

**SPENDDOWN REFRESHER
COTBOER 2024**

M13

A spenddown is for Medically Needy individuals who otherwise meet all the non-financial and resource eligibility requirements but have countable income that exceeds the MN income limit.

A spenddown is similar to an insurance deductible. The “deductible” is called a spenddown liability. The spenddown liability must be met before becoming eligibility is achieved.

The Spenddown liability is like a target for the medical expenses to hit. When there are enough medical expense deductions to equal or exceed the Spenddown liability, we say the Spenddown is **met**. That simply means the individual becomes eligible for full Medicaid coverage as Medically Needy from the day the spenddown is met until the end of the budget period.

If the spenddown liability is not met, there is no enrollment.

List of ABD Covered Groups

Group and Description Mandatory = required under federal regulations Optional = State Plan Option		Categorically Needy (CN)	Medically Needy(MN)
Aged, Blind, or Disabled (ABD)	SSI – mandatory	X	
	AG – mandatory	X	
	Protected – mandatory	X	
	≤ 80% FPL – optional	X	
	≤ 300% of SSI – optional (institutionalized only)	X	
	Medicaid Works – optional	X	
	Medicare Savings Programs (QMB, SLMB, QI, QDWI) --all mandatory	X	
	Aged Blind Disabled --all optional		X

M0310.002

LIST OF F&C COVERED GROUPS

Group and Description Mandatory = required under federal regulations Optional = State Plan Option		Categorically Needy (CN)	Medically Needy(MN)
Families & Children (F&C)	IV-E Foster Care or Adoption Assistance - mandatory	X	
	LIFC Parent/Caretaker Relatives - mandatory	X	
	Pregnant woman/newborn child – mandatory	X mandatory	X optional
	Child under age 19 – mandatory	X	
	BCCPTA – optional	X	
	Plan First – optional	X	
	Child under 18 – optional		X
	Individuals under age 21, Adoption Assistance Children with Special Needs for Medical or Rehabilitative Care Adoption Assistance	X optional	X optional
	<i>Former Foster Care Children</i> under age 26 – mandatory (effective January 1, 2014)	X	
MAGI Adults – optional (effective January 1, 2019)	X		

M0310.002

Spenddown Essentials

Meet non-financial
requirements
M02

Meet a MN covered
group
M0320.700 and
M0330.800

Meet resource
eligibility
M06 and M11

Establish the budget
period(s) and
spenddown liability
M1330.100 and
M1340.1200

Owe or incur
allowable expenses
that meet the
spenddown liability
M1340.100

Resource Limits



\$2000 – AU of 1



\$3000 – AU of 2



\$100 for each
additional (F&C)

BUDGET PERIODS

A period of time during which an individual's income is calculated to determine Medicaid eligibility

Budget Periods

Retroactive

Three months immediately prior to the application month

Prospective

First prospective begins the first day of the application/ reapplication month or, the first day of the month following cancellation of full coverage

Consecutive

Immediately follows a spenddown budget period in which eligibility was met

*Prospective and consecutive budget periods are 6 months for non-institutionalized individuals. Institutionalized individuals have a 1 month budget period.

BREAK IN SPENDDOWN ELIGIBILITY

A break in spenddown eligibility only occurs after an individual has, at least once, established eligibility by meeting a spenddown in a prior budget period. A break in spenddown eligibility occurs when:

- there is a break between spenddown budget periods;
- the individual establishes Medicaid eligibility in the ABD 80% FPL covered group or a CN F&C covered group or
- the individual does not meet the spenddown liability in a spenddown budget period.

Note: During the first renewal after the end of the Public Health Emergency there will be considered to be NO BREAK since the prior spenddown.

SPENDDOWN – LIMITED BENEFIT ENROLLEES

- QMB
- SLMB
- QI
- QDWI
- Plan First who meet MN

- Limited benefit enrollees who meet MN covered group and resource requirements are placed on two six-month budget periods during the 12-month renewal certification period

A task/reminder will be generated to establish the second budget period

Spenddown enrollment

- For non-institutionalized individuals, coverage begin date is the date the spenddown liability is met or reaches zero after deducting expenses
- Coverage ends on the last day of the budget period unless they become ineligible for another reason

M1340.1300

- For Nursing Home (and PACE) cases, if the spenddown amount is less than or equal to the Medicaid rate, the case is approved as ongoing (prospective) and month to month evaluations are not needed.
- VaCMS will calculate the NH case IF correctly NH rates are entered correctly.
- It does not work for PACE cases. You have to enter monthly.
- If the NH spenddown is greater than the Medicaid rate (or the case is CBC) VaCMS will calculate a **monthly** spenddown.

