

Health Care Finance and Administration	Section: Financial Eligibility Requirements
Policy Manual Number: 110.040	Chapter: ABD Deeming of Income and Resources

ABD DEEMING OF INCOME AND RESOURCES

Legal Authority: 20 CFR 416.1101; 20 CFR 416.1102; 20 CFR 416.1160; 20 CFR 416.1161; 20 CFR 416.1163; 20 CFR 416.1165; 20 CFR 416.1166; 20 CFR 416.1167; 20 CFR 416.1202; 20 CFR 416.1205; 20 CFR 416.1802; 20 CFR 416.1806; 20 CFR 416.1870; 20 CFR 416.1856; 20 CFR 416.1870; 20 CFR 416.1872; 20 CFR 416.1881; TennCare 1115 Demonstration Waiver, Amendment 27

1. Policy Statement

Countable income and resources belonging to individuals other than the TennCare Medicaid applicant/recipient may be deemed available when determining eligibility. The deeming provisions recognize the family responsibility of parents and spouses for meeting an applicant's basic needs of food and shelter. The deeming concept applies only to the Financially Responsible Relatives (FRRs) of applicants and enrollees in the following aged, blind and disabled (ABD) TennCare Medicaid categories:

- Medicare Savings Programs (QMB, SLMB, QI and QDWI);
- Pickle and Pass Along; and
- Institutional Medicaid.

Income and resources belonging to an FRR (spouse or parent) who receives Families First (TANF) or SSI benefits are not deemed available to the applicant/enrollee.

2. Defined Terms

Deeming: The term deeming identifies the process of considering another person's income and resources to be available for meeting a TennCare Medicaid applicant/enrollee's basic needs of food and shelter.

Dependent Child Under Age 18 or Student Between Ages 18 and 21 Earned Income Exclusion: Ineligible students under 22 years of age and regularly attending school are allowed a monthly exclusion up to the yearly maximum for a given calendar year. The monthly exclusion amount for 2015 is \$1,780 up to a maximum of \$7,180 for the year. This exclusion may apply to a child, spouse or parent who is considered a student. See Student Earned Income Exclusion (SEIE) in *ABD Income Disregards and Expenses* policy.

Child: Child as related to this policy includes individuals:

- Not married; and
- Not the head of a household; and
- Under 18 years of age or under 22 years of age if a student regularly attending school.

Federal Benefit Rate (FBR): The FBR is the maximum monthly Supplemental Security Income (SSI) benefit amount for a couple or an individual. For 2015 the FBR amount is:

- \$1,100 for a couple; and

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- \$733 for an individual.

The difference of the FBR for a couple and an individual for 2015 would be \$367 (\$1,100 - \$733).

Holding Out Spouse: A “holding out” relationship exists when an unrelated man and woman present themselves to the community as husband and wife in the absence of a legal marriage. The concept of a holding out relationship does not apply to the MSPs or Institutional Medicaid categories.

Ineligible Spouse: A spouse who is not eligible for an ABD TennCare Medicaid category.

Ineligible Child: A child that is not eligible for SSI.

Parent: Parent as related to this policy includes natural and adopted parents. A parent is a natural, adoptive or, in certain situations, a step-parent. A step-parent is not included in the deeming budget if any of the following circumstances apply:

- The natural or adoptive parent to whom the individual was married as died;
- The natural or adoptive parent and the individual are divorced; or
- The natural or adoptive parent and the step-parent’s marriage has been annulled.

Spouse: A spouse is:

- An individual’s legally married spouse; or
- An individual determined by the Social Security Administration (SSA) as eligible to receive Social Security benefits as the spouse of another; or
- An individual’s “holding out” spouse.

3. Parent to Child Deeming

a. Overview

When a blind or disabled child is living with his or her parents(s), a portion of the parents’ income and resources may be deemed available to the child and counted as unearned income to the child in determining his or her TennCare Medicaid eligibility.

