

H-1040 SPEND-DOWN MEDICALLY NEEDY—LONG TERM CARE - SSI-RELATED**H-1041 ELIGIBILITY DETERMINATION PROCESS**

A person who resides in an LTC facility whose income is over the SIL may be eligible for MNP LTC Spend-down. There are 2 MNP LTC spend-down type cases. These type cases are used when all other factors of LTC eligibility have been explored and found to be within eligibility standards as listed in section H-830 and H-831.

A Type 25 is used for an individual whose income is over the SIL and the excess income is spent down using allowable incurred medical expenses (Medicare co insurance, hospital bills, etc), insurance premiums and the projected Medicaid Facility Rate. If the individual's income is spent down using the incurred expenses and the projected Medicaid Facility Rate, Medicaid eligibility begins the first day of the month. Vendor payment begins the first day of Medicaid only billing. The projected Medicaid Facility Rate should be prorated if the individual was not in the facility for the entire month.

A Type 22 is used for an individual whose income is over the SIL and the excess income cannot be spent down using allowable incurred medical expenses (Medicare co insurance, hospital bills, etc), insurance premiums and the projected Medicaid Facility Rate. The excess income may be spent down using a combination of the actually incurred daily private facility fee and a proration of the Projected Medicaid Facility Rate.

After reviewing for a type 22, if eligibility is not established at that point, the eligibility process should be continued to determine if individual could meet spend-down later in the month or the next month.

Example:

Individual entered the nursing facility on the 15th of a month. The prorated Projected Medicaid Facility Rate does not spend the individual down for the month of entry. If using the actual private rate does not spend the individual down for the month of entry, the application should be held for the next full month to determine if the individual can spend down using full month's expenses.

Individuals certified under the Spend-down MNP LTC type cases may be eligible for vendor payment to the LTC Facility. (No vendor payment

is authorized to the LTC facility if the post PLI eligibility determination results in Liability that exceeds the facility Rate).

Determine eligibility by applying the following criteria. The elements have been listed in the most logical order, but work on all steps simultaneously.

H-1041.1 Determine Assistance/Benefit Unit

The assistance/benefit unit consists of the applicant/recipient.

H-1041.2 Establish Categorical Requirement

Verify that the applicant/recipient is:

- aged,
- blind, or
- disabled.

Refer to E-0000, Category.

H-1041.3 Establish Non-Financial Eligibility

Verify eligibility for each member of the assistance/benefit unit with regard to the following factors:

- Assignment of Third Party Rights I-100
- Citizenship/Identity/Alienage I-300
- Continuity of Stay I-400
- Enumeration I-600
- Medical Certification I-1000
- Residence I-1900
- SES Referral I-2000

H-1041.4 Establish Need**A. Determine Composition of the Income/Resource Unit**

For the month of admission only, the income/resource unit consists of the:

- institutionalized applicant/enrollee,
- applicant/recipient and ineligible spouse living in the home,
- institutionalized applicants/recipients who are a couple, or
- applicant/enrollee who is a minor and his parent(s) living in the home.

After the month of admission, the income/resource unit consists of the institutionalized individual.

Consider eligibility for Spend-down MNP-LTC based on monthly figures.

B. Determine Need/Countable Resources

Determine countable resources of the income/resource unit. Refer to H-831.4C and I-1630, Need - SSI-Related Resources.

Compare countable resources to the SSI resource limit for the number in the income/resource unit. Refer to Z-900, Charts. The resource standard in MNP-LTC is the SSI resource standard.

If resources were disposed of within **60** months prior to application, refer to 1-1670, Need-SSI-Related Resources, Transfer of Resources for Less than FMV. If the applicant/recipient is ineligible for vendor payment because of a transfer of resources for less than the FMV, consider eligibility for Medicaid benefits without vendor payment (Type Case 51).

If countable resources are greater for an individual than the SSI resource limit, the applicant/recipient is ineligible for MNP-LTC. If countable resources for an individual with a legal spouse in the community are greater than that the SSI resource standard, refer to I-1660, Spousal Resource Section and Z-800 Charts.

If resources are equal to or less than the limit, continue the determination of need.

C. Eligibility Determination of Need/Countable Income

The MNP-LTC applicant's countable income, after certain deductions, must be equal to or less than the MNIES for the number of persons in the income unit.