M1460.710-750, M1470.600-640, M140.450-460

MN CHILDREN UNDER 18 AND PG WOMEN

- MN Children under age 18 with \$0 spenddown liability **OR** meets spenddown: enroll child in 12-month period of coverage with no new application needed until 12th month renewal. Continue to enroll the child in 12-month periods of coverage each year as long as he continues to be eligible as MN at renewal.
- M1310.100 C.3 and M0330.803 C

- Eligible pregnant women are entitled to full coverage beginning with the first day the spenddown is met. Coverage continues for 12 months following the end of her pregnancy regardless of when the budget period ends.
- M0330.801 C

Income increases are excluded for MN children and pregnant women who apply for and are enrolled in Medicaid on or before the date the pregnancy terminates. Income increases are excluded for these MN children and pregnant women.

M1360.100 E

IDENTIFYING BUDGET PERIODS

SPENDDOWN BUDGET PERIOD TRACKING SHEET

Name:	Case Number:
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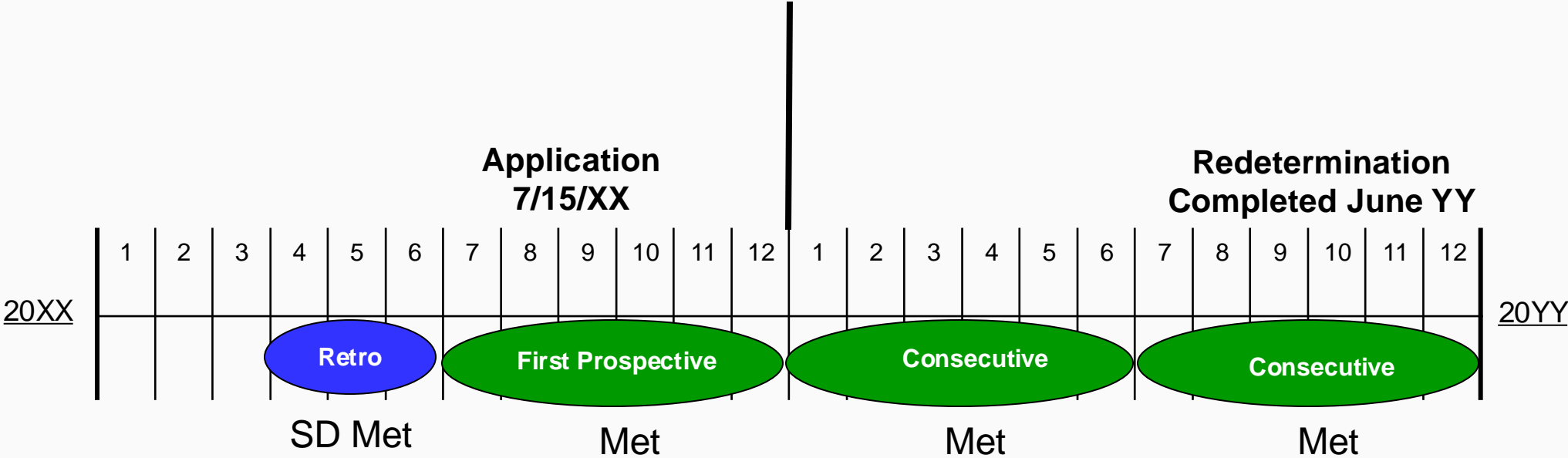
Year _____												Year _____											
1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12

Year _____												Year _____											
1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12

