

May 22, 2026

**GENERAL LETTER NO. 8-F-111**

ISSUED BY: Bureau of Medicaid Eligibility Policy  
Division of Community Access and Eligibility

SUBJECT: Employees' Manual, Title 8, Chapter F, **Medicaid Coverage Groups**, 77, 79-83, 86 and 87, 89, 91, 95, 97-101, 103, 105, 107, 110, revised.

**Summary**

This chapter is revised to

- Add the 2026 Social Security cost-of-living increase of 2.8 percent and update figures affected by this adjustment.
- Update the resource limits for qualified Medicare beneficiaries (QMB), specified low-income Medicare beneficiaries (SLMB), and expanded low-income Medicare beneficiaries (E-SLMB) to \$9,950 for an individual and \$14,910 for a couple.

**Effective Date**

January 1, 2026.

**Material Superseded**

Remove the following pages from Employees' Manual, Title 8, Chapter F, and destroy them:

<b>Page</b>	<b>Date</b>
77, 79-83, 86 and 87, 89, 91, 95, 97-101, 103, 105, 107, 110	October 10, 2025

**Additional Information**

Refer questions about this general letter to your area eligibility determinations manager.

4. Find the amount of the person’s social security entitlement when SSI or SSA was canceled. Multiply that entitlement by the percent of increase in the COLA for each year since cancellation using the table that follows.

July 1977	5.9%		January 2002	2.6%
July 1978	6.5%		January 2003	1.4%
July 1979	9.9%		January 2004	2.1%
July 1980	14.3%		January 2005	2.7%
July 1981	11.2%		January 2006	4.1%
July 1982	7.4%		January 2007	3.3%
1983	0		January 2008	2.3%
January 1984	3.5%		January 2009	5.8%
January 1985	3.5%		January 2010	0
January 1986	3.1%		January 2011	0
January 1987	1.3%		January 2012	3.6%
January 1988	4.2%		January 2013	1.7%
January 1989	4.0%		January 2014	1.5%
January 1990	4.7%		January 2015	1.7%
January 1991	5.4%		January 2016	0
January 1992	3.7%		January 2017	0.3%
January 1993	3.0%		January 2018	2.0%
January 1994	2.6%		January 2019	2.8%
January 1995	2.8%		January 2020	1.6%
January 1996	2.6%		January 2021	1.3%
January 1997	2.9%		January 2022	5.9%
January 1998	2.1%		January 2023	8.7%
January 1999	1.3%		January 2024	3.2%
January 2000	2.5%*		January 2025	2.5%
January 2001	3.5%		January 2026	2.8%

\* The 2000 amount was adjusted for a CPI error.  
 Add the result to the immediately preceding entitlement. Use that total to calculate the next increase, if any.

Before July 1982, the Social Security Administration **rounded** COLA benefits to the nearest dime (e.g., \$179.555 became \$179.60). Since July 1982, Social Security has **dropped** benefits to the nearest dime (\$179.555 becomes \$179.50).

Mr. A's current gross social security income is \$940. He was canceled in May 1998. His gross social security income was then \$461.60.

To determine his eligibility, the worker must determine what his gross social security would be if he received only COLA increases since his cancellation. If there were no increases other than COLAs, this calculation should equal the current gross social security of \$900. Allow for the \$2 difference due to rounding.

<b>Date of COLA</b>	<b>% of COLA</b>	<b>Result Before Rounding</b>	<b>Entitlement</b>
1-99	1.3	467.6008	\$467.60
1-00	2.5	479.29	\$479.20
1-01	3.5	495.972	\$495.90
1-02	2.6	508.7934	\$508.70
1-03	1.4	515.8218	\$515.80
1-04	2.1	526.6318	\$526.60
1-05	2.7	540.8182	\$540.80
1-06	4.1	562.9728	\$562.90
1-07	3.3	581.4757	\$581.40
1-08	2.3	594.7722	\$594.70
1-09	5.8	629.2690	\$629.20
1-12	3.6	651.8512	\$651.80
1-13	1.7	662.8806	\$662.80
1-14	1.5	672.7420	\$672.70
1-15	1.7	684.1359	\$684.10
1-17	0.3	686.1523	\$686.10
1-18	2.0	699.822	\$699.80
1-19	2.8	719.3944	\$719.30
1-20	1.6	730.9047	\$730.90
1-21	1.3	740.4064	\$740.40
1-22	5.9	784.09037	\$784.00
1-23	8.7	852.30623	\$852.30
1-24	3.2	879.58002	\$879.50
1-25	2.5	901.56952	\$901.50
1-26	2.8	926.81346	\$926.80

These calculations show that if there were no other increase, the current gross social security income would be \$926.80. Since the actual amount is \$940.00, the conclusion is that there was an increase of \$13.20 in social security benefits other than COLAs.

