

# Public Assistance Program Eligibility and Benefits Cliffs

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## Issue

This report discusses program eligibility when participants' employment causes their income to exceed program limits in Medicaid, Temporary Family Assistance (TFA), and Supplemental Nutrition Assistance Program (SNAP). It also discusses the Federal Reserve Bank of Atlanta's "CLIFF Suite" tools that model the ways in which public benefits, taxes, tax credits, and wage increases interact.

## Summary

Medicaid, TFA, and SNAP provide public assistance to lower income households in Connecticut. Generally, eligibility for the programs is established in state and federal law, but several options may exist for households who begin earning too much income to continue to qualify for benefits.

For Medicaid, income eligibility is established in statute and in the state Medicaid plan and varies depending on coverage group. Medicaid enrollees who begin to earn income higher than the program's income limit may benefit from (1) Transitional Medical Assistance, which provides a year of Medicaid to HUSKY A recipients with income over the program's limit; (2) Covered Connecticut, which provides Medicaid-like coverage to people with incomes too high for Medicaid but under 175% of the federal poverty level (FPL); and (3) Med-Connect, the program for working people with disabilities.

For TFA, income limits are established in statute and the Temporary Assistance for Needy Families (TANF) state plan. People already enrolled in TFA are subject to higher income limits than prospective applicants, allowing them to earn more once they have enrolled.

For SNAP, Connecticut uses “broad-based categorical eligibility.” Under this policy, households are categorically eligible for SNAP if they qualify for a non-cash benefit funded by the federal TANF block grant or state maintenance-of-effort requirements. In Connecticut, this policy confers SNAP eligibility to households with gross income up to 200% of FPL, which is the highest income allowed under this option. Connecticut provides five months of SNAP benefits through a Transitional Benefits Alternative for households that are leaving TFA due to new or increased earned income.

The Federal Reserve Bank of Atlanta (the Atlanta Fed) developed a Career Ladder Identifier and Financial Forecaster (CLIFF) suite of tools to model how public benefits, taxes, tax credits, and wage increases interact. In partnership with the state of Connecticut, the Atlanta Fed developed [a CLIFF Dashboard](#) for “in-demand career pathways” in each of the state’s five local workforce development regions. The tool allows users to provide information about their household and target occupation to produce projections about income and public assistance specific to the selected career path.

## Medicaid

### *Income and Asset Limits*

Medicaid is a state and federal program that provides medical assistance to low-income adults and their families, as well as elderly or blind people and those living with disabilities. States operate their programs in compliance with federal law and broad program guidelines set by the federal Centers for Medicare and Medicaid Services.

In Connecticut, DSS administers the state’s Medicaid program. The following HUSKY A income limits are set in statute and based on federal modified adjusted gross income (MAGI) rules:

1. parents and caretaker relatives with a household income of up to 155% of the FPL ([CGS § 17b-261\(a\)](#)),
2. children under age 19 with a household income of up to 196% of FPL ([CGS § 17b-261\(a\)](#)), and
3. pregnant women with household income of up to 258% of FPL ([CGS § 17b-277\(a\)](#)).

HUSKY D income limits are also based on federal MAGI rules but are not set in state statute. In 2013, the legislature formally expanded Medicaid to low-income individuals not otherwise eligible as authorized under the federal Affordable Care Act. This expansion provides Medicaid coverage to individuals with household incomes up to 133% of FPL ([PA 13-184](#) (§ 68), [42 U.S.C. 1396a\(a\)\(10\)\(A\)\(i\)\(VIII\)](#)).

Federal MAGI rules that apply to HUSKY A and HUSKY D specify what types of income must be counted or disregarded when determining eligibility. MAGI rules also generally prohibit asset limits and none of these coverage groups are subject to one.

HUSKY C provides Medicaid coverage for elderly and blind people and those living with disabilities. For this group, income and asset limits are not based on federal MAGI rules. HUSKY C also covers long-term care, which has separate financial participation requirements. Income eligibility for this group is complex and is based on 143% of a household's maximum TFA benefit size ([CGS § 17b-261\(a\)](#)).

### ***Options When Income Increases***

*Transitional Medical Assistance.* Parents or caretaker relatives receiving Medicaid through HUSKY A who report that their income has changed and now exceeds program limits may extend their HUSKY A benefits for one year through Transitional Medical Assistance. DSS provides more information on [its website](#).

