



# Iowa Department of Human Services

Terry E. Branstad  
Governor

Kim Reynolds  
Lt. Governor

Charles M. Palmer  
Director

July 25, 2014

## GENERAL LETTER NO. 8-J-93

ISSUED BY: Bureau of Financial, Health and Work Supports  
Division of Adult, Children and Family Services

SUBJECT: Employees' Manual, Title 8, Chapter J, **MEDICALLY NEEDY**, pages 47 through 58, 65, 66, 69, 70, 71, 86a, 93, and 94, revised.

### Summary

Chapter 8-J is revised to reflect the following:

- ◆ The 2014 Social Security cost-of-living adjustment (COLA) increase of 1.5%.
- ◆ The increase in the monthly maintenance needs allowance (MMMNA) for 2014 to \$2,931.
- ◆ The increase in the Medicare Part A deductible for 2014 to \$1,216.
- ◆ The decrease in the Medicare part B deductible for 2014 to \$147.
- ◆ The change in the amount of the medical expense deduction for residential care facility (RCF) personal care services from \$718.66 per month to \$728.08. The daily rate is changed from \$23.64 to \$23.95.

### Effective Date

COLA changes, Medicare deductible changes, and the MMMNA change were effective January 1, 2014.

The change in the amount of the medical expense deduction for RCF personal care services are effective August 1, 2014.

All other changes are effective with the issuance of this letter.

**Material Superseded**

This material replaces the following pages from Employees' Manual, Title 8, Chapter J:

<u>Page</u>	<u>Date</u>
47, 48	December 5, 2008
49-55	June 1, 2012
56	December 5, 2008
57	June 1, 2012
58	December 5, 2008
65, 66, 69-71, 86a, 93, 94	June 1, 2012

**Additional Information**

Refer questions about this general letter to your area income maintenance administrator.

1. Ms. A, age 45, applies for Medically Needy on August 8. Her monthly gross social security disability check is \$800. Ms. A does not have Medicare.

\$ 800.00	August social security
+ <u>800.00</u>	September social security
\$ 1,600.00	
- <u>40.00</u>	General income exclusion (\$20 × 2)
\$ 1,560.00	
- <u>966.00</u>	MNIL (\$483 × 2)
\$ 594.00	Spenddown
- <u>600.00</u>	Health insurance premium (\$300 × 2)
\$ 0.00	Spenddown after insurance

On August 15, her application is approved effective August 1. Since Ms. A has a zero spenddown, Ms. A has ongoing eligibility for SSI-related Medically Needy.

On January 5, Ms. A reports to her worker that her social security disability increased to \$846 and that she no longer has health insurance. The worker determines that the January social security disability increase (\$846 - \$20 general disregard = \$826) exceeds the MNIL of \$483. Ms. A is assigned a two-month certification period for February and March.

Ms. A continues to complete the *Medicaid Review* every two months to reapply.

2. Mr. B, age 75, applies for Medically Needy on August 2. His monthly gross social security income is \$775. Mr. B is also QMB-eligible. Medicaid pays his Medicare Part B premium.

\$ 755.00	August social security (\$775 - \$20 general exclusion)
+ <u>755.00</u>	September social security (\$755 - \$20 general exclusion)
\$ 1,510.00	
- <u>966.00</u>	MNIL (\$483 × 2 months)
\$ 544.00	Spenddown
- 80.00	Dental insurance (40 × 2 months)
- <u>500.00</u>	Nursing home insurance (\$250 × 2 months)
0.00	Remaining spenddown

Mr. B has a zero spenddown and, therefore, has ongoing eligibility.

The BENDEX report at the end of November indicates that Mr. B's social security increases to \$787 effective January 1. Mr. B also reports that he will start receiving an annuity payment of \$100 per month beginning January 5. The worker determines that Mr. B's income will exceed the MNIL for a one-person household in January.

\$ 787.00	January social security
+ 100.00	Annuity income
- <u>20.00</u>	General income exclusion
\$ 867.00	
- <u>483.00</u>	MNIL
\$ 384.00	Spenddown
- 40.00	Dental insurance
- <u>250.00</u>	Nursing home insurance
94.00	Spenddown after deducting insurance

Mr. B is redetermined to be eligible for Medically Needy with a spenddown. The worker calculates the spenddown for the two-month certification period of January and February. The worker issues a timely notice of decision in December to Mr. B explaining that he is now certified for a two-month certification period, that his spenddown is \$94, and that he will need to reapply for the month of March. (Mr. B continues to be QMB-eligible.)

