Pandemic Unemployment Insurance Provisions: What They Mean for Access to SNAP, Medicaid, and TANF

Center on Budget and Policy Priorities

In response to the COVID-19 public health and economic crises, the Coronavirus Aid, Relief, and Economic Security (CARES) Act included three expansions of unemployment insurance (UI) benefits:

- **Pandemic Unemployment Assistance (PUA)** provides assistance for those unable to work due to COVID-19 who previously wouldn't have qualified for UI due to reasons such as a short work history or self-employment.
- **Pandemic Unemployment Compensation (PUC)** provides an additional $600 per week for all UI recipients, including those receiving PUA benefits, through July 31.
- **Pandemic Emergency Unemployment Compensation (PEUC)** provides additional weeks of benefits for recipients who exhaust state benefits.

The UI expansions mean that more low-income people will be eligible and that their benefits will be at least temporarily greater and last longer. The amount, timing, and type of UI benefits that low-income individuals receive will likely affect their eligibility for SNAP (formerly food stamps), Medicaid, and Temporary Assistance for Needy Families (TANF).

Impact of UI on SNAP, Medicaid, and TANF Applications

- **Effect on eligibility.** For those already receiving UI, the full benefit amount counts as unearned income for SNAP at application. For Medicaid, the additional $600 per week of PUC is not countable and should be excluded in determining eligibility, but other UI benefits are counted. States have flexibility for treatment of income under TANF; most states count the full amount of UI, but some states are excluding the additional $600 per week of PUC.
- **No delay in processing applications.** State agencies must not delay processing of SNAP, Medicaid, and TANF applications while an individual is applying for UI. Potential UI income that hasn't yet been received must not be considered when determining eligibility and benefit amounts.
- **Providing information about UI.** State agencies that administer SNAP, Medicaid, and TANF can provide information about these expanded UI benefits and encourage individuals who apply for assistance to also apply for UI. Due to the expansion of UI eligibility, many self-employed people and those with limited work history who wouldn't have previously qualified may be eligible. And some TANF programs require applicants to apply for other potential income sources, including UI.

Impact of UI on People Already Enrolled

Individuals currently enrolled in SNAP, Medicaid, or TANF who are approved for UI may need to report receipt of the UI to the state agency, which may affect their benefits.

Impact on Benefits and Eligibility

- **SNAP**: All UI benefits (including the additional $600 per week in PUC) are countable as unearned income for SNAP households. Receipt of UI may reduce benefits for households, although they may continue receiving the maximum benefit if the state is issuing emergency allotments during the public health emergency. For other households, the receipt of UI will put them over the income threshold and make them ineligible.

- **Medicaid**: As a condition of receiving increased federal Medicaid funds, states must keep Medicaid enrollees covered through the end of the public health emergency, so Medicaid enrollees who begin receiving UI must not lose Medicaid coverage. (Also, as noted above, the extra $600 per week in PUC is not countable for Medicaid.)

- **TANF**: States have flexibility in TANF on how to consider income, but they typically treat UI benefits as unearned income. Receipt of UI will almost certainly make a household ineligible for TANF and result in case closure unless the state has chosen to exclude some or all of the UI provided under the CARES Act as disaster relief.

- Loss of TANF could trigger transitional SNAP benefits in the 23 states that provide them, resulting in households maintaining a higher SNAP benefit for up to five months after their TANF ends.

Reporting Requirements

Many states have an automated data match with the state unemployment agency and will automatically begin counting the UI benefits once they begin. This is considered "verified upon receipt," which means states will act on these changes without requesting information from clients. In some states, the additional $600 per week in PUC and possibly the assistance through the new PUA program may not be reported in the automated data match or may be designated separately. For states that do not have a complete automated data match, clients may need to report when they begin receiving UI or if the amount of UI changes. Each program has its own reporting requirements.

- **SNAP**: Most households receiving SNAP must report changes when their income exceeds 130 percent of the poverty line for their household size (if in simplified reporting). In many cases, particularly with the additional $600 per week, receipt of UI will put a household over this threshold and households will be required to report the change. Households in change reporting will need to report receipt of UI within ten days.