5. Determine countable income by adding:

- The social security benefit at the time of cancellation,
- Any increase other than the COLA increases calculated in Step 4, and
- Any other current income.

Do not deduct overpayments from the gross social security entitlement. Allow all disregards of income as provided by SSI or State Supplementary Assistance (SSA).

Compare this countable income to the current income limit for SSI or for the current SSA living arrangement. If countable income is below limits for SSI or SSA, the person is eligible under the 503 coverage group.

**1. Single Person with Unearned Income**

Mrs. Z, a single person living independently, applies for the 503 coverage group. She was canceled from SSI in August 1986. Her gross social security benefit in August 1986 was \$360.40 and her gross is now \$863.00. She also has VA benefits of \$57 monthly, for a total income of \$920.

The worker determines that there was an increase in social security other than COLAs. The Social Security Administration verifies this amount to be \$140 monthly.

To calculate income eligibility for SSI:

\$ 360.40	Social security at time of SSI cancellation
+ 140.00	Non-COLA social security income
+ <u>57.00</u>	Veterans income
\$ 557.40	
- <u>20.00</u>	General income exclusion
\$ 537.40	Countable income to compare to \$994, the need standard for her current situation. Since countable income is less than need, Mrs. Z is eligible for Medicaid.

## 2. Single Person with Earned Income

Miss Y, who is over 65, had \$435.90 gross social security income in March 2005 when she was canceled from SSI. She continues living independently, and now has \$722.00 social security income and \$800 monthly gross earned income.

The worker determines that the social security income includes more than the cost of living increases. Social Security verifies that there is \$291 per month attributable to a non-COLA increase.

The calculation of income eligibility is as follows:

\$ 435.90	Social security in March 1995
+ <u>291.00</u>	Non-COLA increase
\$ 726.90	
+ <u>367.50</u>	Countable earned income ( $\$800 - 65 \div 2$ )
\$1,094.40	
- <u>20.00</u>	General income exclusion
\$1,074.40	Countable income

Miss Y's countable income is over the SSI income limit of \$994 for a single person in her own home. She is not eligible for Medicaid under the 503 coverage group. However, she may be eligible under another coverage group when her total social security income and earnings are considered (such as Medically Needy).

## 3. State Supplementary Assistance

Mr. W was canceled from RCF State Supplementary Assistance beginning January 1997. His gross social security income in December 1996 was \$725. He is still in an RCF. His current gross social security is \$1,042. The State Supplementary Assistance per diem rate that has been established for the RCF that Mr. W lives in is currently \$25.20 per day.

The worker has determined that Mr. W's social security increases were all attributable to COLAs. The calculation of income eligibility for 503 Medicaid is as follows:

\$25.20 per diem in the RCF x 31 =	\$ 781.20
Personal need	+ <u>130.00</u>
Need standard	\$ 911.20

The countable income is \$725, the social security income before cancellation. Since the countable income is less than the need standard, Mr. W meets the income requirement for the 503 coverage group. (Eligibility for the 503 coverage group enables Mr. W to qualify for Medicaid only. He still will not qualify for State Supplementary Assistance.)

#### 4. Eligible Couple

Mr. and Mrs. B both received social security income and SSI in December 1990 and were canceled from SSI in January 1991. Mr. B's gross social security in December 1990 was \$333 and Mrs. B's gross social security income was \$165.

Mr. B's current gross social security is \$782 and Mrs. B now has gross social security of \$488. Mr. B started to receive a veterans pension in 1994, which is now \$300 per month. The worker has determined that there were no social security increases other than COLAs.

