August 23rd, 2019

Updated Examples of Premiums in

Part A of the Katie Beckett Program

The Bureau of TennCare has assisted us in correcting our examples of premiums in Part A of the Katie Beckett Program. The following scenarios reflect their anticipated methods of calculating premiums.

Scenario 1

* A family of five has a household income of $200,000\*
* Based on their Federal Poverty Level (FPL) percentage (>600%), the *initial* Katie Beckett Part A Premium would be $420 per month ($5,040 per year)
* The **child’s portion** of the cost of employer-sponsored or other private family health insurance is $280 per month ($3,360 per year)\*\*
* To calculate the final premium in Part A of the Katie Beckett program, the child’s portion of the employer/private insurance is **deducted** from the cost of their initial premium amount.
  + $420 minus $280 for the child’s portion of the cost of employer-sponsored or private insurance equals $140 per month for Katie Beckett Part A premiums ($1,680 per year).

Scenario 2

* A family of five has a household income of $200,000\*
* Based on their Federal Poverty Level (FPL) percentage (>600%), the initial Katie Beckett Part A Premium is $420 per month ($5,040 per year).
* The **child’s portion** of the cost of employer-sponsored or other private family health insurance is $500 per month ($6,000 per year) \*\*
* Since the child’s portion of the cost of employer/private insurance would be **more** than the initial Katie Beckett Part A premium, the Katie Beckett Part A premium would be **$0.**

Scenario 3

* A family of two has a household income of $20,000\* (118% FPL)
* Families with incomes below 150% of the FPL **will not pay premiums** under Katie Beckett Part A.

Scenario 4

* A family of four has a household income of $80,000\*
* Based on their FPL (>300%- 400%) Amendment 40 indicates a Katie Beckett Part A Premium of $125 per month ($1,500 per year)
* The **child’s portion** of the cost of employer-sponsored or other private family health insurance is $280 per month ($3,360 per year) \*\*
* Since the child’s portion of the cost of employer/private insurance would be **more** than the potential Katie Beckett Part A premium, the Part A premium would be **$0.**

*\** *Note: Premiums are determined on a Modified Adjusted Gross Income (MAGI); scenarios above are simplified for the purpose of giving examples. MAGI or Modified Adjusted Gross Income – as defined in 42 CFR § 435.603. In general, the MAGI methodology is defined by the following characteristics: a) financial eligibility is based on current monthly household income and household size; b) taxable income is countable income; c) non-taxable income is excluded income; and d) household size is determined by the principles of tax dependency.*

*\*\* The State will establish a methodology for calculating the child’s portion of employer-sponsored or other private family health insurance to be set forth in administrative rule. For ease of administration, the State may elect to establish a standard amount that will be deducted from the child’s Part A premium obligation when a child has employer-sponsored or other private family health insurance coverage (i.e., when a hardship exception is not requested or is requested but not approved) rather than verifying premium amounts for this coverage and applying the deduction on an individual basis.*