Budget Steps

- Step 1. Determine gross unearned income for the individual, excluding VA Aid and attendance.
- Step 2. Subtract \$20 SSI disregard per income unit, if applicable.
- Step 3. Determine gross earned income for the individual. Subtract any remainder of the \$20 SSI disregard from gross earnings.
- Step 4. Subtract earned income deduction from the remaining gross earnings of the income unit if the earnings meets the criteria as set forth in section I-1536-- SSI Related Income Deductions. The earned income deduction is \$65 and one half of the remainder of the earnings.
- Step 5. Combine the remainders in Step 2 and Step 4.
- Step 6. Subtract the MNIES from the remaining income
- Step 7. Determine allowable medical bills, as listed in H-1011.5 and H-1011.6

Note:

MNP regulations allow the state to project the LTC Medicaid Facility Rate for MNP-LTC spend-down purposes. Regulations do not allow the state to project medical and remedial care expenses that are not for institutional care. SNF co insurance is not considered an institutional expense for MNP purposes and may not be projected to reduce excess income in LTC spend-down determinations. SNF co insurance charges are allowable medical expenses to use in spend-down once they are incurred.

Example:

Income is over the SIL and the individual is SNF on Medicare co insurance, and therefore not eligible for

Medicaid co insurance. Consider for spend-down (type 21) after co insurance expenses are incurred. There is no spend-down for Medicaid co insurance (type 63). If the person goes from Medicare co insurance to Medicaid only during the month the case should be looked at in LTC/MNP (type 25 or 22). Effective the 28th of the month the person's status changes from Medicare co insurance to Medicaid. The co insurance charges for the 27 days on co insurance along with the projected Medicaid expenses for the remainder of the month should be used in the spend-down budget.

- Step 8 Subtract allowable health insurance premiums. Refer to page 3 of I-1536. Refer to H-1011.5, Bills Allowed in the spend-down process.

Note:

Liability for health insurance premiums arises in the month payment is due, rather than in the month (or months) for which coverage is purchased. Premiums must be paid by the applicant/recipient.

Example:

Wife enters a nursing facility and her supplemental medical insurance premium is taken out of her husband's retirement check. This would not be an allowable deduction.

- Step 9 Subtract allowable paid and unpaid bills **, in chronological order, oldest to most recent.

Note:

Only unpaid medical bills for services incurred within 3 months prior to the application month may be used in the spend-down process. Refer to H-1011.5, Bills Allowed in the spend-down process.

- Step 10 Subtract the current monthly Medicaid Facility Rate. The daily Medicaid Facility Rate is located on the Medicaid Portal under Reference Charts & Reports Nursing Home Rates. To determine the monthly Medicaid Facility Rate multiply the daily rate for the facility times 365 and divide by 12. This amount is used for a full month.

Note:

For month of admission the Facility Rate must be prorated

using the number of days an individual is in the facility in the month of entry, if the applicant is not admitted on the first day of the month.

Example:

Individual admitted on the 28th of the month. The prorated expense for the partial month is determined by multiplying the daily Medicaid Facility Rate times the number of days remaining in month including the date of admission.

Example:

The individual was in a facility on Medicare co insurance. His co insurance ended the 17th day of January. The gross monthly income was \$4275.40. The \$20.00 standard deduction, MNIES (\$92.00 rural parish), and Medicare insurance premium of \$96.40 are subtracted from the gross monthly income. The monthly spend-down liability is calculated to be \$4067.00. The incurred co insurance expense is \$2337.50 (137.50 per day X 17 days). The projected prorated Medicaid Facility Rate for the month is \$1797.88 (\$128.42 per day x14 days). The incurred medical expenses and the prorated projected monthly Medicaid Facility Rate are sufficient to meet the spend-down liability.

\$4275.40	Gross monthly income
- 20.00	Standard Deduction
<u>\$4255.40</u>	
- 92.00	MNIES for 1 person
<u>\$4163.40</u>	
- 96.40	Medical Insurance (Medicare)
<u>\$4067.00</u>	
\$4067.00	Monthly spend-down liability
-2337.50	Co insurance expense for 17 days
<u>\$1729.50</u>	
-1797.88	Prorated Medicaid Facility Fee
<u>.00</u>	

If the remaining income is 0, the individual has spent down to the MNIES for 1 and is eligible for MNP LTC Type 25 spend-down (Over the SIL and under the Medicaid Facility Rate). Proceed with the PLI determination (H-1041.5).

If there is remaining income the individual should be considered for Type 22 MNP LTC (Over the SIL and Over the Medicaid Facility Rate). Continue with section D. below.

