



## **2005 POVERTY LEVELS WILL AFFECT ELIGIBILITY FOR MANY FEDERAL HEALTH PROGRAMS**

New federal poverty level (FPL) guidelines published February 18, 2005 will affect eligibility levels for many public benefits, including health benefits for older people and people with disabilities. 70 Fed. Reg. 8373 (February 18, 2005). The new numbers are effective when published, but each program that relies on them may use a different effective date.

The published poverty levels merely state a dollar figure for different sized family units. They do not address issues of what income is included, what deductions from income are allowed, who is included in a family unit or other use issues. These questions are addressed by the individual programs relying on the poverty guidelines. The amounts given below apply to the 48 contiguous states and Washington, DC; Alaska and Hawaii are slightly higher. A complete list of FPLs is available at <http://www.aspe.hhs.gov/poverty/05poverty.shtml>.

### **Federal health programs affecting older people and people with disabilities that rely on federal poverty guidelines:**

#### **Full Medicaid:**

**Poverty Level Aged and Disabled (PLAD):** States can choose to provide full Medicaid benefits to aged and disabled individuals with incomes up to 100% of the federal poverty level (FPL). For states choosing 100% FPL as their ceiling, eligibility levels for 2005 will be \$798/month (\$9570/year) for an individual; to \$1070/month (\$12,830/year) for a couple.

**Amounts protected for the at-home spouse of a Medicaid nursing facility resident:** Medicaid law allows for certain levels of income and resources to be protected for the community spouse of a nursing facility resident whose care is paid for by Medicaid and who otherwise would have to pay most of her/his income to the facility. The minimum amount of income protected is 150% FPL for two people (\$1,604/month in 2005); states must use this amount beginning July 1, 2005 and they may use it immediately. Other protected amounts for 2005, not linked to FPL, are maximum monthly protected income, \$2,377.50, minimum resource allowance, \$19,020, and maximum resource allowance, \$95,100.

#### **Medicare Savings Programs:**

**Qualified Medicare Beneficiaries (QMBs):** States must be responsible for all Medicare cost-sharing for Medicare Beneficiaries with incomes up to 100% FPL and limited resources. For this group, the increase will also be to \$798/month (\$9570/year) for an individual; \$1070/month (\$12,830) for a couple.

**Specified Low-income Medicare Beneficiaries (SLMBs):** States must pay the Medicare Part B premium for Medicare beneficiaries with incomes between 100% FPL and 120% FPL and limited resources. The new limit for this group will be \$957/month (\$11,484/year) for an individual; \$1,283/month (\$15,396/year) for a couple.

**Qualified Individual (QI):** States have a limited amount of money from which they must pay, on a first come, first served basis, Medicare Part B premium for Medicare beneficiaries with incomes between 120% FPL and 135% FPL and limited resources. The limit for this group is \$1,077/month (\$12,920/year) for an individual; \$1,444/month (\$17,321/year) for a couple.

**Qualified Disabled and Working Individual (QDWI):** States must pay the Medicare Part A premium for certain working disabled Medicare beneficiaries who have exhausted their entitlement to premium free Part A benefits and whose incomes do not exceed 200% FPL. The new limit for this group is \$1,595/month (\$19,140/year) for an individual; \$2,139/month (\$25,660/year) for a couple.

Add \$20 to each of the monthly amounts listed above to determine the actual eligibility limit, since applicants are allowed a \$20 disregard from any income before their income is measured against the poverty levels. Couples only get one \$20 disregard.

#### **Part D Low-income Subsidies:**

**Full Subsidy:** Medicare Part D provides a full drug subsidy with low co-payments to Medicare beneficiaries with incomes up to 135% FPL and limited resources. For those individuals, the 2005 eligibility limit is \$1,077/month (\$12,920/year) for an individual; \$1,444/month (\$17,321/year) for a couple.

**Partial Subsidy:** Medicare Part D provides a partial subsidy of premium, deductible and co-insurance to Medicare beneficiaries with incomes up to 150% FPL and limited (but higher than allowed for full subsidy) resources. The income limit for this group is \$1,197/month (\$14,355/year) for an individual; \$1,604/month (\$19,245/year) for a couple.

Unlike rules for Medicare Savings Programs, which allow for a family unit of only one or two, eligibility rules for Part D subsidies will recognize larger family units, to the extent that those family members rely on the applicant or her spouse for one half of their financial support. To calculate the levels for larger family units, start with the yearly amount for one (\$9,570), add \$3,260 for each additional family member, multiply by the applicable percentage of poverty (135% or 150%) and divide the result by 12 for a monthly amount.

Because new poverty guidelines are generally published in February or March of each year, the 2005 levels will be used to compute Part D low-income subsidies for the beginning of 2006.

*For more information, contact Patricia Nemore in the Center for Medicare Advocacy's Washington, DC office at (202) 216-0028 or [pnemore@medicareadvocacy.org](mailto:pnemore@medicareadvocacy.org).*