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# MEDICAID FOR ADULTS 65 AND OLDER OR DISABLED WHO DON'T GET SSI

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COLUMBIA LEGAL SERVICES

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***THIS INFORMATION IS ACCURATE AS OF ITS DATE OF REVISION. THE RULES CHANGE FREQUENTLY.***

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## **1. What is the Medically Needy program?**

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The Medically Needy (MN) Medicaid program (sometimes called the “spenddown” program) helps pay medical expenses for certain people who are 65 or older and for certain younger people with disabilities. It is a program for people who don’t get Supplemental Security Income (SSI), General Assistance, or other public financial assistance. Washington’s Department of Social and Health Services (DSHS) administers the MN program.

This pamphlet discusses the Medically Needy program for adults who are 65 and older or disabled. It only discusses the non-institutional MN program. Different rules apply for institutional or long-term care services.

## **2. What is a “spenddown” amount?**

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If you are eligible for the MN program, you can get Medicaid coverage once you incur a certain amount of medical expense during a specific time period. This is called a “spenddown” amount or just a “spenddown.” These terms sometimes cause confusion. It is important to understand that a medical bill does *not* need to be *paid* before the expense it represents can count toward the spenddown

amount; it only needs to be *incurred*. An expense is incurred as soon as legal responsibility for the expense arises.

### ***Examples:***

- If you visit a doctor and receive a \$100 bill, you *have* incurred a \$100 medical expense.
- If you receive a statement for a product or service that has not yet been provided to you, then you *have not* incurred a medical expense.

## **3. Am I eligible for the MN program?**

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You may be eligible for benefits if:

- You are 65 or older or disabled, *and*
- You are a U.S. citizen or meet certain immigrant-status requirements, *and*
- Your income and property (resources) are limited in the ways explained in the answers to questions 4-8 below.

## **4. How much property can I have?**

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The answer depends on whether the property is considered “exempt” or “non-exempt” under MN program rules.

“Exempt property” does *not* affect your eligibility for the MN program. Examples of exempt property include:

- A home (e.g., house, mobile home, condominium) of any value as long as you live in it or intend to return to it;
- A car of any value, if it is used for transportation for you or for another member of your household;
- Household furniture and other household goods, as well as clothing and jewelry for your personal use and personal care items.

“Non-exempt property” *does* affect your eligibility for the MN program. Examples of non-exempt property include cash, bank accounts, and stocks. The limits on non-exempt property are:

- Single individual – \$2,000
- Married couple – \$3,000

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## 5. Can I give away property and still be eligible?

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If you give away property, it will not make you ineligible for the non-institutional Medically Needy program. But giving away property may negatively affect your future eligibility for Medicaid-funded long-term-care services, including nursing-home care and in-home care. It may also affect your eligibility for SSI.

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## 6. How much income can I have when I apply?

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There is no restriction on how much income you can have when you apply for the MN program. However, the more income you have, the more medical expense you will have to incur before coverage will start – in other words, the higher your spenddown amount will be.

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## 7. What is “countable income”?

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When DSHS calculates your spenddown amount, it does not count every dollar of your income. It is important to know what income is not counted.

- DSHS disregards \$20 of income for each individual or married couple. (Even if both spouses apply, there is only one \$20 disregard.)
- Certain amounts of “earned income” are not counted. If an individual applicant, or an applicant’s spouse, has income from work, DSHS will *not* count the first \$65 and will *not* count half of any earned income above the first \$65.

*Example:* If you earn \$265 of monthly income from work, only \$100 will be counted. (\$265 minus the first \$65 is \$200. Half of \$200 is \$100.)

- Income needed to pay certain health insurance premiums is not counted.
- “In-kind support” is not counted. In-kind support includes food, clothing, or shelter that is given to you or that you receive because someone else pays for it.

*Example:* If someone pays your rent for you, the payment of rent is considered in-kind support. It will *not* count as income, and will not affect the calculation of your spenddown amount. By contrast, if someone gives you cash to pay your rent, the cash received *will* count as income.

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## 8. How much of my countable income can be set aside for non-medical expenses?

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DSHS rules set aside a certain amount of your countable income to pay for non-medical expenses such as food and clothing. (The amount corresponds roughly to what you would have if you received SSI.)

The following limits apply to countable income set aside for non-medical expenses:

- Single individual – \$674
- Married couple, both spouses apply – \$674 *total for the couple*
- Married couple, only one spouse applies – \$674 *for each spouse*

*Note:* If you live in an adult family home or an assisted living or adult residential care facility, you can have the amount of income necessary to pay for care in the facility, plus a small personal needs allowance set by DSHS.

