H-1040 LONG TERM CARE SPEND-DOWN MEDICALLY NEEDY PROGRAM (LTC SD MNP) – SSI-RELATED

H-1041 ELIGIBILITY DETERMINATION PROCESS

A person who resides in a long-term care (LTC) facility who meets all other eligibility requirements, but has income over the Special Income Limit (SIL) may be eligible for LTC SD MNP. The person must incur medical expenses in an amount which is equal to or greater than their monthly excess income to meet spend-down. LTC SD MNP uses a one-month budget period.

Consider the projected cost for facility care as an incurred medical expense to meet spend-down. The projected monthly cost of care is determined by multiplying the daily Medicaid facility rate for the specific nursing home or ICF/IID in which the individual resides by 365 days and then dividing by 12 months. The projected Medicaid facility rate should be prorated if the individual was not in the facility for the entire month.

Other allowable incurred medical expenses, including Medicare and private health insurance premiums, deductibles, skilled nursing facility (SNF) coinsurance, copays, and medical/remedial care expenses that are not subject to payment by a third party, can be used to spend-down excess income. Verify the applicant's liability for payment of the incurred medical expenses used in the LTC SD MNP budget. Refer to H-1011.5 Medical Expenses Allowed in the Spend-down Process.

> **Note:**
> Eligibility for LTC SD MNP cannot be established for individuals receiving Medicare skilled nursing facility (SNF) services incurred during the current month. Determine eligibility after charges are incurred for the previous month(s). Eligibility is evaluated on a monthly basis.

When the individual's excess income is spent down using the projected Medicaid facility rate and the other allowable incurred medical expenses (Medicare co insurance, hospital bills, etc.), Medicaid eligibility begins the first day of the budget month. Vendor payment begins the date of admission or the first day of the month the individual is determined eligible, if later.

When the projected Medicaid facility rate and the other allowable incurred medical expenses (Medicare co insurance, hospital bills, etc.) are not sufficient to spend-down the individual's excess income, continue the eligibility process to determine if individual could meet spend-down later in the month using LTC SD MNP/Income over Facility Fee.

For an LTC SD MNP/Income over Facility Fee budget use a combination of expenses actually incurred at the private payment facility rate and remaining expenses projected at the Medicaid facility rate to spend down excess income. Verify the nursing facility private pay rate and Medicaid facility rate used in the determination.

If eligibility is established, Medicaid eligibility begins the date the individual meets spend-down.

If eligibility is not established, the eligibility process should be continued to determine if individual could meet LTC SD MNP the next month. Incurred private payment charges incurred in the previous month may be used in spend-down if the bill remains unpaid.

Example:
Individual entered the nursing facility on the 15th of a month. The prorated Projected Medicaid Facility rate does not spend-down the excess income for the month of entry. If using the actual private rate and Medicaid facility rate still does not spend-down the individual 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 LTC SD MNP type cases may be eligible for vendor payment to the LTC Facility.

Note:
No vendor payment is authorized to the LTC facility if the post-eligibility determination results in Patient Liability (PLI) that exceeds the Medicaid facility rate.

Incurred private payment charges can be used in the post-eligibility determination as a medical deduction if the individual is responsible for payment.

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

H-1041.1 Determination of the Assistance/Benefit Unit

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

H-1041.2 Establish Categorical Requirement

Verify that the applicant/beneficiary 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-200
- Citizenship/Identity and Qualified Non-Citizen Status I-300
- Continuity of Stay (LTC Only, Except HCBS) I-400
- Enumeration I-600
- Medical Certification I-1000
- Residence I-1900

H-1041.4 Establish Need

A. Determination of the Composition of the Income Unit

The income unit consists of:

- The applicant/beneficiary; or
- The applicant/beneficiary who is a child and the parent(s)

with whom the child lived for the month of admission only. After the first month of admission, parent deeming is no longer applicable. Refer to I-1420 Need - Deeming.

Note:
The income of the community spouse and legal dependent(s) living in the community is not counted in determining eligibility for the institutionalized individual. Refer to I-1537 Spousal Income Provisions.