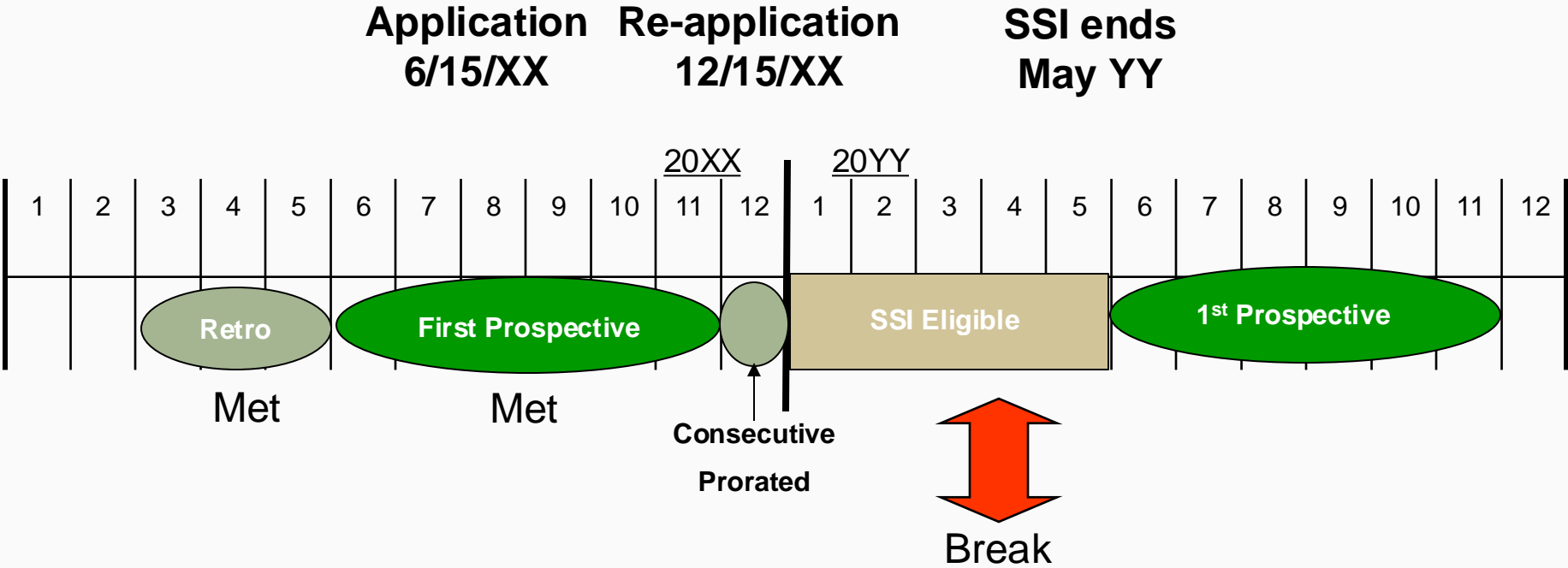
Year _____												Year _____											
1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12

Budget Period Tracking Sheet

Spenddown BP– MSP w/ Spenddown



Spenddown BP – Spenddown Only Recipient

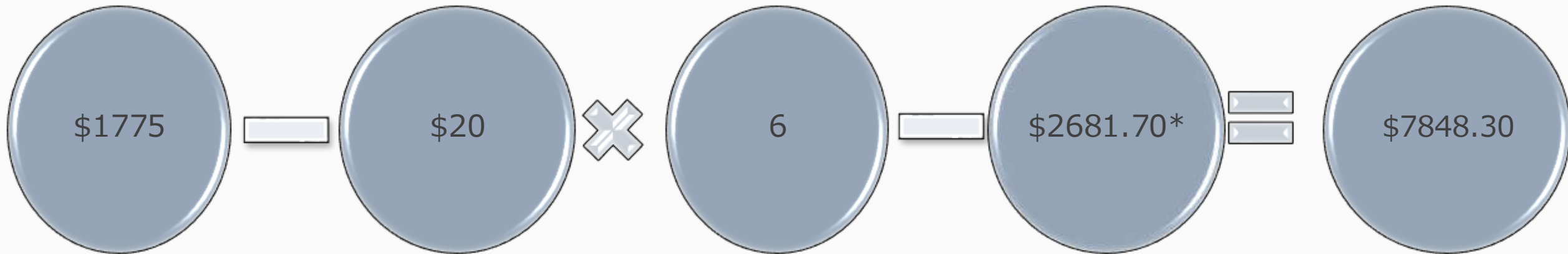
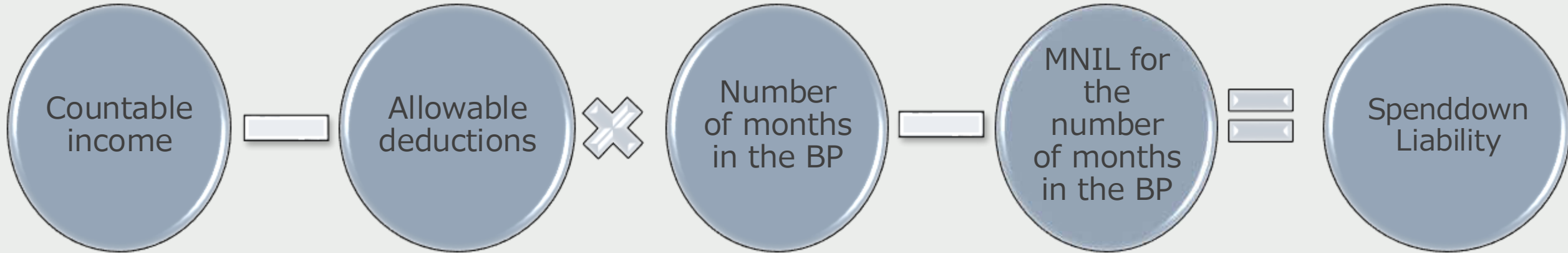


