

December 15, 2003

## MEANS TEST AND GEOGRAPHIC-BASED MEANS TEST THRESHOLDS FOR CALENDAR YEAR 2004

**1. PURPOSE:** This Veterans Health Administration (VHA) Directive provides the Means Test Thresholds, Medicare Deductible Rate, and Child Income Exclusion for calendar year 2004. In addition, this Directive provides an internet link to the United States (U.S.) Housing and Urban Development's (HUD) income limits for Fiscal Year (FY) 2003 for use by VHA in calendar year 2004.

### 2. BACKGROUND

a. Title 38 United States Code (U.S.C.) Section 1722(c) requires that on January 1 of each year, the Secretary of Veterans Affairs increase the means test threshold amounts by the same percentage the maximum rates of pension benefits were increased under 38 U.S.C. Section 5312(a) during the preceding calendar year. Under the provisions of 38 U.S.C. Section 5312, the Department of Veterans Affairs (VA) is required to increase the benefit rates and income limitations in the pension and parents' Dependency and Indemnity Compensation (DIC) Program by the same percentage, and effective the same date, as increases in the benefit amounts payable under Title II of the Social Security Act.

b. On November 17, 2003, the Veterans Benefits Administration (VBA) announced that effective December 1, 2003, veterans' benefits will receive an increase of 2.1 percent.

c. Public Law 107-135, the Department of Veterans Affairs Health Care Programs Enhancement Act of 2001, directed VA to implement a Geographic-based Means Test (GMT) (see 38 U.S.C. Section 1705(a)(7)). VA uses HUD's "low-income" geographic-based income limits as the thresholds for VA's GMT. **NOTE:** *The Health Eligibility Center (HEC) controls the GMT for VA; as such, HEC will install Patch IVMB\*2\*776 before January 1, 2004. As explained in more detail in VHA Directive 2003-005, a veteran's income from the previous year is compared with the appropriate GMT threshold for the previous fiscal year to determine if the veteran should be placed in priority category 7. HUD's "low income" geographic based income limits for FY 2003 can be found at: <http://www.huduser.org/datasets/il/fmr03/index.html>. The easiest way to find the limit for a geographical area is to click on the State on the map. **NOTE:** *Be sure to use only the "low income" limits in the chart.**

#### c. Definitions

(1) "Below the means test threshold" is defined as those veterans whose attributable income and net worth are such that they are unable to defray the expenses of care; therefore, they are not subject to co-payment charges for hospital and outpatient medical services. Within the Veterans Health Information Systems and Technology Architecture (VistA) system such veterans are designated as "Means Test Copay Exempt."

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(2) “Above the means test and GMT threshold” is defined as those veterans whose attributable income and net worth are such that they are able to defray the expenses of care; therefore they must agree to pay a co-payment for hospital care and outpatient medical services. Within the VistA system these veterans are designated as “Means Test Copay Required.”

(3) “Above the means test and below the GMT threshold” is defined as those veterans whose attributable income and net worth are such that they are able to defray the expense of care, but whose inpatient medical care co-payments are reduced 80 percent. Within the VistA system these veterans are identified as “GMT Copay Required.”

**3. POLICY:** It is VHA policy that it comply with the annual means test and GMT for calendar year 2004.

**4. ACTION**

a. **Medical Facility Director.** Before January 1, 2004, each medical facility Director, or designee, is responsible of installing patch DG\*5.3\*551. *NOTE: The new means test and GMT threshold rates are effective January 1, 2004.*

b. **Means Test Thresholds.** The following new Means Test Thresholds are effective January 1, 2004, through December 31, 2004:

(1) **Veterans with no dependents:**

(a) Below Means Test Threshold: \$25,162.

(b) Above Means Test Threshold: \$25,163.

(2) **Veterans with one dependent:**

(a) Below Means Test Threshold: \$30,197.

(b) Above Means Test Threshold: \$30,198.

(3) **Veterans with two dependents:**

(a) Below Means Test Threshold: \$31,885.

(b) Above Means Test Threshold: \$31,886.

(4) **Veterans with three dependents:**

(a) Below Means Test Threshold: \$33,573.

(b) Above Means Test Threshold: \$33,574.

(5) **Veterans with four dependents:**

- (a) Below Means Test Threshold: \$35,261.
- (b) Above Means Test Threshold: \$35,262.

(6) **Veterans with five dependents:**

- (a) Below Means Test Threshold: \$36,949.
- (b) Above Means Test Threshold: \$36,950.

c. **Entering Data.** The following information is used to enter the data (see subpar. 4b) into VistA:

- (1) Select Means Test Data: 2004.
- (2) Means Test Data: 2004.
- (3) Veteran with no dependents: \$25,162.
- (4) Veterans with one dependent: \$30,197.
- (5) Amount the threshold is increased beginning with the second dependent: \$1,688.
- (6) Threshold property: \$80,000.
- (7) Child Income Exclusion: \$7,950.
- d. The Medicare deductible: \$876.
- e. The income and/or asset threshold for net worth development: \$80,000.
- f. Maximum annual Rate of Pension: Base rate:

(1) The base rate is \$9,894. ***NOTE:*** *The base pension rate is also used to determine if certain veterans are subject to co-payments for Extended Care Services.*

- (2) The base rate with one dependent is \$12,959.
- (3) Add \$1,688 for each additional dependent.

**5. REFERENCES**

- a. Title 38 U.S.C. Sections 1705(a)(7) and 1722.

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b. Title 38 Code of Federal Regulations (CFR) Sections 17.36(b)(7), 17.47(d), and 7.111(f)(2).

c. VHA Directive 2003-005, Implementation of Geographic Means Testing and Revised Inpatient Co-payments Requirements.

**6. FOLLOW-UP RESPONSIBILITY:** The Chief Business Office (16), is responsible for the contents of this Directive. Questions may be addressed to 202-254-0320.

**7. RESCISSIONS:** VHA Directive 2002-082 is rescinded. This VHA Directive expires December 31, 2004.

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