Exception: Parent to child deeming does not occur for a child applying for Institutional Medicaid, including HCBS and DIDD Waiver applications, unless a child under 18 is determined eligible at an “At Risk” for nursing facility Level of Care and is requesting HCBS services in the Employment and Communities First (ECF) program.

b. Income Deeming

When deeming applies, the parent(s) receives income disregards and allocations in order to meet his or her own needs and the needs of other children that live in the household. Child and parental allocations are deducted from the parents’ income before any income is deemed to the applicant/enrollee.

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i. Ineligible Child Allocation

A. Who May Receive the Allocation

When deeming from parent to child, the parent receives an ineligible child allocation for each ineligible child residing in his or her home. An ineligible child is a child who meets the definition of a child, lives in the parent's home and is ineligible for SSI benefits, Families First cash assistance or general assistance.

Changes in family composition, such as birth, death, entering or leaving the household or no longer meeting the definition of a child, are effective following the month the change occurs. All changes must be timely reported to HCFA.

B. Ineligible Child Allocation Calculation

The ineligible child allocation is equal to the difference between the FBR for a couple and the FBR for an individual (\$367). The allocation is then reduced by the any of the child's own countable income.

If there is more than one ineligible child in the household, the following budget will be completed for each ineligible child. When the ineligible child allocation is deducted from parental income, that amount will be the total of all ineligible child allocations, if applicable.

Step I:	Ineligible Child's Total Earned Income		
	1.		Child's Total Countable Earned income
	2.	+	Child's Total Countable Self-Employment Income
	3.	-	Dependent Child Under Age 18 or Student Between Ages 18 and 21 Earned Income Exclusion – (SEIE)
	4.	=	Total Earned Income
Step II:			
	Ineligible Child's Total Unearned Income		
	5.		Child's Total Countable Unearned Income (other than child support)
	6.	+	Child Support Received For That Child
	7.	=	Total Unearned Income
Step III:			
	Ineligible Child Allocation		
	8.		SSI FBR Difference
	9.	-	Child's Total Countable Income (Earned Plus

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			Unearned)
	10.	=	Ineligible Child Allocation

The allocation is deducted from the parent's unearned income first, then from the parents earned income. If a child is a student, his or her countable earned income that is under the SEIE does not reduce the amount of the child allocation.

ii. Parental Allocation

Parents of an ABD TennCare Medicaid applicant/enrollee will receive the ABD disregards listed below prior to determining the deemed income amount. Parents receiving SSI are not included in deeming.

- \$20 unearned income disregard (any remainder will be applied to earned income);
- SEIE
- \$65 earned income disregard;
- ½ of the remaining earned income amount; and
- The FBR for an individual or couple, depending on the number of parents in the home.

c. Parent to Child Income Deeming Budget

Step I:	Parent's Unearned Income		
	1.	+	Total countable unearned monthly income (other than child support)
	2.	+	Gross Child Support
	3.	-	Total Ineligible Child Allocation
	4.	=	Remaining Unearned Income
Step II:			
	Parent's Earned Income		
	5.	+	Total countable earned income
	6.	+	Self-Employment Income
		-	Student Between Ages 18 and 21 Earned Income Exclusion – (SEIE)
	7.	-	Earned Income Disregard (\$65)
	8.	=	Total Earned Income
	9.	-	Remaining Ineligible Child Allocation
	10.	=	Remaining Earned Income
Step III:			
	Parent's Income to be Deemed to Child		
	11.		Remaining Unearned Income
	12.	-	General Income Disregard (\$20)
	13.	=	Countable Unearned Income
	14.		Remaining Earned Income

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	15.	-	Remaining General Income Disregard
	16.	-	Earned Income Disregard
	17.	-	½ Disregard
	18.	=	Countable Earned Income
Step IV:	Deemed Income Computation		
	20.		Countable Unearned Income
	21.	+	Countable Earned Income
	22.	-	SSI FBR (based on number of parents)
	23.	/	Number of Disabled Minor Children (i.e. Number of TennCare Medicaid ABD-Eligible Children)
	24.	=	Deemed Income from Parent(s)

4. Spouse to Spouse Deeming

a. Overview

The countable income and resources of an applicant/enrollee's TennCare Medicaid ineligible spouse living in the home may be deemed available to the applicant/enrollee. Spousal deeming applies to the following TennCare Medicaid categories:

- Medicare Savings Programs (QMB, SLMB, QI and QDWI);
- Pickel and Pass Along; and
- Institutional Aged and Blind/Disabled*.