Income computation:

\$ 333	Mr. B's social security in 1/91
+ 165	Mrs. B's social security in 1/91
\$ 498	
+ 300	Veterans benefits
\$ 798	
- 20	General income exclusion
\$ 778	Net countable income

Mr. and Mrs. B are eligible for Medicaid under the 503 coverage group, since their countable income of \$778 is less than their need standard of \$1,491.

### **Due to Social Security Benefits Paid From Parent's Account**

Legal reference: Public Law 99-643, 441 IAC 75 (Rules in Process)

Medicaid is available to people who are at least 18 who meet all of the following conditions:

- They received SSI or State Supplementary Assistance (SSA) after their eighteenth birthday because of a disability or blindness that began before age 22.
- They were canceled from SSI or SSA effective July 1, 1987, or later because they became entitled to social security benefits from a parent's account, or they received an increase in those benefits.

- They were canceled from SSI or SSA effective July 1, 1987, or later because they became entitled to social security benefits from a parent's account, or they received an increase in those benefits.
- They would continue to be eligible for SSI or SSA if not for the social security benefits or increased benefits from the parent's account.

Social security benefits from a parent's account are available for disabled adult children whose disability began before the age of 22, including people who are blind. When the parent begins receiving social security benefits upon retirement or disability, the adult child may also become eligible for benefits based on the parent's account.

Survivor's benefits are also available for a disabled adult child. It is possible for the adult child to draw benefits from the parent's account as well as drawing benefits on the adult child's own social security account.

Mr. P, a 28-year-old resident of an ICF-ID, is receiving SSI because of a disability that began before he turned 22. He has no income. His father starts to draw social security retirement benefits. Mr. P begins receiving \$1,050 a month social security benefits from his father's social security account and he loses SSI.

Mr. P continues to be eligible for Medicaid under the coverage group for people ineligible for SSI or SSA due to social security benefits paid from a parent's account.

The SDX identifies people who lost SSI eligibility due to social security benefits from a parent's account with a medical eligibility code of "D" and a code indicating that the person is over income for SSI.

The Social Security Administration does not review ongoing eligibility for this Medicaid coverage group. The DHS income maintenance worker must complete reviews and determine ongoing eligibility.

### **Due to Social Security Increase of October 1972**

Legal reference: 42 CFR 435.134, 441 IAC 75 (Rules in Process)

Medicaid may be available to a person who meets all of the following conditions:

- Was entitled to receive social security benefits in August 1972.

elimination of the reduction factor. (The Social Security Administration provided this reduction factor.) Add all countable income to the remainder.

Compare this sum to the SSI or State Supplementary Assistance (SSA) income limit.

Mrs. M, a 63-year-old widow living alone in her home, received SSI and social security income in 1983. She became ineligible for SSI in February 1984 due to the increase in social security benefits due to elimination of the actuarial reduction formula.

Medical eligibility was then established under the coverage group for widowed persons ineligible for SSI or SSA due to the social security actuarial change.

Mrs. M's current gross monthly income is \$536.00 in social security benefits and \$269 civil service income. The increase in social security benefits from elimination of the actuarial reduction formula is \$35. The COLA increases amount to \$121.70.

\$ 536.00	Current gross social security
– 35.00	Actuarial increase
– <u>121.70</u>	COLA
\$ 379.30	
+ <u>269.00</u>	Civil service income
\$ 648.30	
– <u>20.00</u>	General income exclusion
\$ 628.30	The worker compares this computed income to \$994 (the current SSI benefit level for one person)

Mrs. M continues to be eligible for this coverage group, since her income is less than the SSI benefit rate.

### **Due to Receipt of Widow's Social Security Benefits**

Legal reference: 42 CFR 435.138, 441 IAC 75 (Rules in Process), P.L. 100-203

Medicaid may be available to widowed people who meet all of the following conditions:

- They applied for and received or were considered recipients of SSI or SSA.
- They apply for and receive Title II widow's or widower's insurance benefits, or any other Title II old age or survivor's benefits.

- They were not entitled to Part A Medicare hospital insurance benefits at the time of application and receipt of Title II old age or survivor's benefits. They are not currently entitled to Part A Medicare hospital insurance benefits.
- They are no longer eligible for SSI or SSA solely because they received social security benefits.