*Covered Connecticut.* The Covered Connecticut program offers health coverage similar to Medicaid. For households with incomes too high to qualify for Medicaid but still under 175% of FPL, the coverage is at no cost ([CGS § 19a-754c](#)). DSS provides more information on [its website](#).

*Med-Connect.* A person with a disability who earns income in excess of HUSKY C limits may be eligible for Med-Connect. This program provides Medicaid coverage to working people with disabilities with incomes up to \$75,000, and assets up to \$10,000 for an individual and \$15,000 for a married couple ([CGS § 17b-597](#)).

## **TFA**

### ***Income and Asset Limits***

TFA is Connecticut's cash assistance program for families. It is administered by DSS and funded through the federal TANF block grant. Federal law generally requires states to describe their TANF-funded cash assistance programs in a state plan that is subject to approval by the Administration of Children and Families within the U.S. Department of Health and Human Services ([42 U.S.C. § 602](#)).

Connecticut's TFA program uses an income limit known as a "standard of need," which is a monthly standard that represents the amount deemed necessary for a family's normal, recurring, basic needs. The TFA standard of need is 55% of FPL, set both in statute and in the [state TANF plan](#) ([CGS § 17b-104\(a\)](#)). The benefit amount is 73% of the standard of need ([CGS § 17b-104\(c\)](#)). To become

and remain eligible for TFA, households must also meet a \$3,000 asset limit, generally not including one vehicle ([Connecticut TANF State Plan, p. 7](#)).

### ***Options When Income Increases***

*Separate Income Eligibility for Enrollees With Earned Income.* Once a family qualifies for TFA, DSS must disregard earned income up to 100% of FPL when calculating benefit amounts ([CGS § 17b-112\(d\)](#)). This allows families to earn funds in excess of the program's standard of need once they have qualified for the program.

## **SNAP**

### ***Income and Asset Limits***

DSS administers SNAP in Connecticut and determines whether households meet eligibility requirements, within federal parameters. At the federal level, the U.S. Department of Agriculture's Food and Nutrition Service administers the program. Participating households may use SNAP benefits to purchase food. Under federal law, a household's monthly SNAP benefit amount is calculated by subtracting 30% of the household's net monthly income from a maximum monthly benefit.

Connecticut uses "[broad-based categorical eligibility](#)" in its SNAP program. Under this policy, households are categorically eligible for SNAP if they qualify for a non-cash benefit funded by the federal TANF block grant or state maintenance-of-effort requirements. In Connecticut, this policy confers SNAP eligibility to households with gross income of up to 200% of FPL, which is the highest income allowed under this option ([7 C.F.R. § 273.2\(j\)\(2\)\(ii\)\(B\)](#)). Households that meet this eligibility criteria are not subject to an asset limit. However, certain households that include an elderly person or a person receiving disability payments may be subject to an asset limit if their gross income exceeds 200% of FPL. DSS provides more information on [its website](#).

### ***Options When Income Increases***

*Transitional Benefits Alternative.* Connecticut provides five months of SNAP benefits through a Transitional Benefits Alternative for households that are leaving TFA due to new or increased earned income ([7 C.F.R. § 273.26](#)).

## The Atlanta Fed's CLIFF Suite

The Federal Reserve Bank of Atlanta (the Atlanta Fed) developed [a Career Ladder Identifier and Financial Forecaster \(CLIFF\) suite of tools](#) to model how public benefits, taxes, tax credits, and wage progressions interact. Two of these tools, the CLIFF Dashboard and the CLIFF Planner focus on career planning. The CLIFF Dashboard describes in detail the long-term financial implications of a new career, including (1) income and public assistance over a 20-year period and (2) a self-sufficiency target that identifies the estimated level at which after-tax income will position a worker to cover basic expenses. The CLIFF Planner helps users when they are ready to map out the details of a career move by building a customized education plan, career plan, and budget, producing a more individualized financial portrait than the CLIFF Dashboard.

The suite also includes the following tools and dashboards:

1. the CLIFF Snapshot compares a user's financial situation to possible alternative scenarios to better understand how an increase in wages, additional hours worked, or participation in public assistance programs may better position him or her for financial stability;
2. the CLIFF Guaranteed Income Dashboard shows the effect that receiving guaranteed income has on public assistance benefits to inform prospective guaranteed income pilot participants or pilot program designers; and
3. the Policy Rules Database Dashboard is a visualization tool that shows how all existing public assistance programs and tax credits affect various types of families in any location in the United States.