*Note: Spousal deeming in the Institutional Medicaid categories is processed differently due to Spousal Impoverishment policy. See *Post Eligibility Treatment of Income and Resource Assessment* policy.

b. When Deeming Applies

Spousal deeming only applies when the spouses share a living arrangement; i.e. live in the community or home together. An FRR's responsibility ends the month that the individual and his or her spouse are separated for any reason such as institutionalization or enrollment in HCBS. Once an individual applies or is enrolled in an Institutional Medicaid category, spousal impoverishment policy dictates the treatment of income.

Income may be allocated from the HCBS spouse to the community spouse who applies for TennCare Medicaid when they reside together; however, no income is deemed from the community spouse to the HCBS spouse whose eligibility is determined as an institutionalized individual. See *Post Eligibility Treatment of Income* policy.

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c. Spousal Deeming Budget

The Spouse to Spouse Deeming Budget determines both the amount of income available to the applicant/recipient, and whether deeming applies based on that amount. Spouse to spouse deeming only occurs when the amount available to the eligible spouse is greater than the difference between the FBR for a couple and the FBR for an individual.

Step I:	Unearned Income Computation		
	1.		Total countable unearned income for ineligible spouse
	2.	-	Total Ineligible Child Allocation (see allocation budget above)
	3.	=	Remaining Unearned Income
Step II:	Net Earned Income Computation		
	4.		Total countable earned income for the ineligible spouse
	5.	+	Self-employment income for the ineligible spouse
		-	Student Between Ages 18 and 21 Earned Income Exclusion – (SEIE)
	6.	-	Remaining Ineligible Child Allocation
	7.	=	Remaining Earned Income
Step III:	8.		Remaining Unearned Income
	9.	+	Remaining Earned Income
	10.	-	SSI-FBR Difference (\$367)
	11.	=	Total
	12.	Deeming Applies/ Does Not Apply	Result of Deeming Test: If Total in Step III is greater than zero then spousal deeming applies and the household size is two.
	13.		The deemed unearned amount is the amount in Step III. 8.
	14.		The deemed earned amount is the amount in Step III.9.

5. Temporary Absence

During a temporary absence, deeming continues to apply to an individual. When deeming income, a temporary absence exists if an individual leaves the household, but intends to return home, and does, the same month the individual left or the month after the individual left the home. When an individual returns the same month or the month after the individual left the household it can be assumed that the individual intended to return to the household.

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a. Medical Confinement

Individuals that enter a medical treatment facility and are eligible for SSI benefits are considered temporarily absent through the last month of SSI benefits. If an individual is discharged the month after SSI benefits end he or she is considered temporarily absent from the home through the date of discharge.

b. Child at School

If a child is away at school in an educational or vocational training program, but returns to the household on some weekends or holidays, and the child is under parental control, the child is considered temporarily absent and parent to child deeming may occur. Parents that have the authority to make decisions on a child’s behalf have parental control. If a child is away at school, but the parents do not have parental control the absence is not temporary.

c. Absent Military Spouse or Parent

Any spouse or parent that is absent from the household solely for a military duty assignment, while an on active duty as a member of the Armed Forces, will still be considered to be living in the household for deeming purposes, as long as the intent to return home remains. Members of the Army, Navy, Air Force, Marine Corps or Coast Guard are considered members of the Armed Forces. The length of absence is not a factor in determining if the spouse or parent is included in the household.

