
HEALTH COVERAGE FOR WORKERS WITH DISABILITIES

REVISED 4/30/26 – CHANGE NOTICE 05-26**I. Introduction to Health Coverage for Workers with Disabilities**

The federal Ticket to Work and Work Incentives Improvement Act (TWWIIA) of 1999 offers states the option to protect Medicaid coverage for workers with disabilities. People with disabilities are often discouraged from working for fear that their earnings would make them ineligible for Medicaid. TWWIIA offers state Medicaid programs options to expand Medicaid eligibility criteria for workers with disabilities.

II. Background

North Carolina is authorized to provide Medicaid for disabled/blind workers under the Health Coverage for Workers with Disabilities Act (G.S. 108A-54.1). Health Coverage for Workers with Disabilities (HCWD) provides an incentive for people with disabilities to go to work or to increase their hours of work while protecting their Medicaid eligibility.

HCWD covers blind or disabled workers age 16 through 64 regardless of total countable income or CAP status. However, there is a limit on unearned income of 150% of the federal poverty level. The resource limit is the minimum community spouse resource allowance. Refer to MA-2231, Community Spouse Resource Protection **policy**. HCWD **beneficiaries** are entitled to full Medicaid coverage under **Medicaid for the Blind or Visually Impaired (MAB)** or **Medicaid Disabled (MAD)**. **Beneficiaries** aged 16 through 20 are also entitled to additional services provided under **Early and Periodic Screening, Diagnostic, and Treatment (EPSDT)**. Refer to MA-2905, Medicaid Covered Services **policy**. HCWD consists of two groups, the Basic Coverage Group and the Medically Improved Coverage Group.

III. COVERAGE GROUPS**A. Basic Coverage Group**

The Basic Coverage Group consists of **beneficiaries** aged 16 through 64 who, except for engaging in substantial gainful activity, would meet the Social Security/ **Supplemental Security Income (SSI)** disability criteria, or who do not engage in substantial gainful activity but are over income and/or reserve for regular MAD. Refer to MA-2525, Disability **policy**.

B. Medically Improved Coverage Group

1. The Medically Improved Group consists of **beneficiaries** aged 16

through 64 who previously received HCWD in the Basic Coverage Group but lost eligibility in this group because their medical conditions improved to the point where they no longer meet the Social Security/SSI definition of disability.

2. Although no longer considered disabled by Social Security due to medical improvement, the individual must continue to have a severe medically determinable impairment.
3. Eligibility in the Basic Group for any period of time qualifies an individual for eligibility in the Medically Improved Group if **they** meet all other eligibility requirements.
4. Eligibility in the Medically Improved Group can begin no earlier than the month after coverage ends in the Basic Group.

IV. ELIGIBILITY REQUIREMENTS

A. Generally

To be eligible to receive HCWD, a **beneficiary** must:

1. Be at least 16 years of age, but less than 65 years of age.
2. Meet the Social Security Administration (**SSA**) definition of disability except for earnings or being eligible under the Medically Improved Group.
3. Be employed.
4. Have countable resources equal to or less the minimum community spouse resource allowance. Refer to MA-2231, Community Spouse Resource Protection **policy**, whether budgeted as an HCWD individual or HCWD couple.
5. Meet the income requirements for **their** coverage group.

B. Meet all the other eligibility requirements applicable to Adult Medicaid coverage groups. Refer to MA-2000, Non-SSI Eligibility Regulations policy.

C. Disability

To be eligible in the Basic Coverage Group, the **applicant/beneficiary (a/b)** must meet the Social Security/SSI definition of disability other than the requirement that the **a/b** not be engaged in a substantial gainful activity. Disability can be proven by 1, 2 or 3 below.