B. Determination of Countable Income

The LTC SD MNP applicant's countable income, after certain deductions, must be equal to or less than the MNIES for a household of one. Refer to Z-300 Medically Needy Income Eligibility Standards (MINES).

Budget Steps

Step 1. Determine gross unearned income for the individual excluding VA Aid and attendance.

Step 2. Subtract $20 SSI disregard.

Step 3. The remainder is the countable unearned income.

Step 4. Determine the total gross earned income for the individual.

Step 5. Subtract any unused remainder of the $20 SSI disregard from the gross earnings.

Step 6. Subtract $65 and one-half of the remainder of the earnings.

Step 7. The remainder is the countable earned income.

Step 8. Combine the countable earned and unearned income found in Step 3 and Step 7.

Step 9. Subtract the monthly MNIES for one (1) person.

Step 10. If the excess income remaining is greater than $0.00, deduct the allowable incurred medical expenses.

Step 11. Subtract allowable health insurance premiums. Refer to I-1536 Deductions.

Note:
Liability for health insurance premiums arises in the month payment is due, not the month (or months) for which coverage is purchased. Premiums must be paid by the applicant/beneficiary.

Example:
Wife enters a nursing facility and her supplemental medical insurance premium is deducted from her husband's payroll or retirement check. The premium is not an allowable deduction.

Step 12. Determine the allowable incurred medical expense. Refer to H-1011.5 Medical Expenses Allowed in the Spend-down Process and H-1011.6 Medical Expenses Not Allowed in the Spend-down Process.

Note:
MNP regulations allow the State to project the LTC Medicaid facility rate for SD MNP-LTC purposes. SNF coinsurance charges cannot be projected. However, SNF coinsurance charges are allowable medical expenses and can be used in spend-down once the charges are incurred.

Example:
The individual is receiving Medicare SNF services. The individual is not eligible for LTC SD MNP. Determine eligibility for Spend-Down Medically Needy after coinsurance charges are incurred.

For the month the individual converts from Medicare coinsurance to Medicaid only, review eligibility for LTC SD MNP. Incurred coinsurance charges and the prorated projected Medicaid facility rate for the remainder of the month should be used to spend-down excess income.

Step 13. 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 Medical Expenses Allowed in the Spend-down Process.

Step 14. Subtract the current monthly Medicaid facility rate. To determine the monthly Medicaid facility rate, multiply the daily rate for the facility by 365 days and divide by 12 months. 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 #1:
Individual admitted on the 28th of the month. The prorated expense for the partial month is determined by multiplying the daily Medicaid facility rate by the number of days remaining in month including the date of admission.

Example #2:
The individual was in a facility on Medicare coinsurance. His coinsurance ended January 17th. The gross monthly income was $4,349.10. After deducting the $20.00 standard deduction and the MNIES ($92.00 rural parish), the individual's excess income or spend-down amount is $4,237.10. The Medicare premium is $171.10. The incurred coinsurance charges for 17 days is $2,337.50 ($137.50/day x 17 days). The projected prorated Medicaid facility rate for 14 days is $1,797.88 ($128.42/day x 14 days). The incurred medical expenses and the prorated projected Medicaid facility rate are sufficient to meet spend-down.

$4,349.10	Gross monthly income
- 20.00	Standard Deduction
$4,329.10	
- 92.00	Rural MNIES for 1 person
$4,237.10	Spend-down amount (excess Income)

$4,237.10	
-171.10	Medicare premium
$4,066.00	
-2,337.50	Coinsurance charges for 17 days
$1,728.50	
-1,797.88	Prorated Medicaid rate for 14 days
.00	Spend-down met

If the remaining income is $0.00, the individual has spent down and is eligible for LTC SD MNP. Use LTC SD MNP when income is over the SIL and under the Medicaid Facility Rate. Proceed with the PLI determination. Refer to H-1041.5 Determine Patient Liability.

If excess income remains continue with section C below.

C. Determination of Countable Income for Individuals with Income over the SIL and over the Medicaid Facility Rate.

Follow steps 1 through 14 above and proceed to step 15 below.

