Medicaid Spenddown

Make Medicare Work Coalition Webinar – February 25, 2016

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Presented By:

AGEOPTIONS

Connecting Older Adults with Community-based Resources and Options
What we will cover today:

• What is Medicaid?
• AABD/SPD Medicaid Eligibility
• Medicaid Spenddown
  – Income and Asset Spenddown
  – Using Medical Bills and Receipts to Meet Spenddown
  – “Pay-In” Spenddown
• How to apply for Medicaid with a Spenddown
What is Medicaid?

• Health insurance program **administered by the Illinois Dept. of Healthcare and Family Services (HFS)**

• **Illinois Dept. of Human Services (DHS) takes applications and determines eligibility**

• **Pays for most medical care** for individuals and families with low income and limited resources

• Payer of **last resort**
  – If someone has Medicare or other insurance, that always pays first
  – Medicaid functions as a “wrap around” for other coverage
AABD/SPD Medicaid Eligibility

• Age 65 or older OR Blind OR Disabled

AND

• U.S. Citizen or Qualified Non-Citizen
  *more information on slide 6*

AND

• Illinois resident

AND

• Meet income and asset standards – see next slide
  *This is where spenddown is relevant*
AABD/SPD Medicaid Eligibility

• **Income Limit (2016)**
  – 100% of Federal Poverty Level (FPL)
  – $1,015 for one person *or* $1,360 for a married couple
    (Note: Medicaid’s $25 income disregard is included in these amounts)

• **Asset Limit (2016)**
  – $2,000 for one person *or* $3,000 for a married couple
  – Excludes home, one car
  – Up to $1,500 pre-paid burial plan or life insurance policy may be exempt from asset limit

• If applicant is over the AABD/SPD income and/or asset limit, may “spend down” for help
AABD/SPD Medicaid Eligibility

• “Qualified Non-Citizens”:

Who is a “Qualified Non-Citizen”?

• Specific list includes:
  – Lawful Permanent Residents (LPRs or green card holders)
  – Asylees and Refugees
  – Cuban/Haitian entrants
  – Parolees for more than 1 year
  – Battered non-citizens, spouses and children
  – Victims of trafficking
  – Veterans and active military, and their spouses and children

• Note: Many of these groups are exempt from the 5 year waiting period

Slide image taken from Centers for Medicare and Medicaid Services (CMS) training on Eligibility for Non-Citizens in Medicaid and CHIP:
AABD/SPD Medicaid Eligibility

- **Important Note:** Most people with disabilities under age 65 will now be put into the ACA Adult Medicaid program until they become eligible for Medicare.
- ACA Adult Medicaid has a higher income limit than AABD (138% of the federal poverty level) and has no asset limit.
- People on ACA Adult Medicaid are entitled to the same benefits as people on AABD/SPD Medicaid.
- If someone has income greater than 138% FPL and otherwise qualifies for AABD/SPD Medicaid, can utilize AABD/SPD spenddown program.
Medicaid Spenddown
Medicaid Spenddown

• Helps people who are over income and/or asset eligibility limits qualify for Medicaid

• Amount of spenddown depends on a person’s income and assets (must spend income/assets down to AABD/SPD Medicaid eligibility limit)
  – DHS caseworker determines how much someone’s spenddown amount will be at time of Medicaid application

• Medicaid will pay for medical care when a person can show that he or she has paid or unpaid medical bills equal to their spenddown amount
  – Bills are adjudicated to ensure that another payer (e.g., Medicare or other insurance) is not responsible for the bill
    • Tip: Use Medicare Summary Notice or Explanation of Benefits!
Income Spenddown

Income Spenddown Amount = Monthly Countable Income - Medicaid income eligibility limit
Income Spenddown

• Can meet income spenddown in 3 ways:
  – Using paid or unpaid medical bills (must be adjudicated)
  – “Pay In” monthly amount by sending payment to HFS*
  – Combination of medical bills and “Pay-In” spenddown*

* Must enroll in “Pay-In” Spenddown program to use Pay-In or Combination options

• Must meet income spenddown each month to get Medicaid for that month

• Most people must meet monthly income spenddown amount at least one time every three months after initial six months of enrollment to stay in the program
  – Exception for people with SLIB/SLMB or QI coverage
Asset Spenddown

Asset Spenddown Amount = Countable Assets - Medicaid asset eligibility limit
Asset Spenddown

• Can meet asset spenddown in two ways:
  – Using paid or unpaid medical bills
  – Spend down assets until under AABD/SPD asset eligibility limit
  
  **CAUTION:** Medicaid has 60 month look back period for asset transfers

• Must meet asset spenddown **once** each year (until Medicaid redetermination/re-application)
Spenddown Example

David is single, 67 years old, and has Medicare coverage. He has monthly countable income of $1,200. David also has $2,500 in his checking account, and a life insurance policy with a $1,500 face value. What are his income and asset spenddown amounts?