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## 9. What is “excess income”?

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To understand how DSHS determines your spenddown amount, you need to understand two additional terms: “excess income” and “base period.”

“Excess income” is the amount of your countable income that exceeds the amount of your income set aside for non-medical expenses. The amount of excess income you have will be used to determine your spenddown amount.

*Example:* Jane is an unmarried applicant with no medical insurance and a total monthly income of \$800 from Social Security. Jane can subtract \$20 that will not be counted for purposes of the MN program (see question 7). This leaves \$780 of countable income. From the \$780, Jane

can subtract \$674 to be set aside for non-medical expenses (see question 8). The result is \$106 of excess income.

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## 10. What is a “base period”?

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A “base period” is the time period used to calculate your spenddown amount. You can choose a base period of either three or six months. Usually, the base period begins the first day of the month in which you apply for MN benefits. Question 14 addresses how to choose between a 3 and 6-month base period.

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## 11. How does DSHS determine my spenddown amount?

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DSHS will multiply your monthly “excess income” (see question 9) by the number of months in your “base period” (see question 10) to determine your spenddown amount.

Monthly excess income × months in base period = spenddown amount

*Example:* Jane’s monthly excess income is \$106. If Jane chooses a 3-month base period, her spenddown amount will be \$318 ( $3 \times 106 = 318$ ). If Jane chooses a 6-month base period, her spenddown amount will be \$636 ( $6 \times 106 = 636$ ). Therefore, in order to become eligible for MN benefits, Jane must incur either \$318 of medical expenses during a 3-month base period, or \$636 of medical expenses during a 6-month base period.

For an approximate calculation of your spenddown amount, you can use the budget worksheet at the end of this pamphlet.

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## 12. When does MN coverage begin?

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For each base period, Medically Needy coverage begins on the day you meet the spenddown amount. The day you meet the spenddown amount marks the beginning of the “certification period.” The certification period is the time during your base period that you are covered by the MN program. The certification period continues through the last day of the base period.

*Example:* Jane had a \$300 spenddown amount for a 3-month base period. On the first day of the base period, she incurred a pharmacy bill of \$100. On the second day, she incurred a doctor bill of \$200. (The doctor provided a medical service and billed Jane, but no payment was made.) With the doctor bill, she reached her spenddown amount. So the doctor bill, which was incurred on the day the spenddown amount was reached, may be covered by the MN program. (Note: if Jane had waited and incurred the pharmacy bill on the same day as her doctor visit, both expenses might have been covered by the MN program.)

Sometimes, the Medically Needy program can cover expenses incurred in the 3 months *before* the month in which you apply. Coverage is only available if you were eligible in those months. To determine eligibility for this earlier period (the “retroactive base period”), DSHS would treat that 3-month period as a separate base period and calculate a spenddown amount for that period.

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## 13. Who is responsible for expenses incurred on the first day of the certification period?

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Although MN coverage begins on the first day of the certification period (the day an

individual meets the spenddown amount), DSHS considers *an expense used to meet the spenddown amount* to be the responsibility of the individual.

*Example A:* Trudy had a \$200 spenddown amount for a 3-month base period. On the first day of the base period, Trudy incurred a doctor bill of \$200 and a pharmacy bill of \$100. With the doctor bill, Trudy reached her spenddown amount, meaning the MN certification period began that day. However, DSHS would consider the doctor bill to be Trudy’s responsibility because it was needed to meet the spenddown amount. The pharmacy bill, however, should be covered by the MN program.

DSHS, however, does not have a system that gives individuals or medical providers (except hospitals) a way to split bills incurred on the first day of the certification period. DSHS is working toward implementing such a system. Until a new system is in place, DSHS is expected to continue to pay bills (except certain hospital bills) in full if they are incurred on the first day of the certification period, *and if the bills are submitted by a provider.*

*Example B:* Trudy had a \$200 spenddown amount for a 3-month base period. On the first day of the base period, Judy incurred a doctor bill of \$400. (The doctor provided a medical service and billed Trudy, but no payment was made.) With the doctor bill, Trudy reached (and exceeded) her spenddown amount. If the doctor submits the bill to DSHS, the entire bill would likely be covered by the MN program (even though part of the bill was needed to reach the spenddown amount).