Step 15. Subtract health insurance premiums, the current daily private payment rate and any other medical expenses incurred on a daily basis in chronological order from the excess income determined in Step 9 above. The daily private payment 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 May 1. The gross monthly income was $4,283.10. After deducting the $20.00 standard deduction and the MNIES ($92.00 rural parish), the individual's excess income or spend-down amount is $4,171.10. The Medicare premium is $171.10. The projected monthly Medicaid facility rate is $3,906.11 ($128.42/day x 365 ÷ 12).

The projected monthly Medicaid facility rate and Medicare premium are not sufficient to spend-down the excess income. Eligibility is not established for LTC SD MNP *However –*

The daily private rate is $135.00. After remaining in the institution for three (3) days the individual has actually incurred charges of $405.00 at the private rate ($135.00 X 3). The projected Medicaid facility rate for the remaining 28 days in the month is $3,595.76 ($128.42 x 28 days). Thus as of the 4th day of the month the private payment charges of $405.00 and the projected Medicaid facility rate of $3,595.76 are sufficient to spend-down the excess income. Eligibility is established for LTC SD MNP/Income over Facility Fee effective the 4th day of the month through the end of the month (open/close certification).

$4,283.10	Gross monthly income
- 20.00	Standard deduction
$4,263.10	
- 92.00	Rural MNIES for 1 person
$4,171.10	Spend-down amount (excess income)
$4,171.10	
- 171.10	Medicare premium
$4,000.00	
- 3,906.11	Projected Medicaid facility rate
$ 93.89	Spend-down not met for LTC SD MNP

Continue eligibility review for LTC SD MNP/Income over Facility Fee

$4,283.10	Gross monthly income
- 20.00	Standard deduction
$4,263.10	
- 92.00	Rural MNIES for 1 person
$4,171.10	Spend-down amount
$4,171.10	
- 171.10	Medicare premium
$4,000.00	
- 135.00	Daily private pay rate for Day 1
$3,865.00	
- 135.00	Daily private pay rate for Day 2
$3,730.00	
- 135.00	Daily private pay rate for Day 3
$3,595.00	
- 3,595.76	Projected Medicaid facility rate for 28 days
.00	Spend-down met on the 4th day of the month in LTC SD MNP/Income over Facility

Fee.

Example #2:
The individual entered the facility January 17th. The gross monthly income is $4,283.10. After deducting the $20.00 standard deduction and the MNIES ($92.00 rural parish), the individual's excess income or spend-down amount is $4,171.10. The monthly Medicare premium is $171.10. The prorated Medicaid facility rate for 15 days is $1,926.30 ($128.42 X 15). The prorated Medicaid facility rate and Medicare premium are not sufficient to spend-down the excess income. Eligibility is not established for January in LTC SD MNP.

The prorated private payment rate for 15 days is $2,025.00 ($135.00 X 15). The private payment rate and Medicare premium are not sufficient to meet the spend-down. Eligibility is not established for January in LTC SD MNP/Income over Facility Fee:

$4,283.10	Gross monthly income
- 20.00	Standard Deduction
$4,263.10	
- 92.00	MNIES for 1 person
$4,171.10	Spend-down amount (excess income)

$4,171.10	Excess income
- 171.10	Medicare premium
$4,000.00	
-1,926.30	Prorated Medicaid facility rate for 15 days
$2,073.70	Spend-down not met in LTC SD MNP

Continue eligibility review for LTC SD MNP/Income over Facility Fee

$4,171.10	Excess income
- 171.10	Medicare premium
$4,000.00	
-2,025.00	Private payment charges for 15 days
$1,975.00	Spend-down not met in LTC SD MNP/Income over Facility Fee

Example #3:
The individual is in a facility on Medicare coinsurance and has income over the SIL. Coinsurance ends January

3rd and the individual converts to Medicaid only. The gross monthly income is $4,600.40. After the deducting the $20.00 standard deduction and the MNIES ($92.00 rural parish), the individual's excess income or spend-down amount is $4,488.40.

The monthly Medicare premium is $171.10. The bill for Medicare coinsurance incurred for 2 days is $389.00 ($194.50/day x 2). The prorated projected Medicaid facility rate for January is $3,724.18 ($128.42/day X 29). The incurred coinsurance charges, the Medicare premium, and the projected Medicaid facility rate are not sufficient to meet spend-down in LTC SD MNP.