- Mrs. C, age 70, applies for Medically Needy August 18. Mrs. C receives \$750 gross social security and is also QMB-eligible. Medicaid pays her Medicare Part B premium. Mrs. C also pays \$240 monthly for a Medicare supplemental insurance policy.

\$ 730.00	August social security (\$750 - \$20 general income exclusion)
+ <u>730.00</u>	September social security (\$750 - \$20 general income exclusion)
\$ 1,460.00	
- <u>966.00</u>	MNIL (\$483 × 2 months)
\$ 494.00	Spenddown
- <u>540.00</u>	Health insurance premium (\$270 × 2 months)
\$ 0.00	Spenddown after health insurance premium

Mrs. C has ongoing eligibility for Medically Needy.

On October 1, Mrs. C reports that she no longer has a Medicare supplement. The worker redetermines Mrs. C's Medicaid eligibility.

\$ 750.00	October social security
- <u>20.00</u>	General income exclusion
\$ 730.00	
- <u>483.00</u>	MNIL
\$ 247.00	Spenddown

Mrs. C no longer has ongoing eligibility. The worker calculates the spenddown for November and December. The worker notifies Mrs. C with a timely notice in October that she has been redetermined to be eligible for Medically Needy with a spenddown of \$494 for the certification period of November and December. (Mrs. C continues to be eligible for QMB.)

- Child A is under age 18 and disabled. His mother receives \$899 social security disability per month. His father earns \$1,071 per month. Child A's social security income is \$450.

Child A and Mrs. A will be on separate SSI-related Medically Needy cases.

First, determine the amount of spenddown for Mrs. A. Follow instructions in 8-E for deeming from an ineligible spouse. Child A is treated as an ineligible child in this determination. Child A's income exceeds \$361, so no income of the father can be allocated to child A. (\$361 is the maximum amount to deem to an ineligible child.)

\$ 899.00	Mrs. A's SSD income
- <u>20.00</u>	General income exclusion
\$ 879.00	Countable unearned income
\$ 1,071.00	Mr. A's earned income
- <u>65.00</u>	Work exclusion
\$ 1,006.00	
- <u>503.00</u>	½ the remainder
\$ 503.00	Countable earned income
\$ 879.00	Countable unearned income
+ <u>503.00</u>	Countable earned income
\$ 1,382.00	Total countable income
\$ 2,764.00	\$1,382.00 × 2 months
- <u>966.00</u>	\$483 × 2 months (MNIL for 2)
\$ 1,798.00	Spenddown

Second, determine eligibility for child A. Follow instructions in 8-E for deeming from an ineligible parent to an eligible child. In this situation, Mrs. A is treated as an ineligible parent, as she is not receiving SSI. Use both parents' income to determine the amount of spenddown for child A.

\$ 899.00	Mrs. A's SSD income
- 20.00	General income exclusion
\$ 879.00	Countable earned income
\$ 1,071.00	Mr. A's (father's) earned income
- 65.00	Work exclusion
\$ 1,006.00	
- 503.00	½ the remainder
\$ 503.00	Countable earned income
\$ 879.00	Countable unearned income
+ 503.00	Countable earned income
\$ 1,382.00	Total countable income
- 1,082.00	Parental exclusion
\$ 300.00	Deemed to child A
\$ 450.00	Child A's income
- 20.00	General income exclusion
\$ 430.00	Child A's countable income
+ 300.00	Income deemed from parents
\$ 730.00	Total countable income
\$ 1,460.00	\$730.00 × 2 months
- 966.00	\$483 × 2 months (MNIL for 1)
\$ 494.00	Spenddown

**Households With Ineligible Spouse or Children**

**Legal reference:** 441 IAC 75.1(35)“d”(2), 75.1(35)“e”(1)

If the household includes the SSI-related person's spouse who is not aged, blind, or disabled, determine whether the ineligible spouse is a responsible relative.

If the case does not include children, deem income from the ineligible spouse to the SSI-related person. Do the deeming on form 470-2341, *SSI-Related (No Children) Medically Needy Spenddown Computation Worksheet*. If the ineligible spouse does not have income to deem, the ineligible spouse is not a responsible relative for Medically Needy. Use the MNIL for a one-member household.