But what if Trudy had incurred and immediately paid the doctor bill in Example B above? Under DSHS’s interpretation of MN

program rules, a Medicaid provider *may, but is not required* to, refund a payment corresponding to an expense *needed* to reach the spenddown amount. This means that, in some cases, whether or not a medical expense will be paid for by DSHS will depend on whether a medical provider is willing either to not collect from the individual for the service that has been provided (and to bill DSHS), or to refund a payment already made by the individual (and to bill DSHS).

Note that a Medicaid provider *is* required to refund a payment for an expense *not needed* to reach the spenddown amount, if the service was provided within the MN certification period (the period of coverage).

**Example C:** Bert had a doctor's appointment *after* he reached his spenddown amount (his certification period had begun) but *before* he received his Medicaid identification card. If Bert paid the doctor for the appointment, the doctor would be required to refund his payment and bill DSHS instead.

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#### **14. How do I choose between a 3-month and a 6-month base period?**

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First, you should figure out what your spenddown amount would be if you chose a 3-month base period and what it would be if you chose a 6-month base period. (Remember that the base period ordinarily begins on the first day of the month of application.) Next, you should estimate what your medical expenses are likely to be for the next three to six months. In general, it is more convenient to have a longer base period; but sometimes a shorter period will result in more complete coverage.

The DSHS staff should help you decide which base period is best for you.

**Example:** John's monthly excess income is \$30. This means his spenddown amount would be \$90 for a 3-month base period, or \$180 for a 6-month period. John plans to apply for the Medically Needy program next month, and he expects to have a \$100 doctor visit early in the month.

If John chooses a 3-month base period, he will reach the spenddown amount (\$90) on the day of the doctor visit – and that bill may be paid by the MN program (if the doctor will submit it), along with all other bills for services the program covers for the rest of the 3-month period. But if John chooses a 6-month base period and the \$100 doctor bill is the first medical expense during the period, that bill alone would not be enough to reach the 6-month spenddown amount (\$180) and no part of it would be covered.

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#### **15. What will the MN program cover?**

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The Medically Needy program will cover the following medical services:

- physician services
- inpatient and outpatient hospital services
- rural health clinic services
- adult dental care (including dentures)
- clinic services
- home health care
- prosthetic devices
- laboratory and x-ray services
- eyeglasses

The Medically Needy program also covers prescription drugs. However, individuals eligible for Medicare Part D must use that program for most prescription drugs.

The Medically Needy program may also pay the cost of transportation needed to obtain other covered services.

*Note:* Under different rules not discussed in this pamphlet, the Medically Needy program will also cover the following services:

- in-home personal care
- nursing home care
- care in an adult family home, assisted-living facility, or enhanced adult residential facility

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## **16. How do I apply for the MN program?**

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If you want to use the Medically Needy program, you should take the following steps:

- A. Fill out the DSHS application form.** You must apply in writing. You can pick up an application at a local DSHS office, or call to ask to have an application sent to you. You should get a response within 45 days. If you have “excess income,” the response should tell you the amount of your spenddown for the three- or six-month period you have chosen.
- B. Collect copies of all medical bills and submit them to DSHS.** When you incur medical expenses equal to your spenddown amount, you should show the bills, as well as any payments made by Medicare or other insurance, to the financial worker at the local DSHS office. The DSHS office will issue you a Medicaid identification card. It will show the date on which coverage began (which will be *before* the date the card is issued). You can then use the card for medical expenses incurred on or after the date shown on the card and before the end of the base period.

If you have already paid a bill for an expense the MN program would cover on or after the date on the card, you may ask the doctor or other Medicaid provider to reimburse what you have paid and bill

DSHS. If the bill was used to meet your spenddown amount, the Medicaid provider may reimburse your payment and bill DSHS, but is not required to do so.

- C. Reapply every three or six months.** At the end of your base period, you should receive an eligibility review form in the mail. You may re-apply by filling out and mailing in that form. If you don't receive a form in the mail at least a month before your eligibility runs out, you should call DSHS and ask to have one sent to you. You should not have to go to the DSHS office for an in-person interview. When you have completed the form, you can send it back by mail. The DSHS office will notify you of your new spenddown amount. Once you have met it, and turned in your bills, a new Medicaid identification card will be sent for the applicable part of the new 3 or 6-month period.