1. Receipt of Social Security Disability or SSI.
2. A determination by Disability Determination Services (DDS).
 - a. If an HCWD applicant is not receiving **Retirement, Survivors, and Disability Insurance** (RSDI)/SSI and has not been determined disabled by DDS or a Hearing Officer, he must be referred to DDS for a determination to ensure that he meets the definition of disability. Use the DDS referral form, DHB-4037, **Disability Determination Transmittal**. Refer to MA-2525, Disability policy, for instructions.
 - (1) Refer the applicant to the local SSA office to apply for RSDI and suggest that the applicant also apply for SSI.
 - (2) If the applicant is found to be disabled by DDS but is later denied SSI/RSDI, the DDS disability approval remains valid for HCWD eligibility purposes. Do not terminate an HCWD recipient for having been denied SSI/RSDI.
 - (3) If prior to receiving a disability determination from DDS the **local county** determines that the applicant is ineligible for MAD or HCWD, immediately contact DDS and tell them of this determination and that a disability determination is no longer necessary. Denying the application which updates the DDS data screen is not sufficient. Refer to MA-2525 Disability policy for DDS contact numbers.
 - b. If an HCWD applicant is not receiving RSDI/SSI but was previously determined to be disabled by SSA, DDS or a Hearing Officer, they still may be considered disabled for HCWD purposes. The **case manager** must consider the reason for the termination as well as the length of time between termination of RSDI or SSI benefits, the DDS decision, or the Hearing Officer's decision and application for HCWD.
 - (1) If the termination of RSDI or SSI benefits, or the DDS decision or the Hearing Officer's decision occurred 12 months or less prior to the date of application and the termination was for non-medical reasons, a DDS determination of disability is not necessary.

Example: The month of application for HCWD is November **2024**. SSI was terminated for non-medical reasons in November **2025**. This is 12 months prior to the month of application and therefore the requirement is met (November 1, **2024** – October 31, **2025**).

- (2) If the termination of RSDI or SSI benefits occurred more than 12 months prior to the date of application or the termination was for medical reasons, a DDS determination of disability is required.
3. A determination of blindness by **Division of Services for the Blind** (DSB).

A HCWD applicant who alleges blindness and does not receive RSDI due to blindness must have **their** blindness determined by DSB unless a previous determination of blindness has been made. Follow procedures in MA-2531, Blindness M-AB policy for submitting materials to DSB if a determination is needed.

D. Medically Improved Cases

1. MAD Cases
 - a. If DDS determines during a Continuing Disability Review that an HCWD **beneficiary** in the Basic Group is no longer disabled, and still working, assume that the **beneficiary** is Medically Improved until the next **recertification**.
 - b. At **recertification** do not refer a **beneficiary** in the Medically Improved Group to DDS for a determination of whether **they** still meet Medically Improved Criteria. To determine if the **beneficiary** continues to meet the Medically Improved eligibility criteria, contact the **beneficiary's** treating physician using the DHB-5151, Health Coverage for Workers with Disabilities (HCWD) Medical Release Authorization and a DHB-5028, Authorization to Disclose Information **forms** asking the following three questions:
 - (1) Does **the patient** still has the underlying condition or conditions which made **them** disabled?
 - (2) Is the **patient** still under treatment for the condition or conditions which made **them** disabled?
 - (3) Is there a strong likelihood that **the patient** would again be disabled if **they** were to cease **this** treatment?

If the answers to all three questions are yes, the **beneficiary** continues to meet the Medically Improved criteria. Be sure to **upload the document into NC FAST system**.

If the answer to one or more of the questions is no, the **beneficiary** no longer meets the Medically Improved criteria. Evaluate eligibility in all other programs including the HCWD Basic Coverage Group.

If the **beneficiary** would only be eligible as MAD/MAB/HCWD, a referral to DDS is required. Use the DDS referral form, DHB-4037 **form** for HCWD referrals.

2. MAB Cases

When the **local agency discovers** that the **beneficiary** is no longer considered blind, refer to instructions in C.1. above.

E. Employment

1. Basic Coverage Group

Employment means being engaged in a substantial and reasonable work effort which is defined **as the following:**

a. Working in a competitive and inclusive work setting for a wage or salary, or being self-employed,

(1) Competitive means that the job was held open to the general public.