**Income:** $1,200
- $1,015 (Medicaid income eligibility limit)
  
  $185 monthly income spenddown

**Assets:** $4,000
- $1,500 (life insurance exempt)
- $2,000 (Medicaid asset limit)

  $500 one-time asset spenddown

How can David meet his income and asset spenddown?
Using Medical Expenses to Meet Spenddown

- Can use unpaid bills and/or receipts for medical services and supplies including:
  - Medical services that are medically necessary (e.g., doctor, hospital, nursing home, home health, dental, chiropractic, etc.)
  - Eyeglasses
  - Medical supplies and equipment
    - Over the counter drugs or supplies must have been ordered by a physician
  - Health insurance premiums, including Medicare Part B, Part D and Medicare Supplement Premiums
  - Any co-pays or deductibles for medical care and prescriptions
  - Cost of services received through the Community Care Program (CCP), Division of Rehabilitation Services (DRS) or Developmental Disability (DD) Home and Community-Based Waiver Services
  - Transportation to and from medical services
  - Costs to secure and maintain a service animal
Using Medical Expenses to Meet Spenddown

- You can use your own medical bills, as well as bills for those whom you are financially responsible for (spouse and children under 18 living with you)
- You can only use bills or receipts for medical services or supplies **one time** to meet your spenddown (the same bill/receipt cannot be used repeatedly)
- If you do not have enough unpaid or paid bills to meet your spenddown for one month, you can add multiple bills together and use those bills to meet spenddown in a future month (as long as each of the bills is dated within the last 6 months)
Using Paid Medical Bills (Receipts) to Meet Spenddown

• You can use paid bills to meet spenddown for up to six months after the service was provided.

• You can qualify for up to 6 months of Medicaid if your receipts for paid bills equal more than one month of your spenddown amount (e.g., a $1,500 bill paid by someone with a $200 spenddown could be used to meet that person’s spenddown for 6 months).
Using Unpaid Medical Bills to Meet Spenddown

• Can use unpaid bills, no matter how long ago the bill was incurred
  – Must be a current bill with a billing date within 6 months of the month that the client wants coverage *(Can ask provider for new bill if dated longer than 6 months ago)*

• Large unpaid bills can be used to meet several months of spenddown in a row (no limit on how many months you can meet with one bill)

• If you use an unpaid bill to meet your spenddown in one month, you cannot use a receipt for the payment of that bill to meet spenddown in a later month

• AABD/SPD Medicaid allows for up to 3 months of retroactive eligibility. If someone applies for Medicaid (with a spenddown) and can meet their spenddown amount(s) for up to 3 months before their date of application, Medicaid will pay unpaid bills incurred during that period (if requested).
Split Bills and Spenddown

• If an unpaid bill is submitted for an amount greater than the amount needed to meet Spenddown, the DHS caseworker will process the bill as a “split bill” unless specifically instructed otherwise.

• “Split bill” means that the spenddown amount will be deducted from the bill (and the client will be responsible for that portion), then Medicaid will pay the remainder of the bill.

