

Health Care Finance and Administration	Section: Medicare Savings Programs
Policy Manual Number: 120.025	Chapter: Qualified Disabled Working Individuals

Qualified Disabled Working Individuals

Legal Authority: Social Security Act § 1905(s)

1. Overview

Section 6012 of the Omnibus Budget Reconciliation Act (OBRA) of 1989 provides an option to purchase Medicare Hospital Insurance Benefits (Part A) for an indefinite period for certain disabled working individuals (DWI) under age 65 who are no longer entitled to premium-free Medicare Part A because they returned to work. Section 6048(s) of OBRA 1989 requires states to “buy in” the Medicare Part A only premium for those DWIs who meet all the requirements of being a Qualified Disabled Working Individual (QDWI).

2. Policy Statement

To be eligible in the QDWI category an individual must:

- Be under age 65;
- Have a disabling impairment (determined by the Social Security Administration (SSA));
- Be eligible to enroll in Medicare Part A, but no longer entitled to free Medicare Part A due to substantial gainful activity (SGA);
- Have income that does not exceed 200% of the Federal Poverty Level (FPL);
- Not have resources over \$4,000 for an individual or \$6,000 for a couple;
- Not be eligible for TennCare Medicaid; and
- Meet all non-financial eligibility requirements.

3. SSA’s Responsibility

When an individual who was previously disabled returns to work, the SSA will:

- Determine continuous disability;
- Determine whether the income the individual receives exceeds the SGA limits;
- Notify the individual of Medicare termination, and the opportunity to purchase continued coverage and/or apply for Medicaid assistance; and
- Update the Social Security system with the DWI eligibility determination and enrollment.

4. QDWI Benefits

QDWI individuals receive payment of Medicare Part A premiums only. QDWI eligibility does NOT pay for Part B Medicare premiums, co-insurance or deductibles.

If the individual is enrolled as a DWI more than 3 months prior to becoming eligible as a Qualified Disabled Working Individual (QDWI), the individual may be responsible for the premiums in the months prior to QDWI eligibility.

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5. QDWI Effective Date

Eligibility begins the date a HCFA application or LIS application is filed or the date all eligibility requirements are met, whichever is later.

6. Non-Financial

a. Age

Individuals must be under age 65 to be eligible in this category.

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. Enumeration

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

d. State Residence

Individuals in this category must be residents of Tennessee.

7. Financial

a. Household Composition

Household composition is governed by the principle of Financially Responsible Relatives (FRR) and the applicant/enrollee's living arrangements. See *ABD Household Composition* policy.

b. Income Limit

The income limit for receiving benefits in this category is up to 200% FPL for an individual or couple.

c. Resource Limit

The resource limit for receiving benefits in this category is:

- \$4,000 for an individual; or
- \$6,000 for a couple.

d. COLA Disregard

The SSA is responsible for applying COLA to its benefit programs, including Old-Age, Survivors, and Disability Insurance (OASDI), Railroad Retirement Benefits (RRB) and Supplemental Security Income (SSI). If the SSA applies a COLA for a given year, it is applied on

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January 1st of that year. However, the annual update for FPLs is not typically released until March or April. This can cause individuals who were previously QDWI eligible to become income-ineligible due to their increased Social Security income in the period between the COLA adjustment and the FPL increase.

To address the discrepancy caused by the timing of the COLA and FPL adjustments, QDWI enrollees who become income-ineligible in January are provided with a COLA disregard for the months of January, February, March, and if needed, April. The COLA disregard is equal to the amount of the monthly COLA increase.

e. Budget Overview

1. Total Gross Unearned Income Computation

Deemed Income from Parent(s)
+ Deemed Unearned Income from Spouse
+ Unearned Income (other than child support)
+ Total Countable Child Support
= Gross Unearned Income

2. Total Gross Earned Income Computation

Total Countable Earned Income
+ Self-Employment Income
+ Deemed Earned Income from a Spouse or Parent
– Disabled Student Under Age 22 Earned Income Exclusion
= Gross Earned Income

3. Total Net Unearned Income Computation

Gross Unearned Income
– 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 (\$65)
– Disabled Work Expense
– ½ Disregard
– Blind Work Expense
= Net Earned Income

5. Countable Income Computation

Net Unearned Income
+ Net Earned Income

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= Total Countable Income

If the applicant's total countable income is less than 200% FPL, then he or she is eligible for QDWI.

f. Example Budget

Mr. Davis is 60 years old, has been determined a Disabled Working Individual (DWI) by SSA, but is no longer entitled to premium free Medicare Part A. Mr. Davis receives \$1300 in earned income per month, and \$200 in unearned per month. Mr. Davis is not married.

1. Total Gross Unearned Income Computation

= \$200 Gross Unearned Income

2. Total Gross Earned Income Computation

= \$1,300 Gross Earned Income

3. Total Net Unearned Income Computation

\$200 Gross Unearned Income
 – \$20 General Income Disregard
 = \$180 Net Unearned Income

4. Total Net Earned Income Computation

\$1,300 Gross Earned Income
 – \$65 Earned Income Disregard
 – \$617.50 ½ Disregard
 = \$617.50 Net Earned Income

5. Total Countable Income

\$180 Net Unearned Income
 + \$617.50 Net Earned Income
 = \$797.50 Total Countable Income

Mr. Davis' total countable income, \$797.50, is less than 200% FPL, \$1,962, so he is income eligible for the QDWI category.

The above budget is current as of March 2015.

8. Termination of QDWI Benefits

An individual will lose QDWI eligibility when:

- He or she becomes eligible for any category of TennCare Medicaid;
- Personal resources exceed the resource limit;

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- Income exceeds 200% of the current FPL;
- He or she becomes age 65 and is entitled to premium-free Medicare Part A; or
- SSA notifies HCFA that the individual is no longer considered disabled.