SPENDDOWN LIABILITY CALCULATION

M1340.1200

The spenddown liability is the amount by which the individual's or family's countable income exceeds the MNIL for the budget period.

Spenddown Liability Calculation



Medicaid - ABD EDG Summary ?

Eligibility Summary

Case Name: Expenses, Spenddown Case #: 114676103 Case Mode: Change action Case Status: Approved

EDG #: 97980019 Program/TOA: MA - MN ABD Eligibility/Service Period: 05/01/2024-
 Eligibility Result: Spenddown Eligibility Status:
 Redetermination Date: Interim Report Date: N/A

EDG Information:

Eligibility Begin Date: Eligibility / Patient Pay End Date:

Non Financial: Pass	Resource: Pass	Financial: Spenddown	Gap Filling: N/A	Verification: Pass
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Institutionalized Status: Non - Institutionalized	Home Equity: N/A	Adjusted Patient Pay Amount: N/A	Original Spenddown Amount: 7848.30	Remaining Spenddown Amount: 7848.30	Spenddown Met: No	Incarcerated Status: No
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EDG	Name	Certified Group	Relationship	Aid Code	Participation Status	Gap Filling Participation Status	Program/TOA	Coverage
EDG	Expenses, Spenddown	Y	Self		Eligible Adult		MA - MN ABD	

Eligibility Summary

Medicaid - ABD Income Eligibility ?

Case Name: Expenses, Spenddown Case #: 114676103 Case Mode: Change action

EDG #: 97980019 Program/TOA: MA - MN ABD Eligibility/Service Period:
 Eligibility Result: Spenddown Eligibility Status:
 Redetermination Date: Interim Report Date: N/A

Total Self Employment	= \$	0.00
Total Earned Income	= \$	0.00
Total Unearned Income	= \$	1775.00
Deemed Spouse Income	= \$	0.00
Deemed Parents Income	= \$	0.00
Irregular Earned Income Exclusion	= \$	0.00
Irregular Unearned Income Exclusion	= \$	0.00
Earned General Exclusion (\$20)	= \$	0.00
Unearned General Exclusion (\$20)	= \$	20.00
Other Earned Income Exclusion	= \$	0.00
Total Countable Income	= \$	1755.00
Assistance Unit Size	=	1
EDG Income Limit	= \$	446.95
Financial Eligibility Result	:	Pass

EDG #: [97960019](#)

Eligibility Result: Spenddown

Redetermination Date:

Program/TOA: MA - MIN ABD

Eligibility Status:

Interim Report Date: N/A

Eligibility/Service Period: 03/01/2024 - 10/31/2024

Elig

Original Spenddown Liability	:	\$	7848.30
Medicaid rate minus Medicare Part D Premium (PACE only)	:		0.00
Remaining Spenddown Liability	:	\$	7848.30
Spenddown Begin Date	:		05/01/2024
Spenddown End Date	:		10/31/2024
Spenddown Met Date	:		--

Medical Bills History

Incurred Date	Expense Type	Provider	Total Used	Remaining
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SPENDDOWN DEDUCTIONS

M1340.100

Medical expenses incurred by the individual, family or a financially responsible relative that are not subject to payment by a third party are deducted from the individual's spenddown liability.

