

Health Care Finance and Administration	Section: Categories of Eligibility
Policy Manual Number: 115.010	Chapter: Disabled Adult Children

Disabled Adult Children

Legal Authority: 42 USC 1838c; Social Security Act 1634(c)

1. Policy Statement

Medicaid benefits are extended to individuals who would be eligible for Supplemental Security Insurance (SSI) payments but for entitlement to OR increase in the amount of the Disabled Adult Child's (DAC) Social Security benefits. When SSI recipients lose SSI eligibility because of entitlement to or increase in Social Security DAC benefits, they remain eligible for Medicaid as long as they would meet SSI income guidelines but for their initial entitlement to or increase in DAC payments and any other non-COLA Social Security increase.

This coverage applies to an individual who is:

- at least 18 years of age; AND
- is receiving Social Security benefits as a DAC on the basis of blindness or disability which began before age 22; AND
- SSI was terminated after July 1987.

2. Non-Financial Eligibility Requirements

a. Age

This coverage applies to an individual who is at least 18 years of age AND is receiving Social Security benefits as a DAC on the basis of blindness or disability which began before age 22.

b. 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.

c. Residency

Individuals must be residents of Tennessee.

d. Enumeration

Individuals must possess and provide a valid Social Security Number (SSN) or proof of application for an SSN.

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e. DAC Status

This coverage applies to an individual who is at least 18 years of age AND is receiving Social Security benefits as a DAC. A DAC must be unmarried, age 18 or older, and have a disability that started before age 22. The DAC benefit is considered a “child’s benefit” because the recipient is paid on a parent’s Social Security earning record. DAC benefits typically begin when the parent begins receiving OASDI or dies.

f. Marital Status

In order to be eligible for Social Security benefits as a DAC, the individual must be unmarried. However, individuals may continue to be DAC eligible if they marry a Social Security beneficiary who is also eligible for DAC benefits, OASDI benefits or widow/widower benefits. Individuals will not continue to be DAC eligible if they marry a Social Security beneficiary under the age of 19 or an individual who is not a Social Security beneficiary.

The SSA will determine whether a married individual remains eligible for the DAC- Social Security benefit.

g. SSI Termination Date

Eligible individuals must have had their SSI terminated after July 1987.

h. DAC-OASDI Coverage

For any individual who lost SSI since July 1987, and who is receiving DAC-OASDI, the eligibility specialist must contact the TennCare Policy Unit. The Policy Unit staff will determine whether the SSI was terminated due to initial entitlement or a non-COLA increase in the DAC OASDI.

3. Financial Eligibility Requirements

a. Household

To receive DAC Social Security benefits, an individual must be unmarried. However, if a DAC beneficiary marries another Social Security beneficiary, with certain limits, his or her DAC eligibility will continue. See Marital Status above. If a DAC individual is married to another Social Security beneficiary, include both spouses in the household and budget as a couple.

b. Income Limit

Income limits for individuals in this category are equivalent to the 2017 SSI Federal Benefit Rate: \$735 for an individual and \$1,103 for a couple.

c. Resource Limit

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Resource limits for individuals in this category are \$2,000 for an individual and \$3,000 for a couple.

4. Budget

a. DAC Increase

An individual must present an entitlement/benefit increase letter from SSA verifying the benefit amount. If the applicant cannot present the SSA letter, contact the Buy-In Group for assistance with determining the DAC increase or entitlement amount.

i. Initial DAC Entitlement

If the initial entitlement to the DAC benefit caused SSI ineligibility, the entire initial entitlement is disregarded from the applicant's income. Follow the steps below to determine the amount of the disregard:

- Verify the date SSI was terminated;
- Verify the current DAC benefit amount and enter it into the eligibility determination system as the DAC increase and disregard from unearned income.

