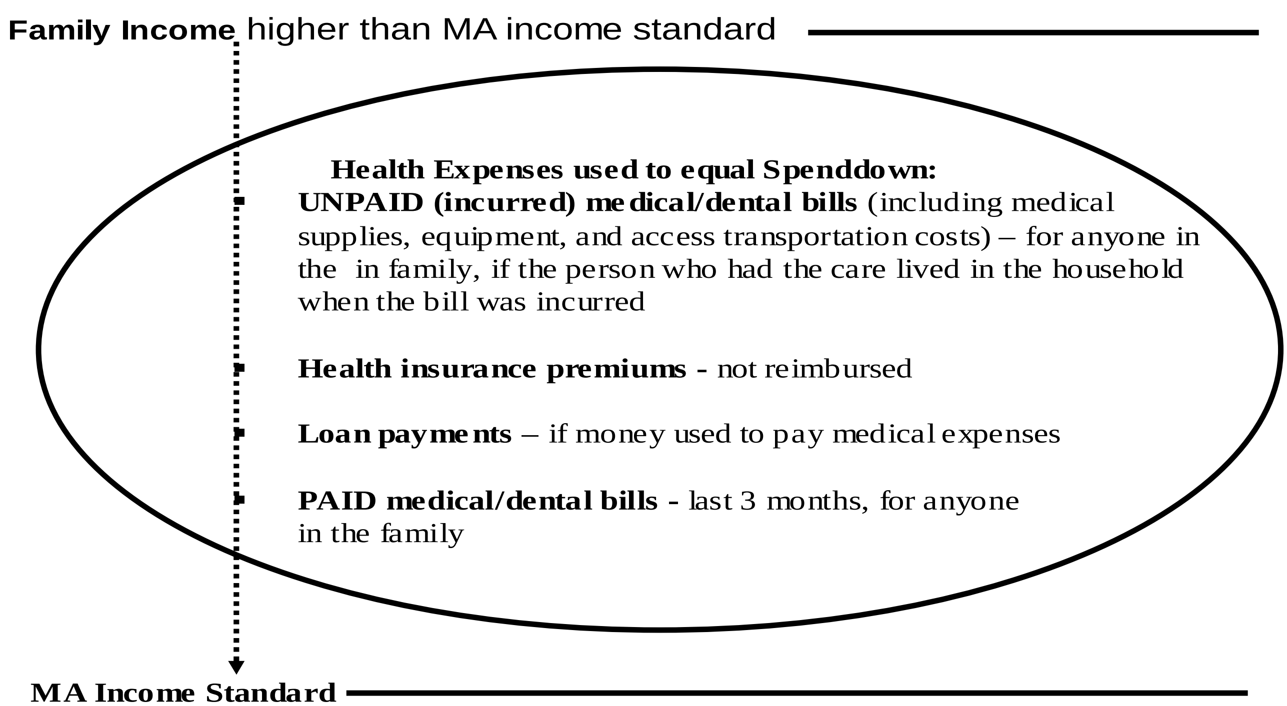
SPENDDOWN

A spenddown is a cost-sharing approach that allows MA (Medical Assistance) eligibility for people whose net income exceeds MA income standards, which are based on the Federal Poverty Guidelines (FPG). **The spenddown amount is the difference between the person's net income and the appropriate MA spenddown income standard.** People with a "families & children" MA basis of eligibility need to spend down to 100% of the FPG. People with a blind, disabled, or elderly basis of eligibility need to spend down to 75% FPG.

The spenddown allows persons to deduct certain health care expenses from their income. A spenddown is like an insurance deductible. The enrollee is responsible to pay the spenddown amount (called the "Recipient amount") to the provider(s). However, **the enrollee does NOT have to have paid the spenddown amount before MA starts coverage**. MA starts to pay on the day the enrollee incurs health care expenses that are equal to or greater than their spenddown amount (called the "Satisfaction date").

Each member of the household may have a different spenddown amount, depending on that member's net income and their Federal Poverty Guideline (FPG) eligibility limit. Some of the same health care expenses may be used to meet each household member's spenddown.



Net health care expenses (not paid by a third party) are used to meet a spenddown. The expense may be used to meet a future spenddown if eligibility for the entire certification period was denied. Any health care expenses the provider writes off or absorbs can NOT be used.

Allowable health care expenses include:

1. **UNPAID health/dental bills** (old bills, including those in collection), past or present, for the client or other allowable family members. These include therapies and medical equipment/supplies, such as wheelchairs. Unpaid bills for services received outside a managed care health plan network, prior to the current MA certification period, are allowable expenses for a spendown. "Allowable family members" include:
   - Client's spouse (if the spouse's income is used to determine the client's eligibility);

- Client's legal dependents (if they are included in the client's household size or would have been included when the bills were incurred).

  ***Example**: Susan applies for MA for herself and Sarah, her 16-year-old daughter. Susan still has a four-year-old unpaid medical bill for her other daughter (Mary, age 19), who has since moved out of the house. Susan can use Mary's unpaid bill toward meeting her spenddown because Mary lived in the household when the bill was incurred.*

- Client's siblings, half-siblings, and step-siblings who are included in the client's household size.
- Parents/stepparents who live with the client if their income is used to determine the client's eligibility or they are included in the client's household size. The family members do not have to be applying or eligible for MA for the client to use their health care expenses to meet a spenddown.