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## **17. What expenses count toward my spenddown amount?**

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- A.** The following expenses can be used to reach your spenddown amount:
1. Medicare and other health insurance deductibles, co-insurance charges, fees or co-payments, as well Medicare premiums (Other health-insurance premiums approved by DSHS are used in determining the spenddown amount; they are not used to reach it.)
  2. Medical expenses that the MN program does not cover, as long as they were incurred for items or services provided or prescribed by a licensed health care provider

3. Medical expenses incurred within the base period, potentially payable by the MN program, whether or not paid by the applicant, as well as the cost of transportation for medical services (mileage is calculated at \$0.55 a mile if you must drive to obtain services)
  4. Medical expenses incurred in the 3-month period before the current base period whether paid or unpaid, if eligibility was *not* established for that period
  5. Unpaid medical expenses from any period before the beginning of the base period that are still owed by the applicant and that have not previously been counted toward a spenddown amount
  6. Medical expenses (in the categories listed above) of a family member (legally or blood-related) living in the same household as the applicant
- B. When considering how you will reach your spenddown amount, here are some useful things to remember:
1. For a medical bill to be considered an expense, you must only show that you have incurred it and that it is not covered by Medicare or other insurance. The bill can be unpaid. However, if you have simply been given a statement for a product or service that has not yet been provided (so you don't yet have any legal responsibility to pay for it), then the statement does not represent an incurred medical expense.
  2. When possible, plan how you will reach your spenddown amount. If you have a choice about when you incur some of your expenses that can be covered by the MN program, try to group them on one day if that will allow you to meet your expense amount on that day. That way they might be covered. Otherwise try to schedule them on or after the day you will be able to reach your spenddown amount.
  3. Before you reach your spenddown amount, try to purchase needed medical services that the Medically Needy program will *not* cover first. (These expenses will still count toward your spenddown amount if they are provided or prescribed by a licensed health-care provider.) When possible, put off incurring expenses that may be covered by the MN program until the day you will be able to reach your spenddown amount or later.
  4. If you incurred medical bills in the 3 months *before* the month in which you apply but you were *not* eligible for the MN program during that prior period, you can still use those expenses to reach your spenddown for the *current* period of eligibility. (If, however, you *were* eligible for the MN program during that prior period, you could apply for retroactive coverage. See question 12.)
  5. Unpaid medical bills from before the current base period can be used to reach your current spenddown amount if they weren't used to reach an expense amount in an earlier base period. If only part of an old bill is used to reach your spenddown amount in one period, the rest of the bill can be used for another period, if you can show that the bill is still owed. Since these bills are for expenses incurred before the base period, the MN

program will not pay them. But they *will* help you get other bills covered.

6. You should keep copies of all papers showing medical expenses and insurance reimbursements. This includes bills for doctor visits, prescription medication, hospital and nursing care. It also includes expenses that are not usually covered by private medical insurance, such as medically necessary transportation.
7. If you have health insurance, other than Medicare, and *you* pay the premiums, the expected cost of your premiums will be counted in calculating your excess income (and will lower your spenddown amount). Deductibles and coinsurance are counted as medical expenses. If your spenddown amount is less than the cost of your private health insurance premiums, you should seek advice from a Senior Information and Assistance program, or from the Statewide Health Insurance Benefits Advisor (SHIBA) program of the State Insurance Commissioner (1-800-397-4422). They should be able to help you analyze the cost and coverage of your present policy and the potential advantages and disadvantages of dropping your present health coverage.
8. If you paid a Medicaid provider for an item or service payable by the MN program, and the expense was incurred on or after the date you met the expense amount, then you may be entitled to reimbursement. If the expense was incurred after the expense amount was already met, so it was not used to meet the expense amount, then reimbursement is required. If it was used to meet the expense amount, then

reimbursement is permitted but not required. (It is up to the provider.) You may show the Medicaid identification card to the provider and ask that the provider reimburse you and bill DSHS.

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## **18. How do I use my card?**

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To use the Medically Needy program you must go to a medical care provider who accepts Medicaid. Check with your doctor or pharmacist or other health care providers to make sure they accept Medicaid before you receive any care.

To use the Medicaid identification card, just show it to your doctor, nurse or pharmacist or other provider each time you need medical care. They will bill DSHS directly for the cost of the services. When you use your card for drugs or medical services, you should not be obligated to pay any part of the cost.

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## **19. If I qualify for the MN program, will DSHS pay my Medicare premiums?**

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Yes. If you qualify for MN coverage, you will be eligible to have your Medicare premiums paid under one of the State's Medicare Savings Programs.

If you have Medicare coverage and your monthly countable income is below \$903 for a single person or \$1,215 for a couple, then you are eligible for the Qualified Medicare Beneficiary (QMB) program. Under QMB, DSHS pays your Medicare premiums, co-payments, and deductibles for Medicare-covered services. The Medically Needy program would still cover any services not covered by Medicare, such as some prescription drugs, after you reach your spenddown amount.