For example, a handyman who is hired by a neighbor to do a chore is not engaged in competitive employment. **They** may be self-employed if **they** meet that criteria.

(2) Inclusive means that the job is not in a sheltered workshop setting. Generally, those who work as staff in a sheltered workshop are not working in a “sheltered workshop setting.” Evaluate the **beneficiary’s** responsibilities to determine if **their position is “sheltered.”**

(3) Self-Employed has the same meaning as it is defined in MA-2250, Income policy.

b. Being able to provide proof of payment of payroll taxes through FICA, or the equivalent.

For example, self-employed individuals who have not filed tax forms may submit alternative proof such as a business ledger, or similar documentation that shows that the business is operational.

2. Medically Improved Coverage Group

a. Employment

For a **beneficiary** to be considered “employed” for purposes of Medically Improved Group eligibility **they** must meet the

requirements:

- (4) Have gross earnings at least equivalent to those of an individual who is working 40 hours per month at minimum wage.

or

- (5) Be actively engaged in a self-employment activity and have earnings after operational expenses at least equivalent to those of an individual who is working 40 hours per month at minimum wage.

b. Voluntary Loss of Employment

If a **beneficiary** in the Medically Improved Group voluntarily stops **their** employment, evaluate for eligibility in all other programs. If MAD is the only program in which **they** may be eligible, a disability determination by DDS is necessary. **See section VII below** for involuntary loss of employment.

F. Income

HCWD has varying income limits that determine eligibility and/or cost sharing. These limits are:

- Those who have unearned incomes greater than 150% of **Federal Poverty Level** (FPL) are not eligible for HCWD.
- Those whose total countable income is equal to or less than 150% of FPL have no cost sharing (other than applicable co-payments).
- Those whose total countable income is greater than 150% of FPL must pay a \$50 annual enrollment fee.
- Those whose total countable monthly income exceeds 200% of FPL must pay a monthly premium in addition to the enrollment fee. The monthly premium increases as income increases until countable income exceeds 450% of FPL, at which point **the applicant/beneficiary (a/b)** must pay a full premium. **The** countable income determines whether the **a/b** is subject to cost-sharing and the amount thereof, countable income must be determined and all applicable exclusions applied.

Refer to MA-2252, Non- MAGI Medicaid Income/Reserve Limits chart.

Note: The **a/b** is to have work expense exclusions for the blind and impairment-related work expense exclusions for the disabled.

G. Financial Responsibility

Apply financial responsibility and budgeting rules in MA-2260, Financial Eligibility Regulations – PLA policy.

V. ENROLLMENT FEE AND PREMIUM PROCEDURES

A. Enrollment Fee

All individuals with total monthly countable income above 150% of the federal poverty level must pay a \$50 enrollment fee for each twelve-month certification period. The enrollment fee is collected by the county and retained to offset administrative expenses. Do not charge an enrollment fee for the retroactive month(s) when an a/b receives retroactive coverage. If a premium is due the **local agency** must mail the enrollment fee notice with the premium invoice.

Note: Members of federally recognized Native American tribes and Alaska natives are exempt from cost sharing, including enrollment fees and premiums.

1. Determine if an Enrollment Fee is due
 - a. Calculate the amount of total countable net income for the individual.
 - b. If this amount exceeds 150% of FPL, an enrollment fee is due. Those in this income range must have unearned income at or below 150% of FPL.

2. Notification of Enrollment Fee

Upon determination that an a/b is eligible for HCWD and that his income exceeds 150% of FPL, notify the applicant in writing that an enrollment fee of \$50 is due. **Refer to the DHB-5149, HCWD Enrollment Fee Notice form.**

- a. Give the a/b at least 12 calendar days to pay the fee.
- b. If 12 calendar days exceeds the 45/90-day processing standard, pend until you receive notice of payment, or until the first workday after the due date for payment.

