

# MEDICAID DISABILITY MANUAL

impairment causes a marked limitation in two broad areas of function or an extreme limitation in one area.

## 2. Sequential Evaluation Process

As is the case for adults, the sequential evaluation process must be followed. (Please see the sequential evaluation flow chart for children, **Policy 108.**)

The steps of the sequential evaluation process for children's cases are:

- o Step 1 - determining if the child is engaged in substantial gainful activity;
- o Step 2 - determining if the child has a severe impairment(s); and
- o **Step 3 - determining if the child's impairment(s) meets or medically equals a listing, or functionally equals the listings** and meets the duration requirement.

- (a) **Substantial Gainful Activity** - Is the child engaging in substantial gainful activity?

The basic statutory definition of disability requires an inability to engage in substantial gainful activity. The same rules for determining whether an adult is engaging in substantial gainful activity also apply to children. (Please refer to Section E.1.) Except for some older children who may be employed, most children will not be engaged in substantial gainful activity, and it will be necessary to continue with the sequential process.

If a child is engaging in substantial gainful activity, the child will be determined not disabled. If not, the sequential evaluation process will proceed to the next step.

- (b) **Severity of Impairment**- Does the child have a "severe" impairment or combination of impairments?

The child must have a medically determinable impairment(s) that is severe. If the impairment(s) is severe, the case will be reviewed further to see if the impairment(s) meets or medically equals a listing. If the child does not have a medically determinable impairment or his/her impairment(s) is a slight abnormality or combination of slight abnormalities that causes no more than minimal functional limitations, the child will be found not to have a severe impairment and will, therefore, be determined not disabled.

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(c) Meeting or Equaling the Listings - Does the child have a medically determinable impairment(s) that meets or medically equals a listing? An impairment causes marked and severe functional limitations if it meets or medically equals the severity of a set of criteria for an impairment in the listings, or if it functionally equals the listings.

(1) Therefore, if the child has an impairment(s) that meets or medically equals the requirements of a listing or that functionally equals the listings, and that meets the duration requirement, the child will be found disabled.

(2) If the child's impairment(s) does not meet the duration requirement or does not meet or medically equal a listing, or functionally equal the listings, the child will be found not disabled.

### 3. Considerations in Determining Disability for Children

(a) Basic considerations. All relevant information (i.e. evidence) in the case record is considered. The evidence in the case record may include information from medical sources, such as the child's pediatrician, other physicians, psychologist, or qualified speech-language pathologist; other medical sources such as physical, occupational, and rehabilitation therapists; and non-medical sources such as the child's parents, teachers, and other people who know the child.

#### (1) Medical evidence

(i) General. Medical evidence of the child's impairment(s) must describe symptoms, signs, and laboratory findings. The medical evidence may include, but is not limited to, formal testing that provides information about the child's development or functioning in terms of standard deviations, percentiles, percentages of delay, or age or grade equivalents. It may also include opinions from medical sources about the nature and severity of the child's impairment.

(ii) Test scores. All of the relevant information in the case record will be considered. Consideration should not be given to any single piece of evidence in isolation. Therefore, test scores alone should not be relied on when deciding whether the child is disabled. See Section 6. (e) (3) for more information about how test scores are considered.

(iii) Medical sources. Medical sources should report their findings and observations on clinical examination and the results of any formal

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testing. A medical source's report should note and resolve any material inconsistencies between formal test results, other medical findings, and the child's usual functioning. Whenever possible and appropriate, the interpretation of findings by the medical source should reflect consideration of information from the child's parents or other people who know the child, including teachers and therapists. When a medical source has accepted and relied on such information to reach a diagnosis, this information may be considered a clinical sign.