- Must be legally obligated to pay
- Portion of the expense covered by Medicare or other health insurance is not the legal obligation of the individual
- If legally responsible relative's income is deemed, their expenses can be deducted
- Expenses are deducted in chronological order based on date of service
- Expenses are deducted in the BP they are incurred.
- If not used to **achieve eligibility**, it can be used in succeeding BP

Spenddown Deductions

Kinds of Allowable Medical Deductions



Health Insurance
Expenses

M1340.300



Noncovered Services
Expenses

M1340.400



Covered Services
Expenses

M1340.500

Health Insurance Premiums, Deductibles, Coinsurance

Premiums

Paid from applicant's own income for medical insurance

Medicare Part A, B and/or D when paid from applicant's income

Amount deducted is amount of premium

Deduct when it is due or if withheld from benefit check, deduct first day of the month

Deductibles, Coinsurance, Copays

Amount deducted is the amount owed for service

Deduct on the date service was received

Verification

Copy of insurance premium

EOB paid by health insurance

Statement from Medicare Part D prescription drug plan

Noncovered Services

Noncovered services expenses are incurred expenses for necessary medical or remedial care services which are not covered by the Virginia Medicaid State Plan, including the amounts for covered services that exceed the State Plan limits on amount, duration and scope of services. Noncovered services must be ordered by a physician or dentist in order to be deducted.

Noncovered Service	<p>Services of other licensed practitioners of healing arts (chiropractors, naturopaths, acupuncturists)</p> <p>In home professional nursing services prescribed by physician and not part of home health or CBC</p> <p>Medical services provided by non-participating providers</p> <p>OTC medications and supplies ordered by physician</p>
Not Medical / Remedial Care	<p>AC, humidifiers, personal comfort items, health club memberships</p> <p>Refrigerators, whole house generators and other non-medical equipment</p> <p>ALF room & board and services</p> <p>Cosmetic procedures</p> <p>Animal expenses such as for seeing eye dog</p>
Verification	<p>Copy of provider's bill or EOB that shows amount still owed is patient responsibility and provider's name, address and profession</p> <p>Prescription, physician referral or statement from provider that service was medically necessary</p>

Covered Services

Covered services expenses are incurred expenses for necessary medical or remedial care services which are covered by the Virginia Medicaid State Plan. Covered services expenses are deducted on the date the service was rendered.

Covered Services

Inpatient & outpatient hospital care, nursing facility care, lab & x-ray

Physician's services including dental, psychiatrists, psychologist, LCSW and counselor

Prescription drugs, medical supplies and equipment

Home health, rehab and physical therapy

Purchased transportation (not in one's own vehicle)

Verification

Copy of provider's bill or EOB that shows amount still owed is patient responsibility and provider's name, address and profession

Documentation of medical necessity such as prescription, physician referral, statement or authorization from mental health provider

IDENTIFYING THE BILL



M1340.600

Old Bills

M1340.800

Current
Payments

M1340.900

Incurred
Expense

M1340.700

Carryover
Expense

Old Bills

- Incurred before retroactive period OR incurred in a prior BP that was NOT met
- Incurred during the retroactive period if spenddown was not met or the individual was not eligible for Medicaid during the retro period
- They were not fully deducted from any previous that was met
- Must be unpaid and remain the liability of the individual

Deduct on the first day of the spenddown budget period

Unused portion deducted on first day of **consecutive** budget periods OR

After a break, unused portion deducted as a current payment on the date the payment is made

See M1340.600 B.1 for verification procedures including when a credit card or collection agency is involved

Current Payments

- Occur after a break in spenddown eligibility
- Begin as old bills or carry over expenses
- Must be unpaid
- Current payment amount deducted in chronological order based on date of payment
- Amount deducted cannot exceed the unused portion of the bill or amount currently owed, whichever is less

Incurred Expenses

Incurred in spenddown budget period
(retroactive or prospective)

Can be paid or unpaid

Deducted in chronological order based
on date of service

Unused portion can be deducted as a
carryover expense

Begin as incurred expenses in spenddown budget period that was met

Must be unpaid

Unused portion deducted on first day of **consecutive** budget period OR

After a **break**, unused portion deducted as a current payment on date payment is made

Carryover Expenses

Ms. M applied in **January XX** and was placed one spenddown BP. She was excess resources in the retro period. She submitted a bill for \$12,000 with DOS 8/10 of the prior year.