Allow for the exclusion of days when necessary verifications are received and the only remaining item necessary to process the application is the enrollment fee (and premium when applicable). The exclusion of days begins on the day of the request for the fee and ends on the day the fee is received or on the 13th calendar day, whichever occurs first. Use HCWD code for this purpose. Refer to **MA-2300, Application policy.**

- c. Inform the office or individual responsible for collecting the fee of the date by which the fee must be paid and the date when the **caseworker** must be informed of payment or nonpayment.

3. Payment/Collection/Notification

- a. Each **local agency** is responsible for establishing procedures for collection of enrollment fees.
 - (1) Determine which methods of payment (i.e. cash, money order, certified check) are acceptable. Do not accept a non-certified check in payment.
 - (2) Partial payment is not allowed. The entire fee must be paid prior to approval of the application.
- b. Determine what office and/or person(s) are responsible for collection of enrollment fees for HCWD. This decision must be communicated in writing to all eligibility staff responsible for HCWD determinations.
- c. Establish procedures for communication between the **caseworker** and the fee collector for:
 - (1) Identification of case/individuals who must pay an enrollment fee, and
 - (2) The amount of the fee due, and
 - (3) The date by which the fee must be paid, and
 - (4) The time frame and method for notification to the **caseworker** that the fee has been paid, or
 - (5) Notification that the a/b refused to pay or failed to pay the fee by the date due.
- d. The enrollment fee may be paid with funds provided by individuals or organizations other than the applicant, including county funds.

4. Decision Following Payment or Non-Payment

- a. Upon receipt of notification from the fee collector that the enrollment fee has been paid, authorize eligibility.
- b. Upon receipt of notification from the fee collector that the a/b refused to pay the fee or failed to pay the fee, deny the application. If it is a **recertification**, terminated after timely notice. **Refer to MA-2420**,

Notice and Hearings Process policy for notices.

- b. If no communication has been received from the fee collector on the first workday following the date on which the fee was due, contact the collection office/individual to verify payment status. If payment has not been made, document the contact and deny the application for non-payment of the fee. If it is a **recertification**, terminate after timely notice.

Note: If the **recertification** is late, provide coverage without enrollment fee payment until timely notice is effective.

5. Individuals Currently Receiving in Other Programs

Other than at application or recertification, an enrollment fee is not due.

B. Premiums

Applicants/beneficiaries with countable income above 200% of FPL must pay a monthly premium in addition to an enrollment fee of \$50 per year. The premiums increase with income range until income exceeds 450% of FPL, at which point a 100% premium is due.

The 100% premium is based upon the average claims paid for an **a/b** receiving Medicaid and may change yearly.

| Federal Poverty Level | Income Range - HCWD Individual | Monthly Premium | Income Range - HCWD Couple | Monthly Premium |
|-----------------------|--------------------------------|-----------------|----------------------------|-----------------|
| 0-150% | \$0 - 1,995 | 0 | \$0 - 2,705 | 0 |
| 151-200% | \$1,995.01 - 2,660 | 0 | \$2,705.01 - 3,607 | 0 |
| 201-250% | \$2,660.01 - 3,325 | 196 | \$3,607.01 - 4,509 | 265 |
| 251-300% | \$3,325.01 - 3,990 | 235 | \$4,509.01 - 5,410 | 318 |
| 301-350% | \$3,990.01 - 4,655 | 274 | \$5,410.01 - 6,311 | 370 |
| 351-400% | \$4,655.01 - 5,320 | 313 | \$6,311.01 - 7,213 | 423 |
| 401-450% | \$5,320.01 - 5,985 | 352 | \$7,213.01 - 8,115 | 476 |
| 451 and above | \$5,985.01 and up | 875 | \$8,115.01 and up | 875 |

2. Determine if a Premium is due.
 - a. Calculate the amount of total countable net earned and unearned income for the individual.
 - b. Those with **unearned income** above 150% FPL are not eligible for HCWD.
 - c. If total countable monthly income exceeds 200% of FPL, a premium is due. Use chart above to determine premium amount.

