

Health Care Finance and Administration	Section: Medicare Savings Programs
Policy Manual Number: 120.015	Chapter: Specified Low Income Medicare Beneficiary

SPECIFIED LOW INCOME MEDICARE BENEFICIARIES

Legal Authority: Social Security Act § 1902(a)(10)(E); 42 CFR 435.406

1. Overview

Effective January 1, 1993, Section 4501 (b) of the Omnibus Budget Reconciliation Act (OBRA) of 1990 required states to pay Medicare Part B premiums for individuals whose income exceeds QMB standards, but is less than a specified higher percentage of Federal Poverty Level (FPL). The coverage is called Specified Low Income Medicare Beneficiaries (SLMB).

2. Policy Statement

To be eligible in the SLMB category an individual must be entitled to and receive Medicare Part A, have income that is at least 100% FPL but less than 120% of the FPL, and not have resources over \$7,280 for an individual or \$10,930 for a couple.

3. SLMB Benefits

Medicaid benefits available to SLMB enrollees only include payment of Medicare Part B premiums. If an applicant is approved for SLMB and previously refused Part B coverage, the SLMB approval will automatically establish Part B coverage.

4. SLMB 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.

5. Non-Financial

a. Medicare Part A (Hospital Insurance)

Individuals must be enrolled in Medicare Part A benefits. Individuals may be either 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 SSA.

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

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b. Age

If an applicant is eligible on the basis of age, then 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

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 Social 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.

6. Financial

a. Household Composition

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

b. Income Limit

The income limit for receiving benefits in this category is less than 120% 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 Social Security Administration (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

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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 SLMB 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, SLMB 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.

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

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5. Total Net Earned Income Computation

Gross Earned Income	
- General Income Disregard Remainder	
- Earned Income Disregard (\$65)	
- Disabled Work Expense	
- ½ Disregard	
- <u>Blind Work Expense</u>	
= Net Earned Income	

6. Countable Income Computation

Net Unearned Income	
+ <u>Net Earned Income</u>	
= Total Countable Income	

If the applicant's total countable income is at least 100% but less than 120% FPL, based on household size, then he or she is income eligible for SLMB.

f. Example Budget

Mrs. Daley is 65 years old, receives \$1,200 per month in Social Security benefits and is entitled to and receiving Medicare Part A. Her spouse is 60 years old with deemed monthly income of \$400. Mr. Daley does not yet receive Medicare. The couple lives together in their home.

1. Total Gross Unearned Income Computation

\$200 Deemed Unearned Income from Spouse	
+ <u>\$1,200 Unearned Income</u>	
= \$1,400 Gross Unearned Income	

2. Total Gross Earned Income Computation

\$0 Earned Income	
+ <u>\$400 Deemed Earned Income from Spouse</u>	
\$400 Gross Earned Income	

3. Total Net Unearned Income Computation

\$1,200 Gross Unearned Income	
- <u>\$20 General Income Disregard</u>	
\$1,180 Net Unearned Income	

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4. Total Net Earned Income Computation

\$400 Gross Earned Income
 – \$65 Earned Income Disregard (this disregard is applied given that the spouse has earned income)
 – \$167.50 ½ Disregard
 = \$167.50 Net Earned Income

5. Total Countable Income

\$1,180 Net Unearned Income
 + \$167.50 Net Earned Income
 = \$1,347.50 Total Countable Income

Mrs. Daley’s total countable income, \$1,347.50, is greater than 120% FPL, \$1,177, so she is not income eligible for the SLMB category.

The above budget is current as of January 2015.

7. SLMB and TennCare Medicaid Eligibility

Individuals may be eligible for both TennCare Medicaid and SLMB, with the exception of TennCare Standard. Only individuals with “grandfathered status” in TennCare Standard may be eligible for both TennCare Standard and SLMB.

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