Eligibility for this group began July 1, 1988. Determine eligibility by:

- Subtracting the social security benefits at the time of cancellation of SSI or SSA from the current social security benefits;
- Adding in other income; and
- Comparing the result to the household's correct SSI standard amount.

The Social Security Administration indicates on the SDX people who receive federally administered SSA and who might qualify for this program. The Social Security Administration does not review ongoing eligibility for this program.

Mr. W, a 55-year-old disabled person, receives SSI. His spouse passes away in March. Mr. W's SSI benefit is canceled and he begins receiving \$1,050 per month in widower's social security benefits in April.

Mr. W is not eligible for Medicare Part A and is ineligible for SSI solely because of widower's social security benefits. He is eligible for Medicaid under the coverage group for people ineligible for SSI due to receipt of widow's social security benefits.

Mr. W will be eligible for this coverage group as long as he continues to meet the eligibility requirements for SSI if his widower social security benefits are disregarded.

### **People in Medical Institutions**

Medicaid is available to people living in medical institutions who:

- [Would be eligible for SSI if they did not live in the institution.](#)
- [Have income within 300% of the SSI standard and are otherwise eligible for SSI.](#)

### **300% Income Level**

Legal reference: 42 CFR 435.236, 441 IAC 75 (Rules in Process), 75 (Rules in Process), 75. (Rules in Process), P. L. 100-360

Medicaid is available to a person who meets all of the following requirements:

- Receives care in a hospital, nursing facility, NF/MI, psychiatric medical institution, or ICF/ID and has been institutionalized for 30 consecutive days.
- Meets the level of care requirements for the institution, as determined by the Iowa Medicaid Enterprise, Managed Care Organization, or Medicare. See [8-I, Medical Necessity](#).
- Is age 65 or older, blind, disabled, or is under the age of 21.
- Meets all SSI eligibility requirements except income. EXCEPTION: Do not consider resources for children under 21.
- Has gross monthly income that is more than SSI standards but that does not exceed 300% of the federal SSI benefit for one, which currently is \$2,982. If both spouses enter a medical institution and live in the same room, the income limit is two times \$2,982, or \$5,964.

For all people in this coverage group, count income using SSI policies. For adults, count resources using SSI policies. For children under age 21, disregard resources of all household members. NOTE: See also [FMAP-Related Coverage Groups: People in a Medical Institution Within the 300% Income Limit](#).

1. Tim, age 12, resides in a PMIC. He receives Medicaid and facility care under the coverage group for people who are ineligible for SSI due to residing in a medical institution, in which resources are an eligibility factor for children. Tim has monthly countable income of \$100.

In August, during the annual review, the worker determines Tim's resources have permanently increased to \$2,700 and will continue to be the same as of the first moment of the first day of September. The worker completes an automatic redetermination and finds Tim eligible under the 300% group.

- Transfers between one type of institution to another (for example, from a hospital to a nursing facility). Time spent as a resident of a mental health institute counts toward meeting the 30-day residency requirement, even for people over age 20 but under age 65 who are not eligible for Medicaid in the mental health institute.

Examine eligibility under the 300% coverage group for people under the age of 21 in an institution who are not blind or disabled based on SSI criteria and who do not qualify for Medicaid under another coverage group. Use SSI policy to determine the countable income of all children in an institution.

- If the child will be in the facility a full calendar month, do not consider parental income for eligibility.
- If the child will not be in the facility a full calendar month for the month of entry, deem parental income in the month of entry to a child under 21 for the initial month of eligibility. Follow SSI deeming policies in [8-E, Deeming Non-MAGI-Related Income](#).

To examine eligibility under this coverage group:

1. Check that the client has not transferred assets to become eligible for Medicaid. See [8-D, Transfer of Assets](#). If so, this disqualifies the person in a facility for nursing facility services.

Other services may be covered if the person is eligible for this group. To accomplish this, manually determine eligibility and put the person in a coverage group that does not pay the facility but pays for other medical services. Do not do this for waiver cases.

2. Determine assets to be attributed to the spouse of an institutionalized person. See [8-D, Attribution of Resources](#).
3. Use SSI policy to calculate the client's gross income. See [8-E](#). Do not allow the earned income disregard and the general disregard of income.