\$12,000 Old Bill
\$5,000
 \$7,000 Unused portion

Budget Period Tracking Sheet

Retro - Excess Resources

20XX												20YY											
1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
1 st prospective																							
Liability				\$5,000																			
Old Bill				<u>\$5,000</u>																			
SD Met				\$0																			

Ms. M reapplies in **July 20XX** and receives a second budget period. She verifies that she still owes the \$12,000 bill submitted at the last application.

\$12,000 Old Bill
\$5,000
 \$7,000 Unused portion
\$5,000
 \$2,000 Unused portion

Budget Period Tracking Sheet

20XX 20YY

1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
1 st prospective						Consecutive																	
										Liability	\$5,000												
										Old Bill	<u>\$5,000</u>												
										SD Met	\$0												

Ms. M reapplies in **January 20YY** and receives a third budget period. She verifies that she still owes the \$12,000 bill submitted previously but has no other expenses.

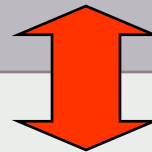
\$12,000 Old Bill
\$5,000
 \$7,000 Unused portion
\$5,000
 \$2,000 Unused portion

Budget Period Tracking Sheet

20XX 20YY

1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12				
1 st prospective						Consecutive						Consecutive															

Liability	\$5,000
Old Bill	<u>\$2,000</u>
Not Met	\$3,000



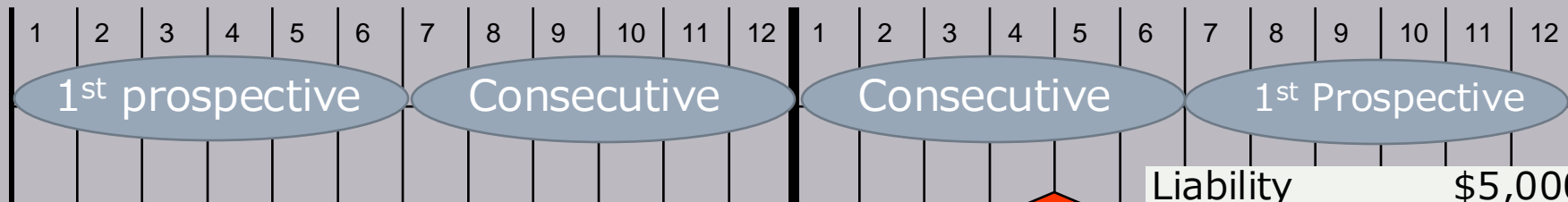
Break

Ms. M reapplies in **July 20YY** and receives a 4th budget period. She verifies that she still owes the previously submitted bill but made a payment of \$100 on 7/5/YY. She also incurred an expense of \$4000 on 8/15/YY and \$1500 on 10/12/YY.

Since there's a **break**, the remaining unused portion of the old bill becomes a **current payment** deducted on the date the payment is made.

Budget Period Tracking Sheet

20XX 20YY



Liability	\$5,000
Current pym	\$100
Remaining	\$4,900
Incurred	\$4,000
Remaining	\$900
Incurred	\$900
Met	\$0

\$12,000 Old Bill
\$5,000
 \$7,000 Unused portion
\$5,000
 \$2,000 Unused portion
\$100 Current payment
 \$1,900

\$4,000 Incurred
\$4,000
 \$0

\$1,500 Incurred
\$900
 \$600

Unused portion can be a carryover in a consecutive or if there's a break, a current payment



VaCMS will establish a liability and budget period



Before entering, you must know whose bills can be used, how much of the bill can be used and the correct date/amount to enter



You must be able to determine whether a break has occurred and the ***type*** of bill it is.