If the income of the ineligible spouse is deemed to the eligible spouse, use the MNIL for a two-member household. The ineligible spouse is a responsible relative on the Medically Needy case. Use the ineligible spouse's medical bills to meet spenddown.

If the household includes children, use form 470-2626, *SSI-Related (Children in Household) Medically Needy Spenddown Computation Worksheet*. First, deem income from the ineligible spouse's income to meet the needs of each child. Calculate the needs of each child at \$361 minus any income of the child. Then determine if there is income from the ineligible spouse to deem to the eligible spouse.

If there is income to deem, use the MNIL for a two-member household. The ineligible spouse is a responsible relative on the Medically Needy case. The ineligible spouse's medical bills can be used to meet the spenddown.

If the ineligible spouse does not have income to deem to the eligible spouse, the ineligible spouse is not a responsible relative for Medically Needy. Use the MNIL for a one-member household.

Examine the case to determine if the ineligible spouse and children are eligible as an FMAP-related case. If the SSI-related person is a responsible relative on the FMAP-related case, apply FMAP policy to the person's income and resources to determine eligibility for the FMAP-related household members. See [SSI-Related, FMAP-Related Composite Households](#).

1. Household composition:

Mr. C, 70, has monthly unearned income of \$775

Mrs. C, 60, not blind or disabled; has monthly earned income of \$816

Mr. C's income exceeds SSI standards and he is requesting Medicaid eligibility through the Medically Needy program. The Medically Needy spenddown calculation is as follows:

**Step 1:** Determine if Mrs. C will be a responsible relative (if she would have income deemed to Mr. C). Mrs. C's gross income of \$816 exceeds \$361. Proceed with the deeming process.

**Step 2:** Determine how much of Mrs. C's income to deem to Mr. C.

\$ 816.00	Mrs. C's earned income (ineligible spouse)
- <u>65.00</u>	Work exclusion
\$ 751.00	
- <u>375.50</u>	1/2 remainder
\$ 375.50	Countable earned income available to Mr. C

**Step 3:** Determine Mr. C's spenddown.

\$ 775.00	Mr. C's unearned income
- <u>20.00</u>	General income exclusion
\$ 755.00	Mr. C's countable income
+ <u>375.50</u>	Mrs. C's income deemed to Mr. C
\$ 1,130.50	Total monthly countable income
\$ 2,261.00	\$1,130.50 (monthly income) × 2 months
- <u>966.00</u>	MNIL for 2 (483 × 2 months)
\$ 1,295.00	Spenddown

Therefore, Mr. C is considered a conditionally eligible person and Mrs. C is considered as a responsible relative as she deemed income to Mr. C.

2. Mr. M has applied for Medicaid. He receives \$790 social security disability benefits. Mrs. M receives unemployment insurance benefits (UIB) of \$440. They have two children, Y and Z. Each child receives \$185 social security benefits.

\$ 790.00	Unearned income of Mr. M
- <u>20.00</u>	General income exclusion
\$ 770.00	Countable unearned income

\$ 721.00	SSI benefit for one person
- <u>770.00</u>	Mr. M's countable income
\$ 0.00	

Mr. M's income does create ineligibility for SSI. Proceed to the deeming process for SSI-related Medically Needy:

\$ 440.00	Mrs. M's unearned income
- 176.00	Allocation for ineligible child Y (\$361 - 185 = \$176)
- <u>176.00</u>	Allocation for ineligible child Z (\$361 - 185 = \$176)
\$ 88.00	Mrs. M's countable unearned income

\$88 does not exceed \$361. As the income is less than \$361, there is no income available to deem to Mr. M.

Mr. M's countable income of \$770 is compared to the MNIL for a household size of one to determine the spenddown amount. Mrs. M is not a responsible relative on Mr. M's case.

### **SSI-Related, FMAP-Related Composite Households**

**Legal reference:** 441 IAC 75.1(35)“d”(1), (2)

An SSI-related client is a responsible relative or considered person on the FMAP case if the client is a:

- ◆ Parent of a child on the FMAP-related case.
- ◆ Sibling of a child on the FMAP-related case.
- ◆ Child of a parent on the FMAP-related case.

This is a composite case. Treat the person's income and resources according to SSI policy on the SSI-related case. Treat the person's income and resources according to FMAP policy on the FMAP-related case.

Use the same medical bills to meet spenddown on both cases when a person is conditionally eligible on one case and a responsible relative on the other case. Use only the portion of the medical bill that will not be paid by Medicaid to meet spenddown.