Compare the gross income to the 300% limit of \$2,982. If **both** spouses enter a medical institution and live in the same room, the income limit is two times \$2,982 or \$5,964.

4. If the person meets all requirements (including level of care), eligibility begins the first of the month of application or entry to a medical institution, whichever is later. People who have lived in a medical institution as private-pay patients may be eligible under this coverage group in the retroactive period as long as they meet a category of eligibility for the retroactive period as defined in [8-A, Definitions](#).

Mr. J, aged 31, has a disabling medical condition and continues to work. The Social Security Administration has notified him that he can continue with Medicare Part A coverage, but that he will have a premium to pay. Social Security also notifies him about the QDWP program and the general guidelines for eligibility.

Mr. J applies for QDWP. He has \$2,200 in gross monthly earnings. Mrs. J, aged 30, has \$2,500 in gross earnings. They have one child, aged 10, who has no income.

**Step 1:** Determine if Mr. J is eligible.

\$ 2,200.00	Gross monthly earnings
– <u>20.00</u>	Income exclusion
\$ 2,180.00	
– <u>65.00</u>	Work exclusion
\$ 2,115.00	
– <u>1,057.50</u>	1/2 remainder
\$ 1,057.50	Mr. J's net countable income is below 200% of the poverty level for a household size of one

**Step 2:** To determine income eligibility for Mr. J, income is diverted to the ineligible child. A maximum of \$497 may be allowed to meet the child's needs. Mrs. J is an ineligible spouse because she is not disabled and is not entitled to Medicare Part A.

\$ 2,500	Mrs. J's gross earned income
– <u>497</u>	Allocated for the ineligible child
\$ 2,003	Amount of income to deem from Mrs. J, the ineligible spouse, to Mr. J.

**Step 3:** Mr. and Mrs. J's earned income is added together:

\$ 2,003.00	Mrs. J's earned income after the deeming
+ <u>2,200.00</u>	Mr. J's gross earned income
\$ 4,203.00	
– <u>20.00</u>	Income exclusion
\$ 4,183.00	
– <u>65.00</u>	Work exclusion
\$ 4,118.00	
– <u>2,059.00</u>	1/2 remainder
\$ 2,059.00	Net countable income

The \$2,059.00 is compared to 200% of the poverty level for Mr. and Mrs. J, a two-person household. Mr. J is income-eligible under the QDWP group.

- Has resources that do not exceed twice the maximum allowed by the SSI program. Treat resources according to SSI policy. See [8-D, General Non-MAGI-Related Resource Policies](#). The resource limit for the QMB group is \$9,950 for an individual and \$14,910 for a couple.
- Meets all other non-MAGI-related Medicaid nonfinancial eligibility requirements except for disability determination and age.

To be “entitled” to Medicare Part A means that the person is enrolled and eligible to receive Part A benefits **or** meets the requirements to enroll. See [8-M, Medicare Part A](#), to determine dates of Medicare eligibility and who may qualify for Part A. The state buy-in establishes Part A entitlement for a qualified Medicare beneficiary who is entitled to Medicare Part B but is not entitled to free Part A.

People who are not already receiving Medicare Part B must file an application with the Social Security Administration to enroll in Part A and Part B. A person who chooses not to enroll for Medicare Part A benefits cannot be QMB-eligible. This does not affect the person’s eligibility for other Medicaid coverage groups.

When Medicaid eligibility ends, the client is responsible for paying the Medicare Part A and B premiums.

QMB applicants are not required to apply for FIP, SSI, or State Supplementary Assistance cash benefits. A person who is eligible for full Medicaid benefits under another coverage group may also be concurrently eligible for QMB. Medicaid eligibles who receive SSI and who are entitled to receive Medicare Part A are concurrently eligible for QMB.

Federal financial participation for Medicare premiums is available for people who meet QMB requirements. Therefore, it is necessary to identify these people. Clients who are eligible for QMB in ELIAS and for Medically Needy in ABC with a spenddown have both a QMB case and a separate case for Medically Needy.

Enter the poverty level on the ABC system for each person on the Medically Needy case. Also enter a “Q” in the QMB indicator for each person on Medically Needy with a zero spenddown.

