

Understanding Cost Sharing/Premiums in Katie Beckett Proposal

The law and the proposal for the Katie Beckett program in TN includes cost sharing or premiums for children enrolled in Part A of the program whose families have income above 150% of the federal poverty level (FPL), taking into account household size. This document provides examples to help explain the cost sharing structure and when families may be required to pay the state a premium as part of enrollment in Part A of the Katie Beckett program.

Scenario 1:



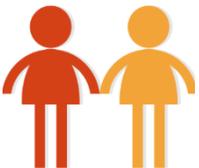
- A child in a family of five is approved for Katie Beckett Part A.
- The household income is \$200,000. This is >600% of the federal poverty level (FPL).
- Since the family's household income is >600% FPL, the Part A premium would be \$420 per month (\$350 plus \$70) or \$5,040 per year.
- However, the family has employer-sponsored health insurance. The eligible child's portion of the premium for the employer-sponsored insurance plan is \$280 per month or \$3,360 per year.
- The \$3,360 annual premium for the employer-sponsored insurance would be **DEDUCTED** from the Part A premium leaving an annual premium requirement of **\$1,680 or \$140 per month**. This is less than 1% of the family's income. The first two months or \$280 must be paid **before** the child is eligible to enroll in Part A.

Scenario 2:



- A child in a family of five is approved for Katie Beckett Part A.
- The household income is \$200,000. This is >600% FPL.
- Since the family's household income is >600% FPL, the Part A premium would be \$420 per month (\$350 plus \$70) or \$5,040 per year.
- However, the family has private health insurance. The eligible child's portion of the premium for the private insurance plan is \$500 per month or \$6,000 per year.
- Since the child's portion of the cost of private insurance is **MORE** than the child's Part A premium, **there would be no premium** requirement for enrollment into Part A.

Scenario 3:



- A child in a family of two is approved for Part A of the Katie Beckett program.
- The household income is \$22,500. This is less than 150% FPL.
- Since the family's household income is less than 150% FPL, **the Part A premium would be \$0.**

Scenario 4:



- A child in a family of four is approved for Katie Beckett Part A.
- The household income is \$80,000. This is >300% (but less than 400%) FPL.
- Since the family's household income is >300% FPL, the Part A premium would be \$125 per month or \$1,500 per year.
- However, the family has employer-sponsored health insurance. The eligible child's portion of the premium for the employer-sponsored insurance plan is \$280 per month or \$3,360 per year.
- Since the child's portion of the cost of private insurance is **MORE** than the child's Part A premium, **there would be no premium** requirement for enrollment into Part A.

Important Details Regarding Part A Premiums

- Part A premiums will be **REDUCED** by the eligible child's portion only of the cost of employer-sponsored or private health insurance.
- The state will create a methodology for calculating the child's portion of the employer-sponsored or private insurance.
- Premium amounts may be adjusted every year to account for changes in the federal poverty level (FPL).
- Families with children enrolled in Part A will be required to report income changes within 10 business days in order to make any needed adjustments to the Part A premiums.
- Adjustments based on changes in family income are effective the first day of the next full month.
- Premiums for children enrolled in Katie Beckett Part A must be paid on a **monthly basis**. The first two months premiums are due **before** a child can be enrolled into the program. If the first two months are not paid within 60 days, the slot will be released to another child, and the child will have to reapply for the program.
- Monthly premium payments will be made via **automatic bank draft**.
- If all or part of a premium payment is more than 30 days late, Katie Beckett Part A benefits will be suspended. If all or part of a premium payment is more than 60 days late, the child will be disenrolled from the Katie Beckett Part A program, unless payment in full is received.
- If a child is disenrolled, they will have to reapply for the program. The slot will not be held.
- To enroll again, there would have to be an open slot, and the child would have to qualify for that slot.
- All past due premiums and the first two months premiums will be required before the child could re-enroll.
- An appeal may be filed if the family believes premiums or premium payments have not been accurately calculated.