Spenddowns in VaCMS



OLD BILLS in VaCMS

- o Enter the **Effective Begin Date** as the 1st day of the first month of the spenddown period.
- o **Date of Service** is the date the bill was incurred.
- o Under **Amount Owed** enter the amount still owed after all insurance has been paid.
- o Document the original bill amount as well as the current balance.
- o Check 'yes' for **Remains Liability...**
- o Don't complete the **Payment Amount** or **Payment Dates.**

The screenshot shows a web form for 'Spenddown Medical Expense' with three main sections: Dates, Information, and Details. Green arrows highlight specific fields: 'Effective Begin Date' (12/01/2017), 'Date Change Occurred' (11/20/2017), 'Medical Expense Type' (Medical and Dental Bills), 'Date of Service' (11/20/2017), 'Amount Owed' (\$3000.00), and 'Remains Liability of the Individual?' (YES).

Spenddown Medical Expense Dates			
* Effective Begin Date:	12	01	2017
* Reported On:	03	02	2018
* Verification Received On:	03	18	2018
End Date:	mm	dd	yyyy
* Date Change Occurred:	11	20	2017


Spenddown Medical Expense Information			
* Medical Expense Type:	Medical and Dental Bills	* Medical Provider Name:	Cider Dentistry
Service Type:	Medicaid Covered Service	* Date Of Service:	11 / 20 / 2017

Expense Details			
* Amount Owed:	\$ 3000.00	* Verification:	Explanation of Benefits
* Remains Liability of the Individual?	YES	Payment Amount:	\$
Payment Date:	mm / dd / yyyy		

OLD BILLS IN VaCMS

-first run at intake-

Original Spenddown Liability	:	\$	5306.40
Medicaid rate minus Medicare Part D Premium (PACE only)	:		0.00
Remaining Spenddown Liability	:	\$	0.00
Spenddown Begin Date	:		12/01/2017
Spenddown End Date	:		02/28/2018
Spenddown Met Date	:		12/01/2017



Medical Bills History				
Incurred Date	Expense Type	Provider	Total Used Amount	Remaining Amount
11/01/2017	Medical and Dental Bills	Hospital	4000.00	0.00
11/20/2017	Medical and Dental Bills	Cider Dentistry	1306.40	1693.60



OLD BILLS IN VaCMS

-first run, looks correct for next spenddown-

Original Spenddown Liability	:	\$	10600.36
Medicaid rate minus Medicare Part D Premium (PACE only)	:		0.00
Remaining Spenddown Liability	:	\$	0.00
Spenddown Begin Date			03/01/2018
Spenddown End Date			08/31/2018
Spenddown Met Date	:		03/30/2018

Medical Bills History

Incurred Date	Expense type	Provider	Total Used Amount	Remaining Amount
11/20/2017	Medical and Dental Bills	Cider Dentistry	1693.60	0.00
03/30/2018	Medical and Dental Bills	DENTIST	8906.76	593.24

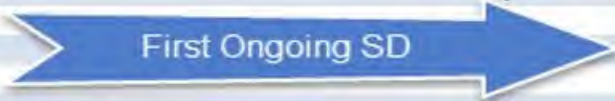
Everything looks right at intake.

First Ongoing SD

OLD BILLS IN VaCMS

-initial second run when adding a new bill -

Original Spenddown Liability	:	\$	10600.36
Medicaid rate minus Medicare Part D Premium (PACE only)	:		0.00
Remaining Spenddown Liability	:	\$	0.00
Spenddown Begin Date	:		03/01/2018
Spenddown End Date	:		08/31/2018
Spenddown Met Date	:		03/30/2018



Medical Bills History

			Total Used Amount	Remaining Amount
11/20/2017	Medical and Dental Bills	Cider Dentistry	3000.00	0.00
03/15/2018	Eye glasses/Contact lenses - prescribed	Dr See	50.00	0.00
03/30/2018	Medical and Dental Bills	DENTIST	7550.36	1949.64

The effective date and amount weren't changed, so the system pulled the original bill amount in as an expense! You need to make some changes.

Spenddown Medical Expense Dates

CMS -initial seco... Date:

End Date:

* Reported On:

* Date Change Occurred:

* Verification Received On:

You have verified the amount is still owed.