1. Ms. K, age 68, is receiving social security benefits and Medicare benefits (Part A and Part B). Her income and resources are within limits for the QMB group. All other program requirements are met. Ms. K's application may be processed for QMB coverage.
2. Mr. L, age 70, is receiving SSI. Even though he does not qualify for social security benefits, having no work history, he is eligible for Medicare Part A. He has not enrolled for Part A before because the cost was too high. Mr. L has heard that Medicaid may now pay the Medicare Part A premium.  
  
 Since Mr. L is entitled to Medicare Part B and would be eligible for QMB, the state buy-in establishes Medicare Part A entitlement for Mr. L.
3. Mr. B applies for Medicaid on January 30. He is receiving \$1,200 per month in social security disability benefits. He is not eligible for Medicare Part A until he has been disabled for 24 months, which happens June 1.  
  
 Since Mr. B is not entitled to Medicare Part A, he is not eligible under the QMB group. Since he is disabled, the worker examines eligibility under Medically Needy or other non-MAGI-related coverage groups.
4. Ms. W, age 78, applies for Medicaid on February 1. She is living in her own home. She receives social security benefits but never applied for Medicare. Since Ms. W has a work history, she is eligible to enroll in Part A at any time.  
  
 The IM worker refers Ms. W to the Social Security Administration to apply for Medicare Parts A and B. If Ms. W enrolls for Medicare, the worker continues determining eligibility for Medicaid.

Determine the person's net countable income following SSI policies. Allow the earned and unearned income exclusions. Consider income prospectively. Compare the person's net countable income to 100% of the federal poverty level. Current monthly limits are:

Size of Family	100% of Poverty Level
Individual	\$1,305
Couple	\$1,763

Exclude the social security cost-of-living (COLA) increase received in the current calendar year for January through the month following the month in which the federal poverty level is published. Central office will notify you when

to recalculate the poverty level using the social security COLA increases received in January.

Mrs. J receives \$1,071 from social security and \$125 gross earned income per month. On January 1, her social security increases to \$1,112 and her gross earned income increases to \$175 due to increased hours. The federal poverty level is published in January. For the months of January and February, Mrs. J's social security COLA increase is disregarded.

Income is considered as follows for January and February (the social security COLA is disregarded):

\$1,071	Gross social security income
– <u>20</u>	Income exclusion
\$1,051	Countable social security income
\$ 175	Gross earned income
– <u>65</u>	Work exclusion
\$ 110	
– <u>55</u>	½ remainder
\$ 55	Countable earned income
\$1,051	Countable social security income
+ <u>55</u>	Countable earned income
\$1,106	Countable monthly net income

The countable monthly net income is compared to 100% of the poverty level.

For the month of March, Mrs. J's countable monthly net income is recalculated using the social security with the COLA increase (\$1,112).

Income is considered as following for March:

\$1,112	Gross social security income
– <u>20</u>	Income exclusion
\$1,092	Countable social security income
\$ 175	Gross earned income
– <u>65</u>	Work exclusion
\$ 110	
– <u>55</u>	½ remainder
\$ 55	Countable earned income

\$1,092	Countable social security income
+ <u>55</u>	Countable earned income
\$1,147	Countable monthly net income

This amount of \$1,147 is compared to the new 100% of poverty level effective March 1.

Compare net countable income to the individual limit when income is not deemed from the ineligible spouse to the eligible spouse. Compare net countable income to the couple limit when income is deemed from the ineligible spouse to the eligible spouse.

1. Mrs. G and her three children receive MAGI medical. Mr. G (stepparent) receives \$988 monthly in social security disability benefits and is entitled to Medicare. To determine Mr. G's QMB eligibility, the income is computed as follows:

QMB Determination

\$1,050	Gross SS income
- <u>20</u>	General income exclusion
\$1,030	

Compared to 100% of the poverty level

Mr. G is eligible for QMB coverage, provided all other eligibility factors are met.