1. Household composition:

Mr. B, 60, receives \$846 per month in social security disability benefits

Mrs. B, 55, receives \$1,340 gross earned income each month

Their children: Bobbie, 10, receives \$212 social security

Barbie, 9, receives \$212 social security

The B family requests Medicaid for all members. Mr. B chooses to be SSI-related, due to his verified disability. Mrs. B is an FMAP-related specified relative. Bobbie and Barbie are FMAP-related children. There are no child care costs.

This household has two cases:

- ◆ The SSI-related household consists of Mr. B (the eligible spouse) and Mrs. B (the ineligible spouse).
- ◆ The FMAP-related household consists of Mr. B (the responsible relative), Mrs. B (the specified relative), and Bobbie and Barbie (FMAP-related children).

The **SSI-related income calculation** for the B family is as follows:

To determine if Mrs. B will be a responsible relative for Mr. B's SSI-related case, determine if she would have income deemed to Mr. B following SSI policy.

\$ 1,340.00	Mrs. B's gross earnings
- 149.00	Allocation for Bobbie's unmet needs (\$361 - 212)
- 149.00	Allocation for Barbie's unmet needs (\$361 - 212)
<u>\$ 1,042.00</u>	

\$1,042 exceeds the difference of the SSI benefit rate for an eligible couple and the SSI benefit rate for an individual (\$361). Proceed to deeming calculation step. (If Mrs. B's income at this point were less than \$361, deeming would not be applicable.)

\$ 1,042.00	Mrs. B's remaining earned income
- 65.00	Work exclusion
<u>\$ 977.00</u>	
- 488.50	1/2 the remainder
<u>\$ 488.50</u>	Amount of Mrs. B's income deemed to Mr. B

\$ 846.00	Mr. B's unearned income
- 20.00	General income exclusion
<u>\$ 826.00</u>	Mr. B's countable unearned income
+ 488.50	Mrs. B's income deemed to Mr. B
<u>\$ 1,314.50</u>	

\$ 2,629.00	Income for the certification period (\$1,314.50 × 2 months)
- 966.00	MNIL for the certification period (\$483 × 2 months)
<u>\$ 1,663.00</u>	Spenddown

The MNIL is for a two-person household. Mrs. B is a responsible relative on the SSI-related case, as she deemed income to Mr. B.

The **FMAP-related income calculation** for the household is:

Unearned income:

\$ 846.00	Mr. B's social security disability
+ 212.00	Bobbie's social security
+ <u>212.00</u>	Barbie's social security
\$ 1,270.00	

Earned income:

\$ 1,340.00	Mrs. B's gross earnings
- <u>268.00</u>	20% earned income deduction
\$ 1,072.00	Countable earned income

Total income:

\$ 1,270.00	Total unearned income
+ <u>1,072.00</u>	Countable earned income
\$ 2,342.00	Total countable income

\$ 4,684.00	Income for the certification period ( $\$2,342 \times 2$ months)
- <u>1,332.00</u>	MNIL for the certification period ( $\$666 \times 2$ months)
\$ 3,352.00	Spenddown

MNIL is for a four-person household. Mr. B is a responsible relative on the FMAP-related case. Spenddowns for the family in Example 1 are:

\$1,663 for the SSI-related Medically Needy case.  
\$3,352 for the FMAP-related Medically Needy case.

**Note:** Bobbie and Barbie are eligible for MAC and are considered people on the FMAP-related case.

2. Mr. B from Example 1 has ongoing medical expenses of \$2,500 per month.

The worker advises the Bs to have two cases: SSI-related and FMAP-related. With an SSI-related case, Mr. B will have \$837 of his medical expenses paid after he meets the spenddown. The FMAP-related case will not meet spenddown. Therefore, Mr. B would not want to be a conditionally eligible person on the FMAP-related case. (**Note:** Mr. B is a responsible relative on the FMAP-related Medically Needy case.)

3. Bobbie from Example 1 has a hospital bill of \$15,000 that occurred before the certification period and remains unpaid. This bill has not been used before to meet spenddown. Mr. B has ongoing medical expenses of \$1,250 per month.

The worker advises Mr. B to be a conditionally eligible person on the FMAP-related case for five certification periods. They would not be able to use Bobbie's old medical bill to meet spenddown on the SSI-related case.