Note: Members of federally recognized Native American tribes and Alaska natives are exempt from cost sharing, including premiums and enrollment fees.

3. Notification of Premium due:

Notify the a/b in writing that a premium is due **by mailing DHB-5146, Health Coverage for Workers with Disability Premium Notice.**

- a. Date the premium invoice the date it will be mailed.
- b. The invoice must identify the premium amount due for each month separately.
- c. The caseworker must provide their name, direct phone number and email address on the invoice.
- d. If an enrollment fee is due, mail the premium invoice with the enrollment fee notice.
- e. **Allow** the a/b 12 **calendar** days to pay the premium. Day one is the day after the invoice is mailed.
- f. Payment must be by certified check or money order payable to: "NC DHHS" **and** "HCWD Premium" must be written on the memo line of the check.
- g. **The payment must be mailed to:**

**DHHS Controller Office
2019 Mail Service Center
Raleigh, NC 27699-2019**
- h. When the premium payment is made, **North Carolina (NC) Medicaid** will notify the county worker designated on the invoice by telephone and email a copy of the invoice and check to the

worker.

C. Premium Invoices for Application/Recertification/Change in Circumstance

1. Application process:

- a. Prepare the DHB-5146, Health Coverage for Workers with Disabilities Premium Notice and ensure all premiums due from the first month authorized through one month after the current calendar month are included.
- b. If 12 calendar days exceed the 45/90-day processing standard, do not dispose of the application until notice of payment has been received, or until the first workday after the due date for payment, whichever is earliest.
- c. Allow for the exclusion of application processing days, when necessary, verifications are received and the only remaining item necessary to process the application is the premium (and enrollment fee when applicable).
- d. The exclusion of days begins on the day of the request for premium payment and ends on the day the premium is received or on the 13th calendar day, whichever occurs first.

Refer to NC FAST Job Aid: Stop Processing Time.

Note: If pending for enrollment fee and premium(s), the end date is the later of the dates the enrollment fee or premium(s) is received. Continue to exclude days until both payments are received.

2. Retroactive Months

An applicant who requests retroactive coverage must pay a premium for each retroactive month authorized. An a/b cannot choose the month to which the premium is to be applied.

Note: No enrollment fee is due for retroactive months.

3. Recertification or Change of Circumstance ongoing cases:

- a. Send the DHB-5146, Health Coverage for Workers with Disabilities Premium Notice on the first business day of the month prior to the next month of eligibility.
- b. Allow the beneficiary 12 calendar days to pay the premium; day one is the day after the invoice is mailed.

- c. Do not send a termination notice prior to the day after the payment is due.

C. Payment Status Verification and Procedures

1. When the DHHS Controller receives an HCWD premium payment, a staff member in the controller's office notifies the Division of Health (DHB) Business Support Unit.
2. After being notified by the controller's office of the premium payment, DHB staff will contact the caseworker on the same day with the premium payment information.
3. If no communication has been received from DHB on the 13th day after the premium invoice was mailed:
 - a. Contact DHB Business Support by email at, Medicaid.BusinessSupport@dhhs.nc.gov to verify payment status.
 - b. Document the response from DHB and follow the appropriate steps (below) for approving or denying based on the response.

D. Premium Payment Received Procedures

1. Application process:

When DHB notifies the local agency caseworker that the HCWD premium has been received:

- a. Refer to NC FAST Job Aid: Forced Eligibility for Income Support Medical Assistance, Special Assistance & Cash Assistance.
- b. Authorize and activate a Medical Forced Eligibility PDC for the appropriate month(s).
- c. If the applicant has identified the premium payment as an ongoing payment, apply the payment to the earliest unpaid ongoing month.
- d. If the applicant has identified the premium payment as a retroactive payment, apply the payment to the earliest unpaid retroactive month.
- e. If the payment is not identified as retroactive or ongoing, apply the payment to the earliest unpaid month.