D. Eligibility Determination of Need/Countable Income for Individuals over the SIL and over the Medicaid Facility Rate (Type 22).

Follow steps 1 through 9 above (Section C. Eligibility Determination of Need/Countable Income over the SIL and below the Medicaid Facility Rate) and proceed to step 10 below.

Step 10. Subtract the current daily private Facility Rate and any other medical expenses incurred on a daily basis in chronological order. The daily private rate is used until the excess income is less than the prorated balance of the Medicaid Facility Rate.

Example #1:

The individual is in the facility as of the 1st day of a 31 day month. The gross monthly income was \$4208.40. The \$20.00 standard deduction, MNIES (\$92.00 rural parish) and Medicare insurance premium of \$96.40 are subtracted from the gross monthly income. The monthly spend-down liability is calculated to be \$4000.00. The projected Medicaid Facility Rate for the month is \$3906.11 (\$128.42 per day). The current private rate is \$4106.25 per month (\$135.00 per day). Since incurred medical expenses and the projected monthly Medicaid Facility Rate are not sufficient to meet the spend-down liability, the individual is not eligible. However, after remaining in the institution for 3 days the individual has actually incurred expenses of \$405.00 at the private rate (\$135.00 X 3). The projected Medicaid facility fee at the Medicaid rate for the remaining days in the month is \$3595.76 (\$128.42 X 28 days). Thus as of the 4th day of the month the combination of actually incurred bills (\$405.00) plus the projected expenses at the Medicaid rate (\$3595.76) equal the spend-down liability (\$4000.00) and the individual is eligible effective the 4th day of the month.

\$4208.40	Gross monthly income
<u>- 20.00</u>	Standard deduction
\$4188.40	
<u>- 92.00</u>	MNIES for 1 person

\$4096.40	
<u>- 96.40</u>	Medical Insurance (Medicare)
\$4000.00	
\$ 4000.00	Monthly spend-down liability
<u>-3906.11</u>	Projected Medicaid Facility Rate
\$ 93.89	Spend-down liability not met
\$ 4000.00	Monthly spend-down liability
<u>- 135.00</u>	Daily private rate for Day 1
\$ 3865.00	Remaining spend-down liability
<u>- 135.00</u>	Daily private rate for Day 2
\$ 3730.00	Remaining spend-down liability
<u>- 135.00</u>	Daily private rate for Day 3
\$ 3595.00	Remaining spend-down liability
\$ 3595.76	Prorated Projected Medicaid Facility Fee
.00	Spend-down met on the 4 th day of the month.

Example #2:

The individual entered the facility on the 17th day of January. The gross monthly income was \$4208.40. The \$20.00 standard deduction, MNIES (\$92.00 rural parish), and Medicare insurance premium of \$96.40 are subtracted from the gross monthly income. The monthly spend-down liability is calculated to be \$4000.00. The projected Medicaid Facility Rate for the month is \$3906.11 (\$128.42 per day). The private rate is \$4106.25 per month (\$135.00 per day). The incurred medical expenses and the prorated projected monthly Medicaid Facility Rate (\$128.42 X 15 = \$1926.30) are not sufficient to meet the spend-down liability. The incurred medical expenses and the prorated private rate of \$2025.00 (\$135.00 X 15), are calculated and are not sufficient to meet the spend-down liability, the individual is not eligible for the month of entry.

\$4208.40	Gross monthly income
<u>- 20.00</u>	Standard Deduction
\$4188.40	
<u>- 92.00</u>	MNIES for 1 person
\$4096.40	
<u>- 96.40</u>	Medical Insurance (Medicare)
\$4000.00	

\$4000.00	Monthly spend-down liability
<u>-1926.30</u>	Prorated Projected Medicaid Facility Fee
\$2073.70	Spend-down liability not met

\$4000.00	Monthly spend-down Liability
<u>-2025.00</u>	Prorated Private Rate
\$1975.00	Spend-down Liability not met and the individual is not eligible for the month of entry.