2. Mr. K files an application on April 1. His monthly income is:

\$ 900	Gross social security
+ <u>600</u>	Retirement pension
\$1,500	
- <u>20</u>	General income exclusion
\$1,480	Countable monthly income

Since the monthly net income exceeds 100% of the poverty level, Mr. K is not eligible for QMB. However, he is potentially eligible for Medically Needy. Eligibility for SLMB is also examined.

3. Mr. and Mrs. B file an application July 20. Mr. B receives \$877 social security benefits, and Mrs. B receives \$776 social security benefits each month. Both are entitled to Medicare Part A. Their countable resources are \$4,000. Their income is considered as follows:

\$ 877	Mr. B's gross social security
+ <u>776</u>	Mrs. B's gross social security
\$1,653	Total income
- <u>20</u>	General income exclusion
\$1,633	Countable monthly net income

The Bs could qualify for the Medically Needy program with a spenddown and have eligibility for the limited Medicaid services under the QMB program until spenddown is met. Medicaid will cover the cost of the couple's Medicare premiums, deductibles, and coinsurance until spenddown is met.

4. Mr. A, age 43, is disabled and is entitled to Medicare. He has \$1,046 monthly gross social security disability. Mrs. A, age 40, has \$311 monthly gross social security. Child A, age 15, has \$311 monthly gross social security.

**Step 1:** The worker determines if Mr. A is eligible.

\$ 1046	Monthly social security
- <u>20</u>	Income exclusion
\$ 1026	Mr. A's net countable income is below 100% of the poverty level for a household of one

**Step 2:** To determine income eligibility for Mr. A, the worker computes the allocation of income to the ineligible child. A maximum of \$497 may be allocated to meet the needs of the child, from Mrs. A, the ineligible spouse.

\$ 311	Mrs. A's gross unearned income
- <u>186</u>	Allocation for ineligible child since the child has \$311 income (\$497 - \$311)
\$ 125	

\$125 is less than \$497. Therefore, Mrs. A, the ineligible spouse, does not have income to deem to Mr. A.

When a person is approved for an SSI or FIP cash grant, and is entitled to Medicare Part A, the person is eligible for QMB the following month.

Because QMB provides only limited Medicaid coverage, the relationship between QMB and other coverage groups is complex, especially in two areas:

- When a client is concurrently eligible for QMB and Medically Needy, the client is entitled only to QMB benefits until spenddown is met. Once spenddown is met, the client is entitled to all Medicaid benefits that are payable under Medically Needy.
- When a QMB client is also eligible for full Medicaid benefits and is living in a skilled nursing facility, client participation is not charged until Medicare coverage is exhausted. See [8-I, Client Participation](#).

### **Specified Low-Income Medicare Beneficiaries (SLMBs)**

Legal reference: 441 IAC 75 (Rules in Process)

Limited Medicaid benefits are available to a person who meets all of these conditions:

- Is entitled to Medicare Part A, which provides benefits for hospital care.
- Has net countable monthly income that exceeds 100% of the federal poverty level for the family size but is less than 120% of this level.

<b>For family size:</b>	<b>Income is over:</b>	<b>But is less than:</b>
Individual	\$1,305	\$1,565
Couple	\$1,763	\$2,115

To determine net countable monthly income, follow SSI policies. See [8-E, Income Policies For Non-MAGI-Related Coverage Groups](#). Allow the earned and unearned deductions. Consider the income prospectively.

- Has resources that do not exceed twice the maximum allowed by the SSI program. Resources are treated according to SSI policies. The resource limits for the SLMB group are \$9,950 for an individual and \$14,910 for a couple. See [8-D, General Non-MAGI-Related Resource Policies](#).
- Meets all other nonfinancial non-MAGI-related Medicaid eligibility requirements except for disability determination and age.

Medicaid will **only** pay the cost of the Medicare Part B premiums for these “specified low-income Medicare beneficiaries” (SLMBs). Medicare copayments, deductibles, and Part A are not covered for this coverage group.

Exclude the social security COLA income from January through the month following the month in which the federal poverty level is published. Central office will notify you when to recalculate the poverty level using the social security COLA increases received in January.

See [8-E, Deeming Non-MAGI-Related Income](#) when deeming to a spouse is applicable.