2. Recertifications and Change of Circumstances ongoing cases:

When DHB notifies the local agency caseworker that the HCWD premium has been received:

- a. Refer to NC FAST Job Aid: Forced Eligibility for Income Support Medical Assistance, Special Assistance & Cash Assistance.
- b. Authorize eligibility for the month or months covered by the premium.
- c. For ongoing cases, apply premium payments to the oldest unpaid month in the current certification period.

E. When The Premium Is Not Paid

1. Applications:

Upon receipt of notification from DHB that the a/b refused to pay the premium or failed to pay the premium:

- a. Deny the application for failure to pay the premium and send the DHB-5147, HCWD Denial for Non-Payment of Premiums form.
- b. Provide the coverage period and amount due for each month owed in the appropriate section of the DHB-5147 form.
- c. Provide the caseworker's name and contact information in the appropriate section of the DHB-5147 form.
- d. If the enrollment fee has been paid, refund it.

2. Recertifications and Change of Circumstances for Ongoing Cases:

Upon receipt of notification from DHB that the a/b refused to pay the premium or failed to pay the premium:

- a. Do not send a termination notice prior to the day after the payment is due.
- b. Mail the DHB-5148, HCWD Termination for Non-Payment of Premium form, follow timely notice procedures found in MA-2420, Notice and Hearings policy.
 - (1) Provide the coverage period and amount due for each month owed in the appropriate section of the termination

notice.

- (2) Provide the caseworker's name and contact information in the appropriate section of the termination notice.
- (3) For recertification, if the enrollment fee has been paid, refund it (**do not refund enrollment fees in ongoing cases**).

Note: When the recertification cannot be completed so that timely notification can be completed by the end of the current certification period, extend HCWD coverage on a month-by-month basis without a premium until timely notification procedures have been followed.

F. Program Classification

The classification code in **NC FAST** will be N, G, B or Q. **Beneficiaries** will be MAB/MAD-N, MAB/MAD-G, MAB/MAD-B or MAB/MAD-Q.

As for any Medicaid case, classification for HCWD is determined by income and resources. The HCWD **beneficiary** must be evaluated for dual eligibility (MQB-Q/MQB-B) if **they are** enrolled in Medicare.

Sub-Program Codes:

1. For the Basic Coverage Group, enter B1.
2. For the Medically Improved Coverage Group, enter M5.

E. Certification Period

1. Certification is for a twelve-month period.
2. HCWD applicants currently in other programs:

Where an HCWD **applicant** has less than twelve months left on an existing certification period, use the existing certification period for HCWD eligibility.

VI. RECERTIFICATION

Complete a recertification every twelve months following procedures in MA-2320, Recertification policy. The eligibility requirements in IV and V above continue to apply.

VII. CHANGE IN CIRCUMSTANCE

A. 12 Month Continued Eligibility After Involuntary Loss of Employment

An HCWD beneficiary, who becomes unemployed for reasons beyond their control, including health reasons, continues to have eligibility in HCWD as if still employed for up to 12 months beginning the month following involuntary unemployment provided they:

1. Have received HCWD for at least one ongoing or retroactive month,

and
2. Maintain a connection with the workforce meaning:
 - a. Registered with the Employment Security Commission for employment services,
 - b. Registered with a temporary employment agency,
 - c. Their employer considers the individual is on short-term disability even if they are not receiving a benefit, or
 - d. On sick leave.
3. Continues to meet all other eligibility criteria for HCWD.

B. Break in Eligibility

A beneficiary who has lost eligibility in either the Basic or Medically Improved Coverage Group may reapply in the Medically Improved Group.

VIII. TERMINATIONS

Follow procedures in MA-2352 Change in Circumstance, Terminations, And Reopening policy when beneficiary is ineligible for HCWD. Reminder, to evaluate for all programs prior to termination.