- (2) Information from other people. Every child is unique, so the effects of the child's impairment(s) on his/her functioning may be very different from the effects that the same impairment(s) might have on another child. Therefore, whenever possible and appropriate, attempts will be made to get information from people who can tell what the effects of the child's impairment(s) is on his/her activities and how the child functions on a day-to-day basis. These other people may include, but are not limited to:
  - (i) The child's parents and other caregivers. The child's parents and other caregivers can be important sources of information because they usually see the child every day. In addition to the child's parents, other caregivers may include a childcare provider who takes care of the child while his/her parent(s) works or an adult who looks after the child in a before-or after-school program.
  - (ii) Early intervention and preschool programs. If the child has been identified for early intervention services (in the home or elsewhere) because of his/her impairment(s), or if the child attends a preschool program (e.g. Headstart or a public school kindergarten for children with special needs), these programs are also important sources of information about the child's functioning. Reports should be requested from the agency and individuals who provide the child with services or from the child's teachers about how the child typically functions when compared to other children the same age who do not have impairments.
  - (iii) School. If the child goes to school, information should be requested from his/her teachers and other school personnel about how the child is functioning there on a day-to-day basis compared to other children the same age who do not have impairments. A request should be made for any reports that the school may have that show the results of formal testing or that describe any special education instruction or services, including home-based instruction, or any accommodations provided in

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a regular classroom.

- (b) Factors to be considered when evaluating the effects of the child's impairment(s) on his/her functioning.
  - (1) General. The child's functioning must be considered when deciding whether his/her impairment(s) is "severe" and when deciding whether his/her impairment(s) functionally equals the listings. The child's functioning must also be considered when deciding whether his/her impairment(s) meets or medically equals a listing if the listing being considered includes functioning among its criteria.
  - (2) Factors to be considered when evaluating the child's functioning. The child's limitations in functioning must result from his/her medically determinable impairment(s). The information obtained from the child's medical and non-medical sources can help in understanding how the child's impairment(s) affects his/her functioning. Any factors that are relevant to how the child functions will be considered when evaluating the child's impairment or combination of impairments. For example, the child's symptoms (such as pain, fatigue, decreased energy, or anxiety) may limit his/her functioning. Some other factors that may be considered when evaluating the child's functioning are explained in paragraphs (b) (3) - (b) (9) of this section.
  - (3) How the child's functioning compares to the functioning of children the same age who do not have impairments.
    - (i) General. When the child's functioning is evaluated, consider whether the child does the things that other children the same age typically do or whether the child has limitations and restrictions because of his/her medically determinable impairment(s). Also, consider how well the child does the activities and how much help he/she needs from family, teachers and others. Information about what the child can and cannot do, and how the child functions on a day to day basis at home, at school and in the community, allows a comparison of the child's activities to the activities of children the same age who do not have impairments.
    - (ii) How to consider reports of the child's functioning. When considering the evidence in the child's case record about the quality of his/her activities, consider the standards used by the person who gave the information. Also, consider the characteristics of the group to whom

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the child is being compared. For example, if the way the child does his/her class work is compared to other children in a special education class, consider that the child is being compared to children who do have impairments.

- (4) Combined effects of multiple impairments. If the child has more than one impairment, consider whether the child has a "severe" impairment or an impairment that meets or medically equals a listing, or functionally equals the listings by looking at each of the child's impairments separately. If each separate impairment does not meet or equal the listings, consider comprehensively the combined effects of all the child's impairments on his/her day to day functioning instead of considering the limitations resulting from each impairment separately. (See Sec. 6. (c) for more information on how to consider the interactive and cumulative effects of the child's impairments on functioning.)
- (5) How well can the child initiate, sustain, and complete his/her activities, including the amount of help or adaptations he/she needs, and the effects of structured or supportive settings.
- (i) Initiating, sustaining, and completing activities. Consider how effectively the child functions by examining how independently the child is able to initiate, sustain, and complete his/her activities despite his/her impairment(s) compared to other children the same age who do not have impairments. Consider:
- (A) The child's range of activities;
  - (B) The child's ability to do them independently, including any prompting that the child may need to begin, carry through, and complete his/her activities;
  - (C) The pace at which the child does his/her activities;
  - (D) How much effort the child needs to make in order to do his/her activities; and
  - (E) How long the child is able to sustain his/her activities.
- (ii) Extra help. Consider how independently the child is able to function compared to other children the same age who do not have impairments. Consider whether the child needs help from other people, or whether the child needs special equipment, devices, or medications to perform his/her day-to-day activities. For example, consider how much supervision the child needs to keep from hurting