2. **Health Insurance Expenses** (non-reimbursed), 3 months prior to the MA application, including: Private/employer health, dental & long-term care premiums; Indemnity policy premiums; Medicare premiums; MCRE premiums; MA-EPD premiums; deductibles and co-pays.

3. **Loan payments** (owed to a person, financial institution, or credit company) for bills in active collection, for which the money from the loan was specifically paid to a medical provider. [The client may have set up a credit card account only for payment of specific health care expenses.] Only the medical expense portion of the loan can be used (not accumulated interest, late fees, or other related charges.

4. **PAID health/dental bills**, for anyone in the family, incurred during the current certification period (including 3 months prior to application), including out-of-pocket targeted case management expenses and health care access expenses such as transportation to and from a covered MHCP service.

5. **Non covered MinnesotaCare (MCRE) expenses** may be applied to an MA spenddown, if either:
   a) MCRE enrollee with a $10,000 inpatient hospitalization limit, who has an MA basis of eligibility, may be eligible for MA with a spenddown. The amount not covered by MCRE can be applied to an MA spenddown. Or
   b) Clients with an MA spenddown when another household member receives state-funded MCRE. The MCRE premium or managed care capitation amount and health care expenses not paid by MCRE can be used toward the MA spenddown. [State-funded MCRE is for legal guardians/foster parents, non-pregnant adults without children, and certain noncitizens.]

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There are **2 types of spenddowns** (If persons are eligible for more than one type of spenddown, the county will determine which spenddown type allows for MA to pay for more of the household health care.)

1. **6-month spenddown type –** This is the difference between the client's net income for a 6-month period and the applicable FPG for a 6-month period. **The 6-month spenddown is used when both**:
   a) the client's net 6-month income total exceeds the 6-month income standard; and
   b) the client already has health care expenses that equal or exceed the 6-month spenddown amount.

   Applicants must meet the spenddown amount by the end of the application month or the date the application is processed, whichever is later. After the client meets the 6-month spenddown amount, MA can cover care for the remaining portion of the 6-month certification period. If MA covers care 3 months prior to the application date, the coverage goes forward 3 months past the application date, for a total of 6 months (the certification period).

   ***Example**: Joan applies for MA in November. Her income is $100 over the 6-month FPG spenddown standard. To become MA income eligible, Joan will need to have at least $100 in health care expenses* *to meet the spenddown. Joan submits the following medical expenses: July 12th - $10 pharmacy; November 2 - $40 physical therapy (PT) visit; November 3rd - $45 pharmacy; November 5th - $50 PT visit; November 6th - $200 doctor visit Joan's medical bills total $345 (more than enough health care expenses to meet her $100 spenddown). Joan's expenses equaled (exceeded) her spenddown amount at her November 5th PT visit. Joan would be responsible for the following: July 12th pharmacy bill ($10), the November 2nd PT bill ($40), the November 3rd pharmacy bill ($45) and only $5 of the PT visit on November 5th. MA will pay the remaining amount ($45) of the November 5th PT visit, the $200 clinic visit on November 6th, and any other MA covered benefits for the remainder of her 6 month certification period. At the end of the 6 month certification period, Joan will need to reapply.*

2. **Monthly spenddown type –** This is the difference between the total net income a client receives in a month and the applicable FPG standard for a single month. This spenddown amount is applied to each month of the certification period when the monthly income exceeds the FPG standard in a given month. **The monthly spenddown is used when both**:
   a) the client can't meet a 6-month spenddown or chooses not to use a 6-month spenddown; and
   b) the client can meet the spenddown in at least one month during the application processing period, including any retroactive month, the application month, or a subsequent month that falls within the processing period.

   There is no "Satisfaction date" for a monthly spenddown. MA will pay all other claims for that month, submitted by providers, once the recipient amount is met for that month. [If the client does not have anticipated medical bills to meet the monthly spenddown in the next certification period consider MinnesotaCare eligibility.]

   Example*: Jerome is on RSDI due to a disability. His medical expenses include a 4-month old unpaid doctor bill ($50), a monthly health insurance premium ($50), monthly prescription cost ($200/month), and a prescription cost of $175 every other month. Jerome's monthly spenddown amount is $400 (he doesn't have enough allowable health care expenses to meet a 6-month spenddown, but he does have enough in recurring health care expenses to meet his monthly spenddown, for at least one month of the certification period). Jerome will have a recipient amount (what he is responsible for) of $200 for the 1st month of the certification period and $250 for the remainder of the certification period. He will be responsible for the $50 health insurance premiums monthly, and the 4-month old unpaid ($50) doctor bill. He meets the spenddown in the months he fills the $175 prescription (every other month).*

A form ("Medical Expenses Request", DHS #1844) is available from your county financial worker to help you organize the required health care expenses. You will need to verify the expenses reported on the form, using copies of bills from your provider(s), or copies of your Explanation of Benefits (EOB) from third party payors, or in some cases, the county financial worker can contact the provider directly. Once persons have met their spenddown amount, the county financial worker sends an Explanation of Medical Benefits (EOMB) to the enrollee. The EOMB lists health care expenses submitted by providers, which medical bills were used to meet the spenddown amount and which bills the enrollee is responsible to pay.

Some programs DO NOT have a spenddown option, including, but are not limited to:
1) MA-EPD (MA for Employed Persons with Disabilities);
2) MA for "automatic newborns" (they have no income limit);
3) MinnesotaCare (MCRE);
4) GAMC (General Assistance Medical Care).