Spenddown Medical Expense Information

* Medical Expense Type:

* Medical Provider Name:

Service Type:

* Date Of Service:

Expense Details

* Amount Owed: \$

* Verification:

* Remains Liability of the Individual?:

Payment Amount: \$

Payment Date:

OLD BILLS IN VACMS
UPDATED BILL BALANCES
AND EFFECTIVE DATE

Original Spenddown Liability	:	\$	10600.36
Medicaid rate minus Medicare Part D Premium (PACE only)	:		0.00
Remaining Spenddown Liability	:	\$	0.00
Spenddown Begin Date	:		03/01/2018
Spenddown End Date	:		08/31/2018
Spenddown Met Date	:		03/30/2018

Medical Bills History				
Incurred Date	Expense type		Total Used Amount	Remaining Amount
11/20/2017	Medical and Dental Bills	Cider Dentistry	1693.60	0.00
03/15/2018	Eye glasses/Contact lenses - prescribed	Dr See	50.00	0.00
03/30/2018	Medical and Dental Bills	DENTIST	8856.76	643.24

Now this is correct!

OLD BILLS IN VACMS
CORRECT UPDATED RUN

Current Payments

- The **Effective Begin Date** for current payments should be the 1st day of the month when the payment was made.
- Entered with the **Date of service** as the date the payment was made.
- Under **Amount Owed** enter the amount of the payment made.
- Check 'yes' for **Remains Liability.**
- Complete the **Payment Amount** and **Payment Dates.** Document on the page level that this is a current payment, the original bill amount and date incurred.

Spendedown Medical Expense Dates			
• Effective Begin Date:	03 / 01 / 2018	End Date:	mm / dd / yyyy
• Reported On:	04 / 02 / 2018	• Date Change Occurred:	03 / 12 / 2018
• Verification Received On:	04 / 02 / 2018		

Spendedown Medical Expense Information			
• Medical Expense Type:	Eye glasses/Contact lens	• Medical Provider Name:	Star
Service Type:	Medicaid Non-Covered S	• Date Of Service:	03 / 21 / 2018

Expense Details			
• Amount Owed:	\$ 250.00	• Verification:	Explanation of Benefits
• Remains Liability of the Individual?	YES	Payment Amount:	\$ 250.00
Payment Date:	03 / 21 / 2018		

Incurred Expenses

- Enter the *Effective Begin Date* as the first day of the month of the spenddown you are applying it to.
- *Date of Service* is the date the bill was incurred.
- Under *Amount Owed* enter the total amount of the original bill, minus anything insurance paid.
- Check 'yes' for *Remains Liability...*
- Do not enter a payment amount or payment date....even if it has been paid.

The screenshot shows a form titled "Spenddown Medical Expense Dates" and "Spenddown Medical Expense Information". Red arrows point to the following fields:

- Effective Begin Date:** 02 / 01 / 2018
- Date Change Occurred:** 03 / 12 / 2018
- Date Of Service:** 03 / 12 / 2018
- Amount Owed:** \$ 4000.00
- Remains Liability of the Individual?:** YES

Other visible fields include:

- End Date:** [mm / dd / yyyy]
- Reported On:** 03 / 13 / 2018
- Verification Received On:** 03 / 13 / 2018
- Medical Expense Type:** Medical and Dental Bills
- Service Type:** Medicaid Covered Service
- Medical Provider Name:** Qq5
- Verification:** Medical bill or receipt
- Payment Amount:** \$
- Payment Date:** [mm / dd / yyyy]

At the bottom, the form shows "EDBC Status: Partially Processed and can't be used" and "Remaining Bill Balance: 287.21".

- o Enter the ***Effective Begin Date*** as the 1st day of the first month of the spenddown period that you want to apply the bill to.
- o ***Date of Service*** is the 1st day of the first month of the current spenddown period. If you enter the actual date of service, the system will not pick it up as an expense for your current spenddown. The only time to enter the actual date of services is on 'old bills' and current bills.
- o Under ***Amount Owed*** enter the amount still owed that day.
- o Check 'yes' for ***Remains Liability.***
- o Don't complete the ***Payment Amount*** or ***Payment Dates***, just document on the case narrative what you used and why.

Carryover Expenses



Spendedown Case Review Requirements

When the individual or a third party submits medical expenses for reevaluating the spenddown, a new application form is NOT completed.

Contact the individual and ask if his living situation, resources or income have changed since he signed the application form. If the individual reports any changes, request verification, evaluate accordingly, and record the changes in the case record.

Evaluate within 30 days

THANK YOU