As a conditionally eligible person on the FMAP-related Medically Needy case, Mr. B could have Medicaid pay all of the medical expenses that he incurs during the first five certification periods.

During the sixth certification period, Mr. B would need to have an SSI-related case, as he would have more medical expenses paid.

4. Mrs. B from Example 1 requires minor surgery during the certification period. For this certification period, Mr. B has only \$250 in medical expenses per month.

Since Mr. B does not have enough medical expenses to meet spenddown on an SSI-related Medically Needy case, the worker advises Mr. B to be conditionally eligible on the FMAP-related case. More medical bills would be paid for the family.

Because there are no unusual expenses expected for the B family in the next certification period, the worker advises the Bs to have both an SSI-related and an FMAP-related case.

5. Household composition:

Mr. G, 65, receives \$800 monthly social security  
Mrs. G, 56, receives \$185 monthly social security  
George, 15, is in school and receives \$185 social security

The categorical relationship of each person is:

Mr. G: SSI-related (aged)  
Mrs. G: FMAP-related specified relative  
George: FMAP-related child

The certification period is for May and June.

The household chooses to receive Medically Needy benefits for the SSI-related member and the FMAP-related group. This household has two cases.

**SSI-related Medically Needy household:**

To calculate spenddown for Mr. G, first determine if Mrs. G will be considered as a responsible relative and if any of Mrs. G's income will be deemed to Mr. G.

George's income:	\$	185.00	
Mrs. G's income:	\$	185.00	Social security
		<u>176.00</u>	George: Allocation for ineligible child (\$361 - 185)
	\$	9.00	

\$9 is less than \$361. Therefore, Mrs. G's income is not deemed to Mr. G, and she is not a responsible relative.

\$	800.00	Mr. G's social security income
	<u>20.00</u>	General income exclusion
\$	780.00	
×	<u>2</u>	Months
\$	1,560.00	
	<u>966.00</u>	MNIL for a one-person household (\$483 × 2 months)
\$	594.00	Spenddown

Mr. G is conditionally eligible for SSI-related Medically Needy. Medical expenses for Mrs. G and George are not usable in meeting the spenddown for Mr. G's Medicaid eligibility. Mrs. G and George are not coded on the ABC system as responsible relatives for the SSI-related case.

**FMAP-related Medically Needy household:**

The FMAP-related Medically Needy household is Mr. G, Mrs. G, and George. The household has the option of excluding George. The Gs do not exclude George.

The spenddown for the three-member FMAP-related household is calculated as follows:

Mr. G	\$	800.00	Responsible relative (parent)
Mrs. G	+	185.00	FMAP specified relative
George	+	<u>185.00</u>	FMAP-related child
	\$	1,170.00	Monthly net income to be considered for spenddown
\$	2,340	Income for two months (\$1,170 × 2)	
	<u>1,132</u>	MNIL for a three-person household (\$566 × 2 months)	
\$	1,208	Spenddown	

Mr. G has a choice of receiving Medicaid as SSI-related or FMAP-related. In this situation, it is to Mr. G's advantage to be SSI-related. Mr. G is conditionally Medicaid-eligible on the SSI-related case.

Because Mr. G is not receiving SSI, his income must be used to determine eligibility for his child and spouse on the FMAP-related case. Therefore, he is a responsible relative on the FMAP-related case. Mrs. G is conditionally Medicaid-eligible on the FMAP-related case. George is a considered person on the Medically Needy case, as he is MAC eligible.

Mr. G has a medical bill of \$250 that occurred in January. (**Note:** The family was not certified for Medically Needy in January.) This bill remains unpaid as of May 1. This bill is applied to the spenddown for Mr. G and is also applied to the spenddown of the FMAP-related case.

Mr. G also has a \$1,000 medical bill that occurred in May. \$344 of this bill will be applied to meet his spenddown. The remaining amount of the medical bill is Medicaid-payable. Therefore, only \$344 of the \$1,000 medical bill may be applied to the spenddown of the FMAP-related case.

	<b>SSI-related</b>	<b>FMAP-related</b>
Spenddown	\$ 594.00	\$ 1,208.00
January bill	- <u>250.00</u>	- <u>250.00</u>
	\$ 344.00	\$ 958.00
\$1,000 May bill	- <u>344.00</u>	- <u>344.00</u>
	0.00	\$ 614.00
	Spenddown met	Spenddown not met

If Mrs. G has medical bills, she must meet the remaining spenddown amount on the FMAP-related case.