- **Medicaid**: Medicaid enrollees must report changes that may affect their eligibility. Since enrollees cannot lose their coverage right now even due to an increase in income, they shouldn't need to report receipt of UI.

- **TANF**: Reporting requirements for TANF vary by state, but in most situations recipients must report when they begin receiving UI.

Receipt of Lump Sum

Because of delays in processing UI applications and the fact that some UI benefits can be retroactive to dates before someone applies, many UI recipients will receive a lump sum that includes retroactive benefits when their applications are approved. This affects each program differently.

- **SNAP**: Retroactive UI benefits are considered a non-recurrent lump sum and are excluded from income. If a state has an asset test for SNAP, the lump sum may be counted as an asset.

- **Medicaid**: A lump sum is treated as income in the month received, but due to the continuous coverage provision, this will not affect Medicaid eligibility for current enrollees.

- **TANF**: Treatment of a lump sum varies by state. Some states exclude the lump sum entirely, some count it as income or an asset in the month received, and some create a period of ineligibility based on the amount of the lump sum ("lump sum rule"). For states with a lump sum rule, a large amount of retroactive benefit could disqualify a family from TANF for a period that extends beyond the UI benefit period. Advocates in states with a lump sum rule could seek a policy change or clarification to exclude retroactive CARES Act benefits from the state's lump sum rule.

Overpayments

UI receipt could result in an overpayment for SNAP and TANF if it isn't reported in a timely manner (if required) and acted on by the state agency. As mentioned above, most states have automated data matches and will automatically update cases. If a full data match with the UI agency isn't in place, SNAP and TANF participants may wish to report the start of UI to their state agency.

Example: Impact of Receipt of UI Through 2020

Regina lost her job in March when the restaurant she worked at closed. She applied for and began receiving SNAP, Medicaid, and TANF for herself and her two children at the end of March. She also applied for UI in March. On May 15 she will be approved for $232 per week in regular UI plus the additional $600 per week in PUC (monthly income of $3,578). She will receive her first check on May 18, including retroactive UI benefits back to March 30.

Regina will report the change in her income to her state agency on May 25. Her income will put her over the eligibility threshold for SNAP, Medicaid, and TANF. Due to notice requirements her June benefits will be unaffected. Her SNAP and TANF benefits will end effective in July. Her Medicaid will continue due to the continuous coverage provision.

Regina's extra $600 per week in PUC benefits will end July 31. In August, she will reapply for SNAP and will be approved. But because she will continue to receive $232 per week in regular unemployment, she will be ineligible for TANF in her state.

Health Insurance Marketplaces

Unlike for Medicaid, health insurance marketplaces count all UI benefits, including the additional $600 per week in PUC benefits, in determining eligibility for and the amount of advance premium tax credits (APTCs). When predicting annual income for purposes of APTCs, individuals should count income before job loss, UI income including PUC, and anticipated UI or other income after PUC ends. In states that haven't expanded Medicaid, adding PUC benefits may lift families out of the coverage gap, making them eligible for APTCs. The federally facilitated marketplace implemented system changes to disregard the PUC for purposes of determining Medicaid eligibility, and state-based marketplaces should follow suit.

Additional Considerations

The additional $600 per week in PUC benefits is currently authorized through July 31, 2020. State agencies may see a surge in reapplications in August as many households that lost SNAP due to increased UI benefits again become eligible for SNAP benefits. States may be able to get a waiver to suspend SNAP cases for June and July for UI recipients, and reactivate them for August, to avoid clients having to submit and agencies having to process full applications in August.[1] If that is not possible, states could also consider facilitating a simplified application process for households that lose UI income in August.

State agencies with combined administration of SNAP, Medicaid, and TANF may have difficulty implementing the different income-counting rules for Medicaid. States should consider automatically disregarding $600 per week for all UI recipients applying for Medicaid through July 31 as a way of dealing with these different rules.

1 Federal regulations allow for states to suspend income-eligible households of three or more who are entitled to no benefits. 7 C.F.R §273.10(e)(2)(iii)(B). States could request a waiver to expand this rule to smaller households and those that are temporarily income-ineligible.