If you have Medicare coverage and your monthly countable income is too high to qualify for QMB but is below \$1,083 for a single person or \$1,457 for a couple, then you are eligible for the Specified Low-Income Medicare Beneficiary (SLMB) program. Under SLMB, DSHS pays your Medicare Part B premiums.

If your countable income is too high for SLMB but is below \$1,219 for a single person or \$1,640 for a couple, and you receive no other Medicaid, then you are eligible for the Qualified Individual program (QI-1). Under QI-1, DSHS pays your Part B premiums.

If you don't qualify for QMB, SLMB or QI-1, but you are eligible for MN or other Medicaid coverage and are eligible for Medicare Part A coverage, then you may be eligible for the State-Funded Buy-In program. That program pays your Part B premium, and any Part A or Part B coinsurance, deductibles or co-payments.

If you are eligible for a Medicare Savings Program, the Medically Needy program will still cover services not covered by Medicare,

and co-payments for Medicare services, after you reach your MN amount.

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**20. Is there an alternative to MN coverage for workers with disabilities who are under 65?**

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The "Healthcare for Workers with Disabilities" (HWD) program is an alternative. If you work, have a disability, and are under 65, you may wish to consider it instead of the Medically Needy program. HWD offers Medicaid coverage for a monthly premium based on your income. In some cases, premiums are lower than the spenddown amount would be. There are income limits but no resource limits. And HWD covers personal care services (not covered by MN). Also, HWD clients who are also Medicare eligible will have their Medicare Part B premiums covered. More information is available from DSHS or on its web site at the following address:

[fortress.wa.gov/dshs/maa/Eligibility/HWD.htm](http://fortress.wa.gov/dshs/maa/Eligibility/HWD.htm)

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**Medically Needy Worksheet**

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Note: Do not use this worksheet if your spouse has earnings from work and is not applying.

**A. Calculate unearned income:** this includes what *you and your spouse* receive from Social Security, Veterans benefits, other employment pensions, interest from savings, etc.

1. Enter your total unearned monthly income received from all sources.	
2. Subtract \$20.00.	- 20.00
3. Enter the result here, and on line C.1 on the next page. This is your countable unearned income.	

**B. Calculate earned income:** this includes gross earnings from your work or training and net earnings from your self-employment. (Do not use this worksheet if your spouse has earnings and is not applying.)

1. Enter your gross monthly earnings from work or training (the amount before any withholding).	
2. Enter your net monthly earnings self-employment (the amount received after all business expenses are subtracted).	
3. Add gross earnings from B.1 and net earnings from B.2, and enter the result.	
4. Subtract \$65.00.	- 65.00
5. Enter the result (all earnings less \$65).	
6. Divide the amount on line 5 by 2.	
7. Subtract \$20 <i>only if</i> you had no unearned income and did not already subtract \$20 in A.2 above.	
8. Enter the result here and on line C.2 on the next page. This is your countable earned income.	

**C. Determine Medicaid eligibility**

Note the Medicaid income standard in the table below that applies to you.

number of persons	amount
one person	674.00
couple applying together	674.00
couple with only one spouse applying	1,348.00

1. Enter your countable unearned income from line A.3.	
2. Enter your countable earned income from line B.8.	
3. Add the amounts in C.1 and C.2 and enter the total.	
4. Enter the total amount you will have to pay for Medicare premiums or other health insurance premiums for the base period you choose of 3 or 6 months.	
5. Divide the amount in C.4 by 3 or 6, depending on the number of months in the base period you choose and enter the result.	
6. Subtract the amount in C.5 from the amount in C.3 and enter the result.	
7. Enter the amount of the Medicaid income standard that applies to you from the table above.	
<b>If the amount in C.7 is as much as, or more than, amount in C.6, you are eligible for Medicaid with no spenddown and should apply.</b>	
8. If the amount in C.6 is more than the amount in C.7, then subtract the amount in C.7 from the amount in C.6 and enter the result. This result is your <i>excess income</i> .	
9. Multiply your excess income from C.8 by 3 if you choose a 3-month base period or by 6 if you choose a 6-month base period.	x 3 or 6
10. Enter the result. This is your spenddown amount for the base period.	

**You should apply for MN benefits if you think the medical expenses that can be used to reach your spenddown amount will be more than the amount entered on line C.10.**