See [8-I, Income and Resources of Married Persons](#), for the policies on counting income and resources for spouses when one spouse enters a medical institution.

- ◆ When the institutionalized spouse is expected to stay in a medical institution less than 30 consecutive days, consider the resources and income of both spouses together in determining Medicaid eligibility.
- ◆ When the institutionalized spouse (who entered the institution on or after September 30, 1989) is expected to stay more than 30 consecutive days or has stayed 30 days, use only the institutionalized spouse's income to determine eligibility, both in the initial month and in the succeeding months.

Complete an attribution of resources for the month that one spouse enters an institution expecting to stay 30 consecutive days when there is a community spouse.

1. Mrs. W, age 66, enters a nursing facility on June 16. Her monthly gross income is \$2,000 social security and \$870 IPERS. Her countable income of \$2,870 exceeds the Medicaid cap for the 300% group. To determine Medically Needy countable income, deduct the \$20 general income exclusion.

Certification period: June - July income

\$ 2,870.00	Gross unearned income
- <u>20.00</u>	General income exclusion
\$ 2,850.00	
\$ 2,850.00	
+ <u>2,850.00</u>	
\$ 5,700.00	Net countable income for the certification period
- <u>966.00</u>	MNIL for the certification period ( $\$483 \times 2$ months)
\$ 4,734.00	Spenddown

Even if spenddown is met, no Medicaid payment will be made to the facility. Mrs. W is responsible for payments to the facility.

2. Mr. Z resides in a nursing facility and is Medicaid eligible. His monthly income is \$737.00 social security and \$564 IPERS. He is eligible for the 300% group (\$737.00 + 564.00 = \$1,301.00). Mrs. Z, the community spouse, has \$600.00 social security, \$200 IPERS, and the Medicare Part B premium of \$104.90 is deducted from her social security check.

Mrs. Z: Determination of unmet maintenance needs.

\$ 2,931.00	Monthly maintenance needs allowance
- 800.00	Mrs. Z's monthly gross income
\$ 2,131.00	Unmet maintenance needs

Mr. Z:

\$ 1,301.00	Total gross income
- 50.00	Personal needs
\$ 1,251.00	Amount that may be diverted to Mrs. Z.

Mrs. Z's Medically Needy determination:

\$ 600.00	Social security income
+ 200.00	IPERS income
+ 1,251.00	Mr. Z's diversion for Mrs. Z's maintenance needs
\$ 2,051.00	Total countable income
- 20.00	General income exclusion
\$ 2,031.00	Net countable income
× 2	Months
\$ 4,062.00	Two months of net countable income
- 966.00	MNIL for one for two months (\$483 × 2)
\$ 3,096.00	Spendedown
- 209.80	Medicare premium (\$104.90 × 2)
\$ 2,886.20	Final spendedown

**APPLYING MEDICAL EXPENSES TO SPENDDOWN**

**Legal reference:** 441 IAC 75.22; 75.1(35)“e”(5); 75.1(35)“f”; 75.1(35)“g”

“Spendedown” is the process in which a Medically Needy person’s excess income is obligated for allowable medical expenses in order to reduce countable income to the household’s MNIL. When incurred medical expenses have reduced income to the applicable MNIL, the conditionally eligible person becomes eligible for Medicaid for the certification period.

When the client meets spenddown at the end of the certification period or after the certification period, request a manual buy-in. To request a manual buy-in, notify the staff in the IME Policy Unit in writing by e-mail to: [jrockey@dhs.state.ia.us](mailto:jrockey@dhs.state.ia.us). Provide the following information on the people whose Medicaid buy-in needs to be processed:

- ◆ Member’s name.
- ◆ SID number.
- ◆ Social security claim number.
- ◆ Months of eligibility for buy-in.

1. Ms. Z applies for Medically Needy on December 11 for the first time. She does not want Medicaid in December. Her social security disability income is projected as follows:

<b>January</b>	<b>February</b>	Her Medicare premium is \$104.90 for each month.
\$800.00	\$800.00	Her Medicare supplement is \$200.00.
		She is over resources for QMB.