6. Income Deeming Example

a. Spouse to Spouse Deeming

The example below is for Medicare Savings Programs (MSPs), which also consider living arrangements when determining whether deeming applies. See the *Medicare Savings Program Overview* and *ABD Household Composition* policy.

A 65 year old married man is applying for an MSP. He lives in his home with his wife, age 59. The applicant is entitled to and receiving Medicare benefits, but his wife is not yet eligible for Medicare. Since he is married, living at home with his spouse, but she is not entitled to Medicare, her income may be deemed available to him. The deeming budget below calculates whether the spouse’s income should be deemed to the applicant. The budget determines that the spouse’s income is greater than the FBR difference, and it will be deemed to the applicant when determining his income eligibility.

SSI FBR Difference Computation		
SSI FBR for a couple		\$ 1,100.00
SSI FBR for an individual	-	\$ 733.00
SSI FBR Difference	=	\$ 367.00

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Unearned Income Computation		
Unearned Income for the Ineligible spouse		\$ 0.00
Total Ineligible Child Allocation (all children)	-	\$ 0.00 (There are no children)
Remaining Unearned Income	=	\$ 0.00
Total Net Earned Income Computation		
Earned Income for the ineligible spouse		\$ 1,200.00
Self-Employment Income for the ineligible spouse	+	\$ 0.00
Student Between Ages 18 and 21 Earned Income Exclusion – (SEIE)	-	0.00
Total: Earned Income	=	\$ 1,200.00
Remaining Ineligible Child Allocation	-	\$ 0.00 (There are no children)
Remaining Earned Income	=	\$ 1,200.00
Deeming Test		
Remaining Unearned Income		\$ 0.00
Remaining Earned Income	+	\$ 1,200.00
SSI FBR Difference	-	\$ 367.00
Total	=	\$ 833.00
Result of Deeming Test		Spousal Deeming Applies
Deemed Unearned Income		\$ 0.00
Deemed Earned Income		\$ 1,200.00

7. Resource Deeming

a. Overview

Resources may be deemed from FRRs when determining financial eligibility for applicants.

The pension funds belonging to an ineligible spouse or parent are excluded from resources for deeming purposes in order for the spouse or parent to provide for his own future support.

b. Parent To Child Resource Deeming

i. Policy

The resources of the child include the value of the countable resources of the parent(s) or spouse of the parent, to the extent that the resources of the parent(s) or spouse of the parent exceed the resource limit of:

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- An individual, if one parent lives in the household; or
- A couple, if two parents live in the household.

If there is more than one disabled child under age 18 in the household, equally divide the value of the deemed resources among those children.

ii. Budget Procedures

Parental Resource Deeming Budget		
1. Resource of Parent 1		Total countable resources for first parent
2. Resource of Parent 2	+	Total countable resources for second parent, if applicable
3. Total Parental Countable Resources	=	Sum of countable parental resources
4. Resource Limit	-	The resource limit for an individual (\$2,000) or couple (\$3,000) as appropriate
5. Subtotal of Deemed Resources	=	
6. Number of Disabled Children	/	Total number of disabled minor children in the household
7. Parent Deemed Resources	=	Amount of resources deemed to each disabled minor child

c. Spouse to Spouse Resource Deeming

i. Policy

Total countable resources are the combination of the resources of the applicant/enrollee and the spouse after all applicable resource exclusions are applied.

Total countable resources are compared with the resource limitation for a couple. If the amount of the resources does not exceed the limit, the applicant/enrollee is resource eligible.

ii. Spouse to Spouse Deeming Budget

Ineligible Spouse Resource Deeming Budget		
1. Resource of Ineligible Spouse	+	Total countable resources that may be deemed from a spouse
2. Total Ineligible Spousal Resources	=	Total Countable resources that may be deemed from the spouse (same amount as Number 1)
3. Increase Resource Household Size by One	Y/N	The household size should increase by one if the spouse is eligible to have his or her resources deemed. If resources are not deemed, the household size will not increase.

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