

The following issues have been asked regarding the Medically Needy coverage group: one month spenddown; a one year application; a shorter application; and a possible premium if income above guidelines.

DEPARTMENT RESPONSE:

One month spenddown and a one year application

The federal regulations would allow for a one month certification period. The spenddown amount would be the difference between a person's net countable income and the Medically Needy Income Level (MNIL) for one month.

With a one month certification period, the spenddown amount would be less. However, there are individuals who may not have enough medical expenses in a one month period to meet spenddown but would have enough medical expenses in a two month period to meet spenddown. These individuals could be given the option of choosing between a one month and two month certification period.

With a one month certification period many clients may not receive a medical card until the end of the month if spenddown is not met until the end of the month. This will limit the amount of time that the individual has to use the card. This would cause a problem for individuals who are ordering durable medical supplies, such as hearing aids, dentures, and eye glasses. If these services are ordered at the end of a month and not received until the next month, the individual will not be able to receive the service until spenddown is met for that month.

Changing from a two month certification period to a one month certification period does not rectify the issue of high spenddown for individuals or the fact the Medically Needy Income Level has not been increased since July 1990.

Iowa could use one application that would remain active for a 12 month period. The Health Care Financing Administration has indicated that the one year application would remain active until a complete certification period has elapsed during which the individual did not actually qualify for Medicaid by meeting the spenddown amount. Providers have 12 months to submit claims that are applied to the spenddown amount. It would be twelve months before we would know that an individual was not able to meet spenddown. When it is determined that spenddown was not met an application would need to be filed.

There are individuals who will not want to be certified for Medically Needy every month. These individuals do not have enough medical expenses to meet spenddown every certification period. These individuals come in for the months that they have high medical expenses and use unpaid medical expenses from the months that they were not certified to meet spenddown. Note: If spenddown is not met for a certification period, federal regulations do not allow the unpaid medical expenses to be used in the following

certification period to meet spenddown. At the time of the application the individual could be given the choice of using the application for a 12 months or for a one month.

There would need to be system changes by the Department of Human Services and it's Fiscal Agent, Conusltec so that income maintenance workers would not need to reenter the spenddown amount every month; to allow for the choice between a one month certification period and a two month certification period; and to allow the individual to choose to have the application be used for one certification period only rather than to continue for the year.

A shorter application

A shorter *Health Services Application* is being jointly developed by the Department of Human Services and Department of Public Health. The shorter application is designed for anyone applying for health coverage (all Medicaid coverage groups including Medically Needy); Supplemental Nutrition Program for Women, Infants, and Children (WIC); and Maternal and Child Health Services. The work group met for the second time February 6 to review the draft copy. Changes have been made to the draft copy. The revised draft copy has been sent to Division of Medical Services legal counsel. The application has been shortened to three pages. The applicant would only need to complete the first two pages. The third page contains information about rights and responsibilities and the applicant's signature.

A possible premium if above income guidelines

The state does have the option to allow the client the choice of meeting the spenddown amount with medical expenses or paying the spenddown amount. The individual is eligible for Medicaid after spenddown is met. The individual who has a high spenddown and does not have enough money to pay providers for medical expenses that are used to meet spenddown will also not have enough money to pay the Department of Human Services the spenddown amount to become Medicaid eligible.

If the state chooses the Pay-in spenddown option the federal requirements are:

- Client has choice as to how spenddown is met:
 - Use incurred medical expenses or pays the spenddown amount to the state.
- Client has to be advised to consider benefits of using the pay-in option based on anticipated Medicaid covered expenses during the certification period.
- Use same certification period for clients who elect the pay-in option as for clients who elect to incur expenses.

- Incurred expenses that occurred prior to certification period are to be used to meet spenddown first. The remaining amount represents the pay-in amount (for clients electing pay-in option).
- Pay-in amount is used to pay for services that are Medicaid covered and non Medicaid covered.

Recipient's spenddown amount must be met prior to services being paid with Medicaid funds.

FFP is available only for expenditures in excess of the amount paid in by the client.

Medicaid covered services paid with the spenddown amount are paid at the Medicaid rate (no FFP received).

- State option: Spenddown amount paid in lump sum amount. If the individual chose a two month certification period the state may allow client to make monthly payments. If monthly payments are allowed spenddown is not considered to have been met until spenddown is paid. Medical assistance cards would not be issued until the spenddown was met (paid).
- State option: For clients that do not incur medical expenses up to the spenddown amount, the state may refund the unused pay-in amount or may apply the unused pay-in amount toward the spenddown amount in the next certification period. The state may choose to elect both options and decide on a case by case basis. State decides which option would be used. The client would not be able to decide which option would be used. Utah and Montana wait 12 months to reconcile the difference between spenddown and claims paid out. Minnesota received a waiver to wait 18 months to reconcile the difference between spenddown and claims paid out. This allows for the time that providers have to submit a claim to the fiscal agent.
- Client allowed to choose or reject the pay-in option on a monthly or a quarterly basis.
- Client has to be given a written explanation of the pay-in option. Client has to choose or reject the pay-in option in writing and this is retained in the record.
- Reasonable methods of administering pay-in collection.

Must have a means of accepting cash.

Payment check; not required to provide services until check has cleared the bank.

- If refund is made, must annually provide a statement to show how much:
 - they have been charged for services
 - they paid toward services
 - Medicaid has paid for those services

37 states have the optional Medically Needy coverage group. Three of these states (Utah, Montana and Minnesota) offer the spenddown pay-in option.

Concern: Providers may tell individuals on Medically Needy with a spenddown that the individual must pay the spenddown amount before the provider will provide them with the service.

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DHS Approval:



(Office of Public Policy)