



LEGAL HOTLINE FOR TEXANS

815 Brazos, Suite 1100, Austin, Texas 78701

(800) 622-2520 or (512) 477-3950

Pension Counseling (888) 343-4414

QMB AND THE MEDICARE SAVINGS PROGRAM

THIS PUBLICATION IS NOT A SUBSTITUTE FOR THE ADVICE OF AN ATTORNEY.

The pamphlets of the Legal Hotline for Texans are general in nature and should not be relied on as advice for your particular circumstances. For advice that is specific to your particular circumstances, you should consult a lawyer.

The Legal Hotline for Texans (LHT) is a telephone hotline providing free legal advice and consultation and other free legal services to Texans Age 60 and Older or Eligible for Medicare; Crime Victims Age 60 and Older and their Family Members and Authorized Claimants; and Pension and Retirement Plan Employees, Participants and Beneficiaries.

Eligible Clients can consult with an attorney of the Legal Hotline for Texans free of charge by calling one of the phone numbers listed above. If clients would like to consult with an attorney in their communities, or if ongoing representation by an attorney is needed, the Legal Hotline for Texans may be able to make a referral. Depending on individual circumstances and local availability, such a referral may be to an organization providing free attorneys to low income persons, or may be to an attorney on the Legal Hotline for Texans' reduced-fee panel, or may be to a statewide or local lawyer referral service.

The Legal Hotline for Texans is a project of the Texas Legal Services Center with support from the Texas Department of Aging and Disability Services (DADS), the U.S. Centers for Medicare and Medicaid Services (CMS), the U.S. Administration on Aging (AoA), and the Texas Equal Access to Justice Foundation through the Texas Basic Civil Legal Services Program (BCLS) and the Texas Crime Victims Civil Legal Services Program (CVCLS).

© Copyright 2005, Texas Legal Services Center
All rights reserved.

**SUMMARY OF CERTAIN BENEFIT PROGRAMS
APRIL 1, 2005 THROUGH MARCH 31, 2006**

<u>Program</u>	<u>Gross Monthly Income</u>		<u>Countable Resource Limit</u>	
	<i>Individual</i>	<i>Couple</i>	<i>Individual</i>	<i>Couple</i>
Supplemental Security Income (SSI)	\$599	\$889	\$2000	\$3000
QMB	\$818	\$1090	\$4000	\$6000
SLMB	\$977	\$1303	\$4000	\$6000
QI-1	<\$1097	<\$1444	\$4000	\$6000
QDWI	\$1615	\$2159	\$4000	\$6000
Long-term care Medicaid	\$1,737	\$3474	\$2000	\$3000

To Qualify:

- **Income** must be *below* the figures shown for QI-1. Income can be equal to or less than the figures shown for the others. *Twenty dollars (\$20) is automatically deducted from the figures given above (except for long-term care Medicaid).* Also, the first \$65 of monthly *earned* income (wages or salary), and one-half the remainder is deducted before the \$20 is taken out, to calculate countable earned income.
- **Resources:** The following items are not counted: The homestead lived in by the applicant or the applicant's spouse regardless of size or value (an Intent to Return Home, DHS form 1245, will also exclude the homestead); one vehicle used to get to work or needed to get to medical care (if not, exclude the first \$4500 in value); household possessions and clothing; \$1500 face value whole life insurance; burial items already paid for (plot, casket, grave markers).

Benefits:

- **QMB:** Payment of all Medicare premiums, co-insurance, and deductibles;
- **SLMB:** Payment of the Medicare Part B premium (\$78.20 in 2005);
- **QI-1:** Payment of the Medicare Part B premium (\$78.20 in 2005);
- **QDWI:** Payment of the Medicare Part A premium (\$375.00 a month for applicants with 0-29 quarters and \$206.00 for certain applicants with 30 quarters of coverage in 2005)

Where to apply: Call **1-888-834-7406** for a QMB application from Texas Health and Services Commission (HHSC) administers Medicaid programs in Texas.

When do the limits change? They change on April 1st of each year.

Useful legal cites (Texas): Cost-free medical records, for applications based on disability: [Texas Health and Safety Code § 161.201-.204](#). Consent to Medical Treatment Act: [Texas Health and Safety Code § 313.001-.007](#).

How income is calculated:

Your countable monthly income must be at or below the amount stated for each program. If you have unearned income, such as Social Security or a pension, subtract \$20 from your total unearned income to arrive at your countable unearned income. If your unearned income is less than \$20, then your countable unearned income is 0, and the unused part of your \$20 deduction is subtracted from any earned income that you may have.

If you are working and earning a wage or salary, you can take some deductions that may help you to qualify for these benefits. Subtract \$65 from your earned income and divide the remainder by 2. What is left is added to your countable unearned income. The total of both is your countable monthly income.

If only one spouse is eligible for Medicare, the calculation is more complicated. A process called 'deeming' is used to calculate your countable monthly income. The example below shows how deeming works.

How to be sure you're eligible:

If your figures come close to the countable monthly income you still may be eligible. The only way to know for sure is to file an application. Call 1-888-834-7406 for an application and a self-addressed envelope.

Example:

Mr. Gordon is sixty-five (65) years old and is enrolled in Medicare Part A. He receives Social Security of \$610 per month. Mr. Gordon also has a part-time job that pays him \$275 per month. His total income is \$885 per month. His wife Mary is fifty-five (55) years old and is not yet eligible for Medicare Part A. She has a part-time job that pays \$450 per month.

