and methodologies with the exception of Subsection C of 8.102.520.11 NMAC and Subsection B of 8.102.520.12 NMAC. (Also see 8.102.520.8 NMAC through 8.102.520.15 NMAC). SCI eligibility and cost-sharing levels will be determined based on one income test using countable income (after applicable exemptions and disregards).

B. **Determining income for self-employed individuals:** Reports to state and federal tax authorities are the usual indicators of self-employment income. To determine self-employment income, apply the following methodology:

(1) Use the net profit or loss of Schedule C or the net profit or loss of the Schedule F, or the net profit or loss line of other schedules deemed applicable to self-employment income, of the most recent or previous year's 1040 income tax return to determine annual self-employment income.

(2) Divide the amount by 12 or by the applicable number of months in business to determine monthly self-employment income.

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(3) If the above tax schedules or the 1040 income tax return is not available to determine self-employment income, the individual may use the documents listed below to determine self-employment income. All business expenses and self-employment costs shall be deducted from the gross earnings submitted with the following documents. The income after all deductions and self-employment costs are applied shall be counted as the gross earned income of the benefit group member.

(4) Documents which are used to verify self-employment income include:

- (a) required state and federal tax and employer identification numbers;
- (b) required federal and state tax forms for the current and prior tax year, including state and federal income and employer wage reporting and withholding reporting forms, gross receipts and occupation tax reporting forms;
- (c) bills which indicate self-employment costs;
- (d) other papers showing income and business expenses (profit and loss report);
- (e) all required business and occupation licenses;
- (f) completed personal wage record;
- (g) additional items as listed in ISD 135, "proof checklist"; or
- (h) if documentary evidence of non-mandatory documents is not readily available, use other acceptable methods of verification as in 8.100.130.9 NMAC.

C. **Earned income work incentive deduction:** To qualify for the work incentive deduction the benefit group member must have earned income. The deduction is only taken from earned income. The work incentive deduction is allowed with no time limit as follows:

- (1) \$125 and one-half of the remainder for the parent in a single-parent benefit group;
- (2) \$225 and one-half of the remainder for each parent in a two-parent benefit group;
- (3) \$125 and one-half of the remainder for a single adult benefit group with no dependents;
- (4) \$125 and one-half of the remainder for each adult in a two adult benefit group with no dependents; and
- (5) \$125 for non-benefit group members whose income is deemed available.

D. **Payment standard increments:** Payment standard increments for nonsubsidized housing living arrangements and clothing allowance do not affect the SCI eligibility process, i.e., the eligibility limits for income are not increased by the amount of the nonsubsidized housing or clothing allowance payment increments.

E. **Excess hours work deduction:** This deduction is not applicable to SCI.

F. **SCI category designation:** SCI eligibles will be assigned one category of eligibility (062). The income grouping (subcategory) will control the employee premium and copayment amounts.  
[8.262.500.9 NMAC - N, 7-1-05; A, 3-1-06; A, 6-1-08; A, 7-1-09; A, 8-1-13]

**8.262.500.10 RESOURCES/PROPERTY - RESOURCE STANDARDS:** There are no resource tests for the SCI program.  
[8.262.500.10 NMAC - N, 7-1-05]

**8.262.500.11 INCOME:** In order to be eligible on the basis of income, countable income as determined in this section must be *less* than the income standard in effect for the SCI program. When income of an SCI applicant is exactly equal to the income standard, eligibility does not exist.  
[8.262.500.11 NMAC - N, 7-1-05]

**HISTORY OF 8.262.500 NMAC:** [RESERVED]