with paragraph (b)(3) of this section, provide Medicaid to higher income individuals described in paragraph (b)(1) of this section without providing Medicaid to lower income individuals described in such paragraph.

(ii) The limitation on eligibility of parents and other caretaker relatives specified in §435.119(c) of this section also applies to eligibility under this section.

(3) *Phase-in plan*. A State may phase in coverage to all individuals described in paragraph (b)(1) of this section under a phase-in plan submitted in a State plan amendment to and approved by the Secretary.

[77 FR 17205, Mar. 23, 2012]

OPTIONS FOR COVERAGE OF FAMILIES AND CHILDREN

§ 435.220 Individuals who would meet the income and resource requirements under AFDC if child care costs were paid from earnings.

(a) The agency may provide Medicaid to any group or groups of individuals specified under \$435.201 (a)(4), (a)(5), and (a)(6) who would meet the income and resource requirements under the State's approved AFDC plan if their work-related child care costs were paid from their earnings rather than by a State agency as a service expenditure.

(b) The agency may use this option only if the State's AFDC plan deducts work-related child care costs from income to determine the amount of AFDC.

[43 FR 45204, Sept. 29, 1978, as amended at 58 FR 4927, Jan. 19, 1993]

§435.221 [Reserved]

§ 435.222 Individuals under age 21 who meet the income and resource requirements of AFDC.

(a) The agency may provide Medicaid to individuals under age 21 (or, at State option, under age 20, 19, or 18); or reasonable categories of these individuals as specified in paragraph (b) of this section, who are not receiving cash assistance under any program but who meet the income and resource requirements of the State's approved AFDC plan.

(b) The agency may cover all individuals described in paragraph (a) of this 42 CFR Ch. IV (10-1-13 Edition)

section or reasonable classifications of those individuals. Examples of reasonable classifications are as follows:

(1) Individuals in foster homes or private institutions for whom a public agency is assuming a full or partial financial responsibility. If the agency covers these individuals, it may also provide Medicaid to individuals of the same age placed in foster homes or private institutions by private nonprofit agencies.

(2) Individuals in adoptions subsidized in full or in part by a public agency.

(3) Individuals in nursing facilities when nursing facility services are provided under the plan to individuals within the age group selected under this provision. If the agency covers these individuals, it may also provide Medicaid to individuals in intermediate care facilities for individuals with intellectual disabilities.

(4) Individuals under age 21 receiving active treatment as inpatients in pyschiatric facilities or programs, if inpatient psychiatric services for individuals under 21 are provided under the plan.

[46 FR 47985, Sept. 30, 1981; 46 FR 54743, Nov. 4, 1981, as amended at 58 FR 4927, Jan. 19, 1993]

§435.223 Individuals who would be eligible for AFDC if coverage under the State's AFDC plan were as broad as allowed under title IV-A.

(a) The agency may provide Medicaid to any group or groups of individuals specified under 435.210 (a)(4), (a)(5), and (a)(6) who:

(1) Would be eligible for AFDC if the State's AFDC plan included individuals whose coverage under title IV-A is optional (for example, Medicaid may be provided to members of families with an unemployed parent even though AFDC is not available to them under the State's AFDC plan); or

(2) Would be eligible for AFDC if the State's AFDC plan did not contain eligibility requirements more restrictive than, or in addition to, those required under title IV-A.