Note: Any Social Security COLAs or non-COLA increases received by the individual after the SSI was terminated will be disregarded separately.

ii. Increase in DAC Benefit

If an increase in the DAC benefit caused SSI ineligibility, the amount of the increase is disregarded from the applicant's income. Follow the steps below to determine amount of the disregard:

- Verify the date SSI was terminated;
- Verify the DAC benefit amount in the month after SSI termination and the DAC benefit amount in the month prior to SSI termination; and
- Once it is verified that the DAC increase caused the SSI to be terminated, subtract the DAC benefit amount prior to SSI termination from the DAC benefit amount in the month after SSI termination. Enter the difference, or the amount of the increase, into the eligibility determination system and disregard from unearned income.
- Any Social Security COLA or non-COLA increases received by the individual after the SSI was terminated will be disregarded separately.

b. Budget Overview

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1. Total Gross Unearned Income Computation

Unearned Income (includes current DAC benefit; excludes child support)
+ Total Countable Child Support
= Gross Unearned Income

2. Total Gross Earned Income Computation

Total Countable Earned Income
+ Self-Employment Income
– Disabled Student Under Age 22 Earned Income Exclusion
= Gross Earned Income

3. Total Net Unearned Income Computation

Gross Unearned Income
– DAC Increase or Initial Entitlement Amount
– General Unearned Income Disregard (\$20)
– Child Support Disregard (\$50)
= Net Unearned Income

4. Total Net Earned Income Computation

Gross Earned Income
– General Income Disregard Remainder
– Earned Income Disregard
– Disabled Work Expense
– ½ Disregard
– Blind Work Expense
= Net Earned Income

5. Countable Income Computation

Net Unearned Income
+ Net Earned Income
= Total Countable Income

If Total Countable Income is less than the current SSI-FBR (\$735 for one; \$1,103 for two), then the individual is income eligible in the DAC category. If Total Countable Income is greater than the current SSI-FBR determine whether there are any Social Security COLAs or non-COLA increases to disregard.

6. COLA Disregard and Eligibility Determination

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- Total Countable Income
- COLA Disregard
- Social Security non-COLA Increase
- = Total Adjusted Income

If Total Adjusted Income is greater than the current SSI-FBR, the individual is ineligible. If the Total Adjusted Income is less than the current SSI-FBR, then the individual is income eligible in the DAC category.

c. Example Budget

Steve Black is an SSI recipient. While his father works, he receives a monthly SSI payment of \$498. When his father retired and began receiving \$1,000 a month in Social Security, Steve began receiving a DAC payment of \$500 a month (50% of his father's social security payment). This lowered his SSI monthly benefit to \$198. Steve's father passes away in January 2014, which increases his monthly DAC benefit to \$750 and results in the loss of SSI eligibility. Steve has earned income of \$200 per month. Steve presents proof of \$50 in disabled work expenses per month.

1. DAC Increase Computation

- \$750 Current DAC Benefit
- \$500 DAC Benefit Amount Received n Last SSI Payment Month
- \$250 DAC Increase Amount

2. Total Gross Unearned Income Computation

- = \$750 Gross Unearned Income

3. Total Gross Earned Income Computation

- = \$200 Gross Earned Income

4. Total Net Unearned Income Computation

- \$750 Gross Unearned Income
- \$250 DAC Increase Amount
- \$20 General Income Disregard
- \$480 Net Unearned Income

5. Total Net Earned Income Computation

- \$200 Net Earned Income
- \$65 Earned Income Disregard
- \$50 Disabled Work Expense

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- \$42.50 (1/2 Disregard)
- = \$42.50 Net Earned Income

6. Countable Income Computation

- \$480 Net Unearned Income
- + \$42.50 Net Earned Income
- = \$522.50 Total Countable Income

Since \$522 is less than the current \$735 SSI-FBR, the individual is income eligible in the DAC category.

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Revision History					
Revision Date	Section	Section Title	Page Number(s)	Reason for Revision	Reviser
3.13.15	3.b.	Income Limit	2-3	Non-Substantive Change	AK
3.13.15	4.a.i.	Increase in DAC Benefit	3	Non-Substantive Change	AK
3.13.15	4.b.5.	Countable Income	5	Policy Clarification	AK
8.27.15	2.h.	Non-Finacial Eligibility Requirements	2	Non-Substantive Change	NF
1.29.16	2.h.	Non-Finacial Eligibility Requirements	2	Non-Substantive Change	SN
1.5.17	2.h.	Non-Finacial Eligibility Requirements	2	Non-Substantive Change	RH
1.5.17	3.b.; 4.b.5.; 4.c.6.	Financial Eligibility Requirements; Budget; Budget	3; 5; 6	Policy Change	RH