In processing the application on January 3, the IM worker determines that since Ms. Z is not already “bought in,” the Medicare premium is allowable as a deduction. The calculation is as follows:

<b>January</b>	+	<b>February</b>	=	<b>Total Period</b>	
\$ 800.00		\$ 800.00		\$ 1,600.00	Gross income
- 20.00		- 20.00		- 40.00	Disregard
<u>\$ 780.00</u>		<u>\$ 780.00</u>		\$ 1,560.00	Net income
- 483.00		- 483.00		- 966.00	MNIL
<u>\$ 297.00</u>		<u>\$ 297.00</u>		\$ 594.00	Spenddown
- 104.90		- 104.90		- 209.80	Medicare premium
- 200.00		- 200.00		- 400.00	Medicare supplement
<u>\$ 00.00</u>		<u>\$ 00.00</u>		\$ 00.00	

Since there is no spenddown in the initial two months, Ms. Z has ongoing eligibility.

When buy-in is reported, the IM worker recalculates the spenddown for the certification period. This causes the ongoing eligibility to be redetermined to a two-month certification period, since the Medicare premium is not allowed as a deduction after buy-in has occurred.

2. Mr. Y is QMB-eligible. He applies for Medically Needy on December 11. He has social security disability income of \$850 and the Medicare premium of \$104.90 is paid by Medicaid.

The IM worker is processing this application on January 3. The IM worker does not allow the Medicare premium as a deduction, since Mr. Y is in the buy-in process. (He is QMB-eligible.) The calculation for spenddown is as follows:

<b>January</b>	<b>+</b>	<b>February</b>	<b>=</b>	<b>Total Period</b>	
\$ 850.00		\$ 850.00		\$ 1,700.00	Gross income
- 20.00		- 20.00		- 40.00	Disregard
\$ 830.00		\$ 830.00		\$ 1,660.00	Net income
\$ 483.00		\$ 483.00		- 966.00	MNIL
				\$ 694.00	Spenddown

3. Mr. Z has \$950 gross social security and is over resources for SLMB. Mr. Z met his spenddown for the April-May certification and buy-in for his Medicare premium occurred in May.

At the end of May, Mr. Z reapplies for Medically Needy for June-July certification. Since buy-in is already in effect and the application is being processed on June 3, no deduction is allowed for the Medicare premium.

<b>June</b>	<b>+</b>	<b>July</b>	<b>=</b>	<b>Total Period</b>	
\$ 950.00		\$ 950.00		\$ 1900.00	Gross income
- 20.00		- 20.00		- 40.00	Disregard
\$ 930.00		\$ 930.00		\$ 1860.00	Net income
\$ 483.00		\$ 483.00		- 966.00	MNIL
				\$ 894.00	Spenddown

Mr. Z is assigned a two-month certification period. If spenddown is never met or is met after the buy-in tape is produced in January, buy-out will occur.

On the next recertification, if buy-in is not in effect, allow the Medicare premium of \$104.90 (except for Part D) as a deduction. Mr. Z's Part D premium is paid by Extra Help for Medicare Part D.

4. Ms. A is now age 65 and has just enrolled for Medicare. As a new Medicare enrollee her Medicare Part B premium is \$104.90. Ms. A applies for Medically Needy and QMB on April 15. Her social security income is \$880 and she has the Medicare Part B premium deducted from her social security check.

The IM worker processes the application on May 5. Ms. A is QMB eligible effective June 1. The IM worker allows the Medicare Part B premium as a deduction for the April - May certification period. The calculation for spenddown is as follows:

<b>April</b>	+	<b>May</b>	=	<b>Total Period</b>	
\$ 880.00		\$ 880.00		\$ 1,760.00	Gross income
- <u>20.00</u>		- <u>20.00</u>		- <u>40.00</u>	Disregard
\$ 860.00		\$ 860.00		\$ 1,720.00	Net income
- <u>483.00</u>		- <u>483.00</u>		- <u>966.00</u>	MNIL
\$ 377.00		\$ 377.00		\$ 754.00	Spenddown
- <u>104.90</u>		- <u>104.90</u>		- <u>209.80</u>	Medicare premium
\$ 272.10		\$ 272.10		\$ 544.20	Final spenddown

Ms. A sends an application to the IM worker on June 2. The IM worker processes the application for the June - July certification period. Mrs. A is now QMB eligible. The Medicare Part B premium is not allowed as a deduction, as Medicaid is paying for it. Ms. A's spenddown for the June - July certification period is \$754.

5. Mr. M applies for Medically Needy and QMB November 2. On November 20, Mr. M is approved for QMB effective December and for a November-December certification for Medically Needy.