Example #3:

The individual is in a facility on Medicare co insurance and has income over the SIL, not eligible for Medicaid co insurance (Type 63). On the 4th of January he ends co insurance and goes to Medicaid only. The gross monthly income was \$4600.40. The \$20.00 standard deduction, MNIES (\$92.00 rural parish), and Medicare insurance premium of \$96.40 are subtracted from the gross monthly income. The monthly spend-down liability is calculated to be \$4392.00. The co insurance bills incurred for 3 days at 137.50 a day is \$412.50. The projected Medicaid Facility Rate for the remainder of the month is \$3595.76 (\$128.42 per day X 28 days). The incurred medical expenses and the projected Medicaid Facility rate are not sufficient to meet spend-down liability. The incurred medical expenses and the prorated private rate of \$3780.00 for the remainder of the month (\$135.00 per day X 28 days) are calculated. The incurred medical expenses and the prorated private rate are not sufficient to meet the spend-down liability.

\$4600.40	Gross monthly income
<u>- 20.00</u>	Standard Deduction
\$4580.40	
<u>- 92.00</u>	MNIES for 1 person
\$4488.40	
<u>- 96.40</u>	Medical Insurance (Medicare)
\$4392.00	

\$4392.00	Monthly spend-down liability
<u>- 412.50</u>	incurred co insurance charges
\$3979.50	
<u>- 3595.76</u>	Prorated Projected Medicaid Facility Fee
\$ 383.74	Spend-down liability not met
\$4392.00	Monthly spend-down liability
<u>- 412.50</u>	incurred co insurance charges

\$3979.50	
<u>-3780.00</u>	Prorated Private Rate
\$ 199.50	Spend-down Liability not met.

If the remaining income is 0, the individual has spent down to the MNIES for 1 person and is eligible for MNP LTC Type 22 Spend-down (Over the SIL and over the Facility Fee). Proceed with the PLI determination.

The spend-down date is the date the excess income can be spent down using the remaining prorated Medicaid Facility Fee. A Form 110- MNP is required for this type case. Refer to H-1041.8.

If there is remaining income after allowable incurred medical expenses have been considered in the budget process the client is not eligible for Medicaid. Send notice of ineligibility.

H-1041.5 Determine the PLI for MNP LTC over the SIL

Determine the PLI for the month of admission and following months.

- Step 1** Determine total countable monthly income.
 - Step 2** Total the unearned income. Include VA Aid and Attendance.
 - Step 3** Total the gross earned income. Subtract 65 plus ½ the remainder
 - Step 4** Add the total countable unearned income and countable earned income.
 - Step 5** Deduct the personal care needs allowance. Refer to Chart Z-700.
- Note:**
The reduction of the VA Improved Pension to a maximum of \$90.00 is protected income and does not replace the personal care need allowance. Allow \$128.00 PCN when VA actually reduces the pension to \$90.
- Step 6** Deduct Medical insurance premiums - Refer to Page 3 of I-1536, Need-SSI Related Income deductions.
 - Step 7** Deduct any allowance for the community spouse and for dependents living in the home prior to admission. Refer to

pages 4 and 5 of I-1536, Need-SSI Related Income deductions. The remainder is the patient liability for the enrollee.

If patient liability is:

- Equal to or greater than the Medicaid facility fee, certify the enrollee for Medicaid without vendor payment to the facility or
- Less than the Medicaid facility fee, certify the enrollee for Medicaid with vendor payment to the facility. For LTC Spend-down MNP (type 22) certifications the start date will be the date as determined in Section D (Eligibility Determination of Need/Countable Income for Individuals over the SIL and Over the Medicaid Facility Rate). The certification start date, the segment start date and the spend-down date on the Form 110-MNP should all be the same date.

H-1041.6 Certification Period

Certification for Spend-down MNP LTC Type 25 may not exceed twelve (12) months.

Note:

Although the instructions allow a twelve (12) month certification period, a review of the budget must be completed at six (6) month intervals to determine if the client remains eligible. ECR entries will document case review.

Six (6) month review: Actual projected Medicaid facility fee expenses must be verified prior to establishing a new spend-down period. The projected estimate of facility fees must be reconciled with actual incurred expenses. The facility fee can be reconciled using rates on the Medicaid Eligibility Portal or using MMIS files reflecting amount billed by the provider.

A renewal must be completed on this type case.

Certification for Spend-down MNP LTC Type 22 is limited to 1 month.
** This is an open/closed certification. The case should again be reviewed in Type 22 for the subsequent month after each certification. If ineligible for Type 22, consider eligibility in all other programs.

H-1041.7 Notice of Decision

Send the appropriate notice of decision to the applicant/enrollee.

H-1041.8 Form 110-MNP

A Form 110 MNP will be required for all type 22 certifications. Refer to [Application Processing \(non-LTC\)](#) in the Eligibility Administrative Procedures Manual for instructions on completing the form.**