For example, the Public Rules Database Dashboard provides information as shown in Figures 1 and 2 for a family with one adult with no disabilities and two children (ages 3 and 6) in Hartford, Connecticut. Other assistance programs may be added.

Figure 1: Public Assistance at Different Income Levels for Family of Three in Hartford, CT

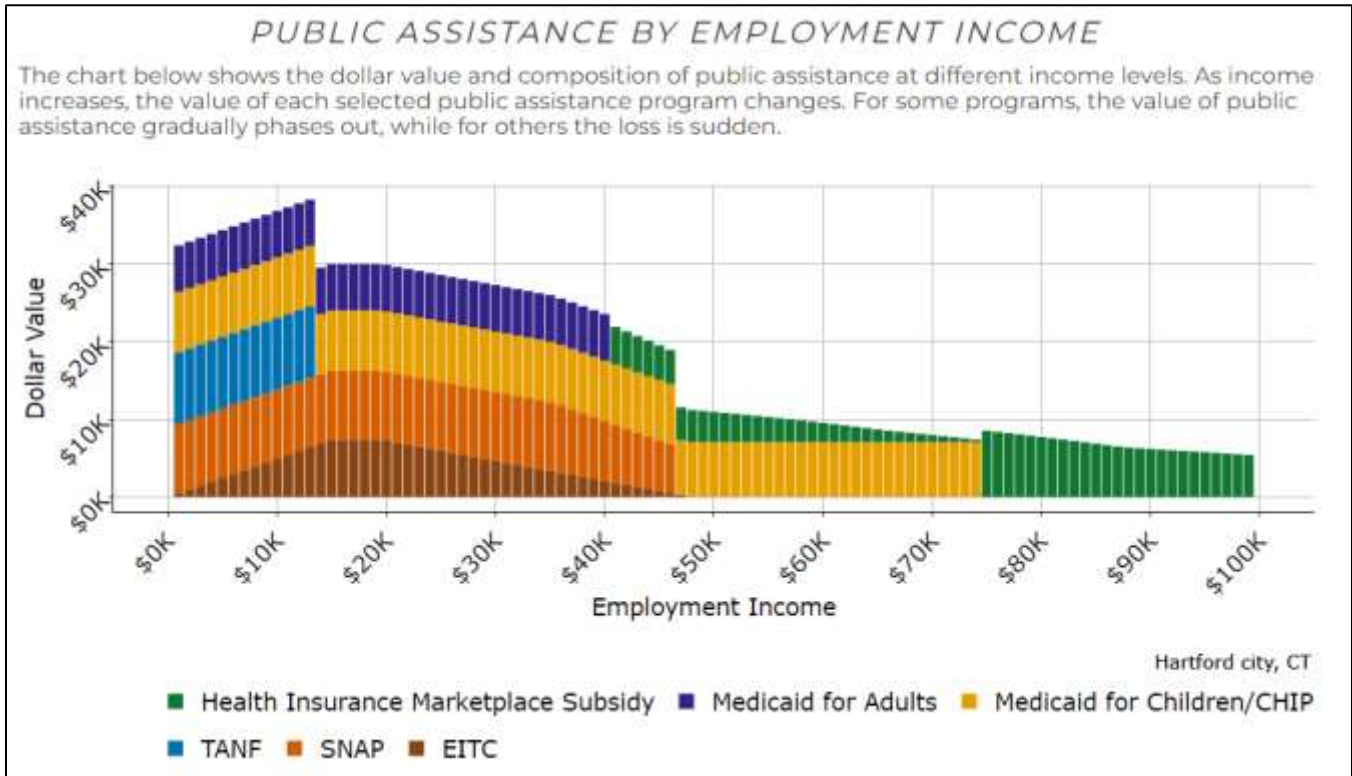
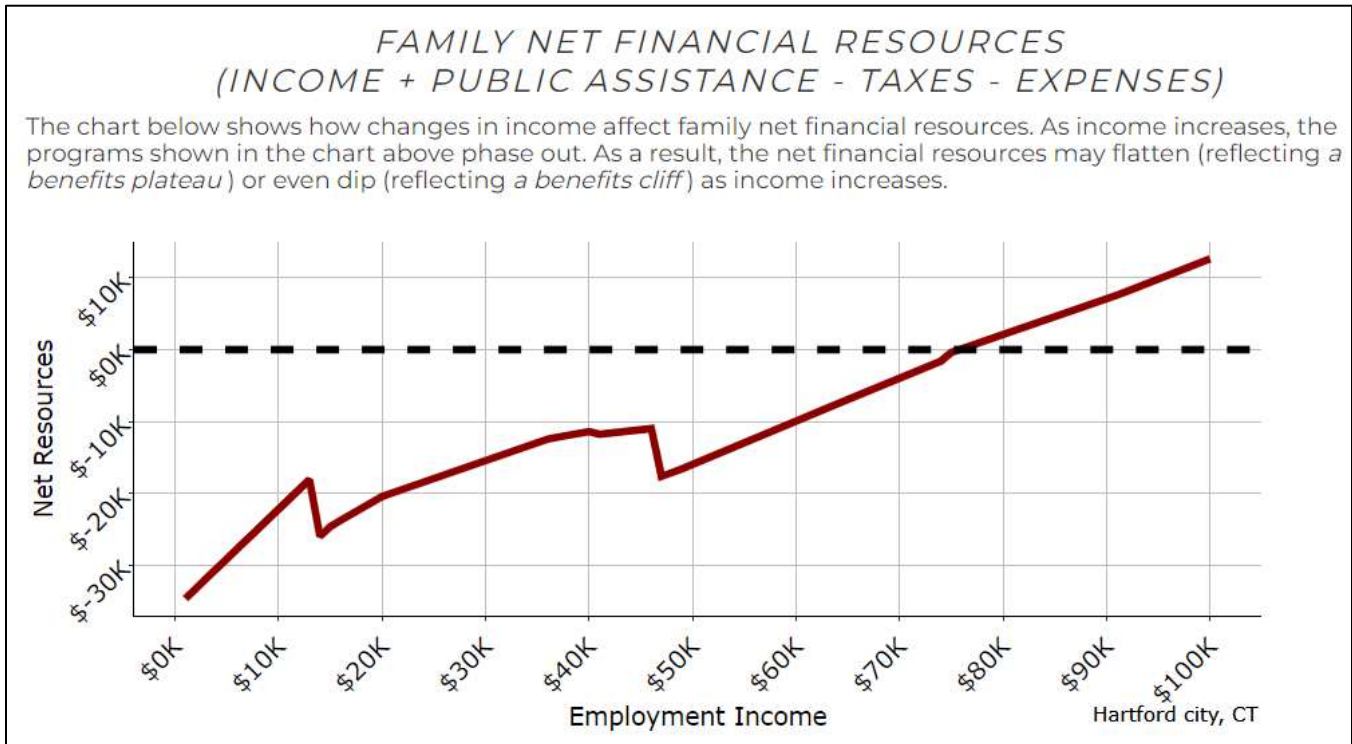


