

Health Care Finance and Administration	Section: Medicare Savings Programs
Policy Manual Number: 120.020	Chapter: Qualifying Individuals 1

QUALIFYING INDIVIDUALS 1

Legal Authority: Security Act § 1902(a)(10)(E), § 1933; 42 USC 1396a(a)(10)(E)(iv); 42 CFR 435.406

The Balanced Budget Act (BBA) of 1997 created the Qualifying Individuals 1 (QI1) program for states to assist eligible individuals with payment of the Medicare Part B premium. The Medicare Access and CHIP Reauthorization Act (MACRA) of 2015 permanently extended the QI1 program.

1. Policy Statement

To be eligible in the QI1 category an individual must be entitled to Medicare Part A, have income at least at 120%, but less than 135%, of the Federal Poverty Level (FPL) and not have resources over \$7,280 for an individual or \$10,930 for a couple. To be eligible in the QI1 category, individuals must not be enrolled in TennCare Medicaid or TennCare Standard.

2. QI1 Effective Date

Eligibility begins the date a HCFA application or LIS application is filed or the date all eligibility requirements are met, whichever is later.

3. QI1 Benefits

The QI1 program only pays the current Medicare Part B premium. If an applicant is approved for QI1 and previously refused Part B coverage, the QI1 approval will automatically establish Part B coverage.

4. Non-Financial

a. Medicare Part A (Hospital Insurance)

Individuals must be enrolled in Medicare Part A. Individuals may either be entitled to receive premium-free Medicare Part A or eligible to purchase Medicare Part A. See the *Medicare Savings Program Overview* policy.

HCFA will use an individual's Social Security Number (SSN) to verify his or her entitlement to and receipt of Medicare Part A benefits with the Social Security Administration (SSA).

Applicants who are enrolled in Part B only, but are otherwise eligible for QI1, will be denied eligibility.

b. Age

If an applicant is eligible on the basis of age, he or she must be age 65 or older. There is no age limit for individuals who are eligible on the basis of disability.

c. Citizenship

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Individuals must be U.S. citizens, U.S. nationals or eligible non-citizens. Individuals are not required to provide documentary evidence of citizenship or national status if they are entitled to or enrolled in any part of Medicare.

d. Enumeration

Individuals must possess and provide a valid SSN or proof of application for an SSN, unless they meet an exception.

e. State Residence

Individuals in this category must be residents of Tennessee.

5. Financial

a. Household Composition

Household composition is governed by the principle of Financially Responsible Relatives (FRR) and the applicant/enrollee's living arrangements. See the *ABD Household Composition* policy.

b. Income Limit

The income limit for receiving benefits in this category is at least 120%, but less than 135% FPL for an individual or couple.

c. Resource Limit

The resource limit for receiving benefits in this category is:

- \$7,280 for an individual; or
- \$10,930 for a couple.

d. Cost of Living Adjustment (COLA) Disregard

The SSA is responsible for applying COLA to its benefit programs, including Old-Age, Survivors, and Disability Insurance (OASDI), Railroad Retirement Benefits (RRB) and Supplemental Security Income (SSI). If the SSA applies a COLA for a given year, it is applied on January 1st of that year. However, the annual update for FPLs is not typically released until March or April. This can cause individuals who were previously QI1 eligible to become income-ineligible due to their increased Social Security income in the period between the COLA adjustment and the FPL increase.

To address the discrepancy caused by the timing of the COLA and FPL adjustments, QI1 enrollees who become income-ineligible in January are provided with a COLA disregard for the months of January, February, March, and if needed, April. The COLA disregard is equal to the amount of the monthly COLA increase.

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e. Budget Overview

1. Child Support Calculation

Gross Child Support
 – 1/3 Reduction if Recipient is under age 18
 = Total Countable Child Support

NOTE: The child support reduction only occurs when the child receiving support is the applicant.

2. Total Gross Unearned Income Computation

Deemed Income from Parent(s)
 + Deemed Unearned Income from Spouse
 + Unearned Income (other than child support)
 + Total Countable Child Support
 = Gross Unearned Income

3. Total Gross Earned Income Computation

Total Countable Earned Income
 + Self-Employment Income
 + Deemed Earned Income from a Spouse or Parent
 – Disabled Student Under Age 22 Earned Income Exclusion
 = Gross Earned Income

4. Total Net Unearned Income Computation

Gross Unearned Income
 – General Unearned Income Disregard (\$20)
 – Child Support Disregard (\$50)
 = Net Unearned Income

5. Total Net Earned Income Computation

Gross Earned Income
 – General Income Disregard Remainder
 – Earned Income Disregard (\$65)
 – Disabled Work Expense
 – ½ Disregard
 – Blind Work Expense
 = Net Earned Income

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6. Countable Income Computation

$$\begin{array}{r}
 \text{Net Unearned Income} \\
 + \text{ Net Earned Income} \\
 = \text{ Total Countable Income}
 \end{array}$$

If the applicant's total countable income is at least 120% but less than 135% FPL, based on household size, he or she is eligible for QI1.

f. Example Budget

Mrs. Woods is 70 years old, receives \$800 per month in Social Security benefits and is entitled to and receiving Medicare. Her spouse is 71 years old, receives \$900 per month in Social Security benefits and is entitled to and receiving Medicare. The couple lives together in the home.

1. Total Gross Unearned Income Computation

$$\begin{array}{r}
 \$800 \text{ Unearned Income (Mrs. Woods)} \\
 + \text{ \$900 Unearned Income (Mr. Woods)} \\
 = \$1,700 \text{ Gross Unearned Income}
 \end{array}$$

2. Total Gross Earned Income Computation

The couple has no earned income.

3. Total Net Unearned Income Computation

$$\begin{array}{r}
 \$1,700 \text{ Gross Unearned Income} \\
 - \$20 \text{ General Income Disregard (Only one General Income Disregard is allowed per household.)} \\
 = \$1,680 \text{ Net Unearned Income}
 \end{array}$$

4. Total Net Earned Income Computation

The couple has no earned income.

5. Total Countable Income

$$\begin{array}{r}
 \$1,680 \text{ Net Unearned Income} \\
 + \text{ \$0 Net Earned Income} \\
 = \$1,680 \text{ Total Countable Income}
 \end{array}$$

Mrs. Wood's total countable income, \$1,680, is greater than 120% FPL (\$1,593) but less than 135% FPL (\$1,793), so she is income eligible for the QI1 category.

The above budget is current as of March 2015.

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6. QI1 and TennCare Medicaid Eligibility

QI1 enrollees may not also enroll in TennCare Medicaid or TennCare Standard. If an applicant is eligible for a TennCare Medicaid category and QI1, he or she should be determined eligible in the TennCare Medicaid category.

Applicants/enrollees may not receive benefits in more than one Medicare Savings Program.