The prorated private payment rate for January is $3,780.00 ($135.00/day X 28). The incurred coinsurance charges, Medicare premium and the prorated private rate are not sufficient to meet the spend-down in LTC SD MNP/Income over Facility Fee.

$4,600.40	Gross monthly income
- 20.00	Standard Deduction
$4,580.40	
- 92.00	MNIES for 1 person
$4,488.40	Spend-down amount (excess income)

$4,488.40	
- 171.10	Medicare premium
$4,317.30	
- 389.00	Medicare coinsurance charges for 2 days
$3,928.30	
- 3,724.18	Prorated Medicaid facility rate for 29 days
$ 204.12	Spend-down not met in LTC SD MNP

Continue eligibility review for LTC SD MNP/Income over Facility Fee

$4,488.40	Spend-down amount (excess income)
- 171.10	Medicare premium
$4,317.30	Excess Income
- 389.00	Incurred coinsurance charges
$3,928.30	
-3,915.00	Prorated private pay rate for 29 days
$ 13.30	Spend-down not met in LTC SD MNP/Income over Facility Fee

If the remaining income is $0.00, the individual has spent down and is eligible for LTC SD MNP/Income over Facility Fee. Proceed with the PLI determination.

The spend-down date is the date the excess income is spent down. A Form 110-MNP is required for LTC SD MNP/Income over Facility Fee. Refer to MEM H-1041.8 Form 110-MNP.

If there is remaining income after allowable incurred medical expenses have been considered in the budget process, the applicant/beneficiary is not eligible for Medicaid.

D. Determination of Countable Resources

Determine eligibility with regard to resources:

Determine total countable resources of the applicant/beneficiary. Refer to I-1630 SSI-Related Resources

If the applicant/beneficiary has a community spouse, refer to I-1660 Spousal Impoverishment Resource Provisions.

If resources were transferred for less than FMV within the 60 month look back-period, and the transfer does not qualify for exception, a penalty period will be assessed. During the penalty period the applicant/beneficiary is ineligible for vendor payment. Consider eligibility for Medicaid benefits without vendor payment. Refer to I-1670 Transfer of Assets for Less than Fair Market Value.

If the applicant/beneficiary's equity interest exceeds the allowable home equity limit, consider eligibility for Medicaid benefits without vendor payment.

Compare total countable resources to the applicable resource limit. Refer to Z-900 Resource Limits by Program and Refer to Z-800 Spousal Impoverishment Resource Standard.

If resources are equal to or less than the applicable resource limit, the applicant/beneficiary is resource eligible. Continue the determination of need.

If resources are greater than the applicable resource limit, the applicant/beneficiary is resource ineligible.

H-1041.5 Determine Patient Liability - Post Eligibility Treatment of Income

Post-eligibility treatment of income (PETI) rules are used to calculate an applicant/beneficiary's contribution to their cost of care for nursing home, Home and Community Based Waiver or ICF/IID services. Also called patient liability (PLI). PLI is the amount the applicant/beneficiary must pay towards their monthly cost of care. It is based on the amount of monthly income remaining after allowable deductions.

Refer to I-1538 Patient Liability-Post Eligibility Treatment of Income (PETI) for the Patient Liability Calculation Process.

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H-1041.6 Certification Period

Certification for LTC SD MNP 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 beneficiary remains eligible.

Certification for LTC SD MNP/Income over Facility Fee is limited to one (1) month. This is an open/closed certification. The case should again be reviewed in LTC SD MNP/Income over Facility Fee or LTC SD MNP for the subsequent month after each certification. If ineligible for LTC SD MNP/Income over Facility Fee, consider eligibility in all other programs.

H-1041.7 Notice of Decision

Send the appropriate notice of decision to the applicant/beneficiary and Nursing Facility.

H-1041.8 Form 110-MNP

A Form 110-MNP will be required to be documented in the record and sent to any providers that have Medicaid payable charges on the spend-down date for LTC SD MNP/Income over Facility Fee certifications.