• EXAMPLE:

  Medical Bill: $1,000  Client’s Spenddown Amount: $200

  $200 will be applied to spenddown (client will be responsible for that portion of the bill)

  Medicaid will pay remaining $800 of the bill
Split Bills and Spenddown

• In order to be processed as a “split bill,” a bill must be:
  – Unpaid
  – For a Medicaid covered service and provided by a service provider who accepts Medicaid payment
  – For a service provided in a month that the client is enrolled in the Medicaid spenddown program
  – Incurred in the month that the client wishes to use the bill to meet spenddown (cannot use “split” bills in order to meet spenddown for a future month)
Pay-In Spenddown Program

• You must first be enrolled in the Pay-In Spenddown program
  – Call the Health Benefits Hotline at (800)226-0768 and ask for the Pay-In
    Spenddown Unit to apply (will need to mail in an enrollment form)

• You may “pay-in” the spenddown amount (sort of like a premium) to receive medical care in the following month
  – May “pay-in” the entire spenddown amount if you do not have any medical bills, or if you do not have enough medical bills to meet spenddown, you may “pay in” the difference.
  – If using combination method, send medical bills to DHS caseworker, not Pay-In Unit
  – Send in pay-in amount the month BEFORE you want coverage (e.g., send in pay-in amount in February to have coverage in March)

• You will receive a Pay-In Spenddown Statement each month with the amount that you need to pay in

• If you will not need care for a specific month, do not send in the pay-in amount or medical bills to DHS to meet spenddown
How to Apply for Spenddown
First: Decide Which Month You Want to Use Spenddown

• Do you have enough medical bills to meet your spenddown every month? (Can submit bills every month to receive coverage moving forward)

• Do you want an unpaid bill to be paid for by Medicaid? (If so, can apply for Medicaid and request up to 3 months retroactive coverage, as long as you can meet spenddown for those months using other bills/receipts.
  – If you cannot meet spenddown for past months, you can apply the unpaid bill toward spenddown in a later month.

• Do you have a scheduled procedure in the near future that you would like coverage for? (Can request future coverage up to 6 months from date of application)

• Do you want to receive assistance from the Extra Help program? (Explained on next slide)
Medicaid and Extra Help

• If someone with Medicare also has Medicaid (even for 1 month through Spenddown program), s/he will be automatically be enrolled in full Extra Help/LIS
  – No premiums, deductibles or donut hole
  – Pay $1.20 generic or $3.60 brand name copays in 2016
  – Pay $0 if living in a nursing home or Community Integrated Living Arrangement or receiving Medicaid home and community-based waiver services (e.g., Community Care Program services)

• Join a Medicare Part D plan or one will be assigned to you

• If you apply for Medicaid before July, you will receive Extra Help for the rest of that calendar year

• If you apply for Medicaid in or after July, you will receive Extra help the rest of the current calendar year, and the entire next calendar year
Submit Medicaid Application

• Apply using ABE or paper application
• Submit application and copies of medical bills (and/or Explanations of Benefits) being used to meet spenddown, along with a cover letter explaining how you wish to use each medical bill/receipt to qualify
  – See our webpage here for a DHS cover sheet template: http://www.ageoptions.org/services-and-programs_MMW-MedicaidandManagedCare.html
• Indicate which month you would like Medicaid coverage on the application and cover letter (otherwise coverage will usually begin the first month in which medical expenses or payments add up to spenddown amount)
• Write Social Security number on every page of application (if filing on paper) and on every supporting document
Where to Apply

• https://abe.illinois.gov/

• Apply in person or mail application to local DHS Family Community Resource Center (FCRC)
  – To locate a local FCRC, go to www.dhs.state.il.us
Resources

• AgeOptions ABE Toolkit has links to helpful forms, DHS policies, tips for professionals, etc. that pertain to spenddown:

  http://www.ageoptions.org/services-and-programs_ABEToolkit.html

  – Link to Form HFS2538XC, which explains how to use Community Care Program services to meet spenddown
  – ABE Application cover sheet and instructions
  – Link to DHS Policy PM 15-08-06 (using bills to meet spenddown)
  – Specific Spenddown tips in the “Tips and Best Practices” section
Resources

• HFS Brochure about Spenddown:
  – English: https://www.illinois.gov/hfs/info/Brochures%20and%20Forms/Brochures/Pages/HFS591SP.aspx
  – Spanish: https://www.illinois.gov/hfs/info/Brochures%20and%20Forms/Brochures/Pages/HFS591SPS.aspx

• MMW Topical Brief on Medicaid Spenddown and dual eligibles (people with both Medicare and Medicaid): http://www.ageoptions.org/services-and-programs_MMW-MedicaidandManagedCare.html#SpenddownBrief
Thank you!

For more information and resources, visit our MMW webpage about Medicaid and Managed Care at:
http://www.ageoptions.org/services-and-programs_MMW-MedicaidandManagedCare.html