Figure 2: How Changes in Income Affect Family Resources for a Family of Three in Hartford, CT



The Atlanta Fed presents the CLIFF tools as part of their [Advancing Careers Initiative](#), through which the bank seeks to understand and address benefits cliffs through four focus areas:

1. conducting [research](#) to better understand benefits cliffs;
2. engaging with local and state partners to find solutions;
3. developing information tools for low- and moderate-income populations to provide information about benefits cliffs along a career path; and
4. raising issue awareness, through hosting policy summits, writing short briefs, and developing information tools.

We have asked the Atlanta Fed for additional information and will update this report with any they provide.

### ***Atlanta Fed Partnership With Connecticut***

The Atlanta Fed partnered with the state of Connecticut to create [tools specific to Connecticut's five workforce regions](#). These include [a CLIFF Dashboard](#) for “in-demand career pathways” in each of the state’s five local workforce development regions. The tool allows users to provide information about their household and target occupation to produce projections about income and public assistance specific to the selected career path. Project partners include Connecticut’s 2-Gen Initiative and the Governor’s Workforce Council. (For more information about benefits cliffs in Connecticut, including a 2020 informational forum held by the Human Services Committee, see OLR Report [2022-R-0259](#)).

### **Additional Resource**

Office of Early Childhood – University of Connecticut Research Partnership, [“Final Report on the Connecticut Benefit Cliff Pilot: A Final Report to the Connecticut 2 Gen Advisory Board.”](#) June 13, 2022.

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