Mr. M is a Medicare enrollee and \$104.90 is deducted from his social security check. The Medicare premium of \$104.90 is allowed for a deduction for November but is not allowed for December, because the client is eligible for QMB for December.

### **Personal Care Services in a Residential Care Facility**

**Legal reference:** 441 IAC 75.1(35)“g”(2) 2

In addition to food and shelter, residents of residential care facilities may also receive personal care services from the facility. Any resident of a licensed residential care facility qualifies for this medical expense deduction. Verify the client’s residence with the facility.

“Personal care services” include assistance with activities of daily living, such as preparation of a special diet, personal hygiene and bathing, dressing, ambulation, toilet use, transferring, eating, and managing medication. For purposes of the Medically Needy coverage group, these personal care services do meet the definition of a necessary medical and remedial service.

The medical expenses deduction for personal care services is based on the average per day health care costs for a member in a residential care facility, which currently is \$23.95, or \$728.08 per month.

Allow \$728.08 per month for the cost of medically necessary personal care services provided in a licensed residential care facility as a medical expense deduction from spenddown. If a client is in the residential care facility for only part of the month, prorate expenses for the medical expense deduction, allowing \$23.95 per day.

Do not allow any facility charges for maintenance to meet spenddown, because a residential care facility is not classified as a medical institution.

### **Acupuncture Services**

**Legal reference:** 441 IAC 75.1(3)“g”(2)4

Allow acupuncture services that are necessary medical and remedial service for spenddown. Medicaid does not cover acupuncture services.

### **Expenses Paid by Insurance or Third Party**

**Legal reference:** 441 IAC 75.1(35)“f,” 75.1(35)“g”

When the client has other health insurance coverage and either the provider or the IM worker submits a claim to the IME, the claim must reflect the third-party insurance information and payment, when applicable. The IME will deny payment on claims that do not reflect this information.

It is not your responsibility to make sure the claims carry insurance information. Forward the claim to the IME as submitted. The IME will make a determination regarding third-party insurance involvement.

See the following sections for more information on:

- ◆ [Clients who have Medicare and QMB](#)
- ◆ [Estimating Medicare Part A payments](#)
- ◆ [Estimating Medicare Part B payments](#)
- ◆ [Changes or corrections to insurance payments](#)

### **Clients Who Have Medicare and QMB**

**Legal reference:** 441 IAC 75.1(35)“g,” 75.52(5)

If the client has Medicare and is also eligible for QMB, do not use Medicare claims to meet the spenddown. QMB pays Medicare premiums, deductibles, and coinsurances. The provider will submit the claim to Medicare for payment. Medicare crosses the claim over to Medicaid for payment.

### **Medicare Part A Payments**

**Legal reference:** 441 IAC 75.1(35)“g,” 75.52(5)

If the client has Medicare coverage and is not eligible for QMB, the client may need to meet the Medicare Part A deductible of \$1,216. If the deductible has not been met, the Medicare Part A deductible is used to meet the spenddown.

The provider submits the claim to Medicare for payment. Medicare sends the claim to Medicaid for payment of the deductible amount. This is called “crossover” from Medicare to Medicaid.

Medicare Part A includes the following services:

- ◆ Inpatient hospital charges (room and board, general nursing, and miscellaneous hospital services and supplies).
- ◆ Care in a skilled nursing facility following a hospital stay.
- ◆ Home health care for a homebound person. If the client does not have Medicare Part A, then home health care can be paid under Medicare Part B.
- ◆ Hospice care for terminally ill persons.

### **Medicare Part B Payments**

**Legal reference:** 441 IAC 75.1(35)“g,” 75.52(5)

If the client has Medicare Part B and is not eligible for QMB, the client may need to meet the Medicare Part B deductible of \$147. If the Medicare Part B deductible has not been met, the deductible is used to meet spenddown.

Use the following services to meet the Medicare Part B deductible:

- ◆ Physician services.
- ◆ Physician charges for inpatient and outpatient medical and surgical services and supplies.
- ◆ Physical and speech therapy.
- ◆ Ambulance services.
- ◆ Diagnostic tests, such as X-rays.
- ◆ Outpatient hospital treatment.
- ◆ Blood.
- ◆ Durable medical equipment.
- ◆ Home health care for the homebound if the client does not have Medicare Part A.
- ◆ Clinical laboratory services, such as blood tests, urinalyses, biopsies, etc., provided by a Medicare certified laboratory.