The Gordon's have the following resources: (1) A homestead worth \$35,000, where Mr. Gordon lives with his wife Mary. (2) A car worth \$6,000, which Mr. Gordon and Mary use to get to and from work. (3) A paid up, whole life insurance policy with a cash value of \$1,000. (4) Two burial plots. (5) A burial fund of \$1,500, (6) A bank account with a balance of \$2,000. (7) Household goods and personal effects, none of which is worth \$500 individually.

There are three steps. We first test Mr. Gordon's individual income. If his income, after available deductions, tests out to be at or below the income limit for an individual, then a second step is used to determine if, when his wife's income is deemed to him, he remains eligible. The third step is to test his resource eligibility.

Step 1.

Computing Mr. Gordon's individual countable monthly income under the Medicare Savings Programs:

1.	Unearned income (Social Security)	\$610
	a. Deduction	<u>-20</u>
	b. Total countable unearned income	\$590
2.	Earned income (work)	\$275
	a. Deduction	<u>-65</u>
	b. Subtotal	\$210
	c. Deduct 2	<u>-105</u>
	d. Total countable earned income	\$105
3.	Total countable income.....	\$695

This result is below the countable monthly income limit for an individual so we now go to Step 2.

Step 2.

Computing Mr. Gordon's countable monthly income as a married person under the Medicare Savings Programs (this is called deeming):

1.	Unearned income (Social Security)	\$610
	a. Deduction -20
	b. Total countable unearned income.....	\$590
2.	Earned income (work) - Mr. Gordon	\$275
	(work) - Mrs. Gordon	+450
	a. Amount deemed to Mr. Gordon	\$725
	b. Deduction	-\$65
	c. Subtotal	\$660
	d. Deduct ½ -330
	e. Total countable earned income	\$330
3.	Total countable income	\$920

This result is below the monthly countable income limit for a couple.

Because Mr. Gordon's sole income is below the individual countable income limit and deeming in his wife's income still leaves him below the couple limit, he is income-eligible for QMB. If Mr. Gordon's income had been higher, he may have qualified for SLMB or QI-1. We now go to step 3.

Step 3.

We must compute Mr. Gordon's countable resources under the Medicare Savings Programs. Because Mr. and Mrs. Gordon are married and living together, Mr. Gordon is allowed the eligibility limit for a couple. Therefore, to be resource-eligible, he cannot have countable resources of more than \$6,000.

What resources are not counted?

- (1) The **homestead**, regardless of value, is not counted as long as Mr. Gordon, his wife Mary, or a dependent relative lives in it. If Mr. Gordon leaves the homestead and it is not occupied by his wife or by another dependent relative, Mr. Gordon may declare in writing his intention to return to the homestead in order for it to continue to be excluded. Use DHS Form 1245 to do this.
- (2) **Burial items**, such as plots and grave markers, paid for by an individual for his or her own use or for immediate family do not count toward the resource limits for the Dual Eligibility Programs.
- (3) An **automobile** is not counted if its value is \$4,500 or less, or if a member of the household uses it for necessary transportation. If the automobile must be counted because the exclusion does not apply, only the value over \$4,500 is counted as a resource.
- (4) A **whole life insurance** policy with a face value of up to \$1,500 is not counted. If the life insurance policy has a cash value of more than \$1,500, only the cash value over \$1,500 is counted as a resource.
- (5) **Burial funds** up to \$1,500 that are separately identified do not count, as long as the individual does not also own an excludable whole life insurance policy, mentioned above.

Mr. Gordon is resource-eligible for the Dual Eligibility Programs.

- The homestead is not counted as a resource, because Mr. Gordon lives in it.
- The car is not counted because it is used to get to and from work. (If this was not true, and if it also was not used to get medical care, then only \$1,500 of the car's value would be counted as a resource.)
- The life insurance is not counted, but it causes a part of the burial fund to be counted. Because a QMB applicant can only exclude a total of \$1,500 of both whole life insurance and a burial fund added together, only a part of the burial fund is excludable.

- Therefore, \$500 of the burial fund is excludable because when you add the \$500 to the \$1,000 of life insurance, you have reached the \$1,500 exclusion limit for life insurance plus burial fund. This means that \$1,000 of the burial fund will be counted toward the resource limit.

Under this example, Mr. Gordon has a \$1,000 burial fund, and a \$2,000 bank account, for a total of \$3,000 in countable resources, which count toward the resource limit. He is therefore resource-eligible for QMB. He can now apply for QMB.

How to apply for the Dual Eligibility Programs

You can call **1-888-834-7406**, 1-888-425-6889 (TDD) for an application. HHSC will send you it to you with a self-addressed, stamped envelope. Complete the application and mail it. You will receive a letter from HHSC regarding an interview to review your income and resources. If you are unable to go to the HHSC office, call and ask that the interview be done by telephone or at your home. **Do not miss this meeting or phone call.** If you meet the eligibility limits for one of the programs, and if you are eligible for Medicare Part A, you will qualify for enrollment. A letter telling you if you have been approved or denied will be sent to you by HHSC. This letter should arrive within 45 days of their receipt of your application. If it takes longer than that, or if you want help with your application, call **1-800-252-9240**.

When will payments begin?

Eligibility for QMB begins on the first day of the month following the month the forms are completed by the HHSC caseworker. Eligibility for SLMB or QI-1 begins on the first day of the month following the month the application is completed, signed and mailed by the applicant, and payments are retroactive to that date. Benefits under any one of these programs cannot begin to be paid until the month after the HHSC worker completes the case. If Mr. Gordon is eligible for QMB, Medicaid will pay for Medicare Part B premiums, deductibles, co-insurance, and Medicare Part A premiums in certain cases.

For more information about these programs call **1-800-252-9240** or **1-800-252-9108** (voice/TDD).