1. Mr. T files an application on May 1. His monthly income is:

\$1,000	Gross social security
+ 350	Retirement pension
\$1,350	
- 20	Income exclusion
\$1,330	Net countable monthly income

Since the net countable monthly income exceeds 100% of the poverty level but does not exceed 120% of the poverty level, there is eligibility for SLMB.

The worker examines Mr. T's application for eligibility for other Medicaid coverage groups and determines that Mr. T is also potentially eligible for the Medically Needy coverage group with a spenddown.

2. Mr. L files an application. Mr. L's monthly income is:

\$1,067	Gross social security
- 20	Income exclusion
\$1,047	Net countable monthly income

Since the net countable monthly income does not exceed 100% of the poverty level, there is no eligibility for SLMB. The worker examines Mr. L's application for eligibility under other Medicaid coverage groups and determines that Mr. L is eligible for QMB and potentially eligible for Medically Needy with a spenddown.

The effective date of assistance is the first of the month in which application is made or the first day of the month in which all eligibility criteria are met, whichever is later.

To determine net countable monthly income, follow SSI policies. See [8-E, Income Policies for Non-MAGI-Related Coverage Groups](#). Allow the earned and unearned deductions. Consider the income prospectively.

- Has resources that do not exceed twice the maximum allowed by the SSI program. Resources are treated according to SSI policies. The resource limits for the SLMB group are \$9,950 for an individual and \$14,910 for a couple. (See [8-D, General Non-MAGI-Related Resource Policies](#).)
- Meets all other non-MAGI-related Medicaid nonfinancial eligibility requirements except for disability determination and age.
- Is not eligible for any other Medicaid coverage group. (If a person is approved for Medically Needy with a spenddown, the person can receive E-SLMB until the spenddown is met.)

A person who wants this coverage must enroll in both Medicare Part A and Part B. The state will not enroll people for Medicare Part A under expanded SLMB. A person who chooses not to enroll for Medicare Part A benefits cannot be eligible under expanded SLMB. When Medicaid eligibility ends, the client is responsible for paying the Medicaid Part B premiums.

Calculate net countable monthly income using SSI policies. Allow the earned and unearned income exclusions. Consider the income prospectively. See [8-E, Deeming Non-MAGI-Related Income](#) when deeming to a spouse is applicable.

Exclude the social security COLA income from January through the month following the month in which the federal poverty level is published. Central Office will notify you when to recalculate the poverty level using the social security COLA increases.

Mr. X files an application on May 1. His monthly income is:

\$1,190	Gross social security
+ <u>500</u>	Retirement pension
\$1,690	
- <u>20</u>	Income exclusion
\$1,670	Net countable monthly income

Since the net countable monthly income is more than 120% of the poverty level but less than 135% of the poverty level, there is eligibility for expanded SLMB.

**Comment:** When SSA denies a disability due to substantial gainful activity (SGA), the decision is based on verification that the person has earnings of at least \$1,690 per month from work. The only payment status code on the SDX that means disability was denied due to substantial gainful activity is N44. If a person's SDX has code N44, process a disability determination for MEPD.

Payment status codes of N31, N32, N42, or N43 indicate denials of disability based on "capacity for substantial gainful activity." This means that, despite a medical impairment, the person has the ability to perform sedentary, light, or medium work that would allow the person to return to customary past work or other work. Do not process a disability determination when the person has one of these codes.

See [8-C, Presence of Age, Blindness, or Disability](#). Note that attaining substantial gainful activity (SGA) is not considered in determining disability for the MEPD group. See [8-C, When the Department Determines Disability](#).

### **Income From Employment**

Legal reference: 441 IAC 75 (Rules in Process)

**Policy:** To qualify for MEPD, the applicant must have earned income from employment or self-employment. "Self-employment" is defined as providing income directly from one's own business, trade, or profession.

**Procedure:** Determine whether the applicant has earned income from employment in the month of decision.

- If the applicant does not have earned income in the month of decision, do not approve current or ongoing eligibility. An exception for ongoing eligibility is found under [Intent to Return to Work if Employment Ends](#).
- If the applicant had earned income in the month of application, but has no earned income during the month of decision,
  - Approve the months with earned income, and
  - Deny current and ongoing eligibility.

The applicant must provide proof that the earned income is from employment or self-employment. For example, employment may be proven by current pay stubs.