

Reporting Parental Income for Medicaid for Children with Disabilities: Frequently Asked Questions



Many children with disabilities qualify for Medicaid, also known as Medical Assistance in Pennsylvania, regardless of their parent’s income. This Medicaid category is known as “PH-95”. When applying for Medicaid, parental income still needs to be included on the application. Here are some frequently asked questions about the PH-95 program and applying for Medicaid for a child with a disability:

1. Does parental income need to be reported?

Yes. Even though often the income of a parent does not count for the child’s eligibility, under a state law passed in 2002, the income of a parent of a child with disabilities must be reported on the application in order for the child to be eligible for Medicaid. The Department of Human Services (DHS) can deny the child’s application for benefits if parental income is not reported on the application.

2. Is the parental income counted when determining the eligibility of the disabled child?

No. While the parental income must be reported, it is still not counted when determining the eligibility of the disabled child, so long as they meet the criteria to be considered disabled. The only income that will be counted is the income of the child.

3. What income of a child is counted?

As noted above, certain income a child receives in their own name will count towards the eligibility limit for Medicaid, even for a child with a disability.¹ The following sources of income count for Medicaid purposes:

- Interest or dividends on bank accounts, stocks, bonds, CDs or other investments which are in the child’s name and reported to the IRS under the child’s Social Security number. The principal (the amount on which the interest or dividend is paid) is not counted because it is considered a resource, which is exempt.
- Voluntary (as opposed to court-ordered) child support paid for the child.

¹ See [Medical Assistance Eligibility Handbook § 315.4](#).

- Earnings from child’s job: If the child is working, a portion (about half) of those earnings are counted. However, a child that earns enough to be over the income limit would probably not qualify for Medicaid under the disabled child category anyway because they probably would not meet the disability guidelines. If the child with disabilities is employed, call us to discuss other Medicaid eligibility options at 1-800-274-3258.

4. What income of a child is NOT counted?

Not all income the child receives will count as income for Medicaid purposes. The following sources of income do not count in Medicaid eligibility determinations:

- Social Security: “Child’s benefits” or “survivors benefits” (not SSI) which are based on the past earnings of a deceased, disabled or retired parent
- Court ordered child support: Previously, Medicaid would count child support payments as income on the grounds that child support was legally income to the child, not the parent (and only parental income is disregarded under this category). However, Medicaid no longer counts child support for children who meet the disability standard, provided the support is court-ordered.²
- Inheritances & payouts on life insurance policies: These are counted as resources, rather than income.³ The advantage to having this money considered a resource is that the Medicaid program imposes no resource limit for anyone under 21. Therefore, inheritances and payouts on life insurance policies should not affect Medicaid eligibility for anyone under 21.
- Special Needs Trusts: Certain trusts, known as “special needs trusts”, are not counted. The rules about how trust funds affect Medicaid eligibility depend on how the trust is set up and are too complex to set out here. Please contact the lawyer who helped establish the trust or a lawyer who specializes in trusts and estate planning for more help.

For More Information

To read a more about the PH-95 Medicaid program, view our complete guide [here](#). Families that need help getting or keeping Medicaid for their child should call the Pennsylvania Health Law Project (PHLP)’s Helpline at 1-800-274-3258 or e-mail staff@phlp.org.

² This change is documented in Operations Memorandum 000-806.

³ See [Medical Assistance Eligibility Handbook § 319.62](#)