Medicaid State Plan Eligibility

Handling of Excess Income (Spenddown)

If countable income exceeds the income standard, the state must deduct from income medical expenses incurred by the individual or family or financially responsible relatives that are not subject to payment by a third party, in accordance with 42 CFR 435.831 and 42 CFR 435.121.

A. Budget Periods

Income in excess of the appropriate income standard is considered available for payment of medical or remedial care expenses in budget periods that do not exceed six months.

1. In determining income eligibility, countable income is reduced by the amount of incurred medical or remedial care expenses during the budget period specified below:

   a. One budget period of:
      - i. 6 months
      - ii. 5 months
      - iii. 4 months
      - iv. 3 months
      - v. 2 months
      - vi. 1 month

   b. More than one budget period, as described below:

2. The state includes part or all of the retroactive period in the budget period.

   - Yes
   - No
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B. Types of Eligible Expenses

1. In determining incurred expenses to be deducted from income, the state includes:
   a. Medicare, Medicaid, and other health insurance premiums and enrollment fees.
   b. Cost sharing, including copayments, coinsurance, and deductibles, imposed by Medicare, Medicaid or other health insurance.
   c. Expenses for necessary medical and remedial services recognized by state law but not included in the state plan.
   d. Expenses for necessary medical and remedial services included in the state plan, including those that exceed limitations on the amount, duration, and scope of services.

2. The state also includes medical institutional expenses projected to the end of the budget period at the Medicaid reimbursement rate.
   ☐ Yes
   ☐ No

3. Incurred expenses subject to payment by a third party are not deducted unless the third party is a public program (other than Medicaid) of a state and the program is financed by the state.
C. Timeframe of Deduction of Expenses

In determining incurred expenses to be deducted from income, the state deducts:

1. For retroactive budget periods and a budget period that includes both retroactive and prospective budget, the state deducts:
   a. Eligible expenses incurred during the budget period, whether paid or unpaid.
   b. Payments made during the budget period on eligible expenses incurred at any time prior to the budget period, if not previously deducted in establishing eligibility.
   c. Unpaid eligible expenses, which have not been deducted previously in establishing eligibility, and were incurred:
      i. At any time prior to the budget period.
      ii. Prior to the third month before the month of application, but no earlier than:
      iii. No earlier than the third month before the month of application.

2. For prospective budget period(s), the state deducts:
   a. Eligible expenses incurred during the budget period, whether paid or unpaid.
   b. Payments made during the budget period on eligible expenses incurred at any time prior to the budget period, if not previously deducted in establishing eligibility.
   c. Unpaid eligible expenses that are carried over from the prior budget period and have not been deducted previously in establishing eligibility.
D. Order of Deduction of Expenses

Incurred medical or remedial care expenses are deducted in the following order:

1. By the type of service, in the following order:
   a. Premiums, deductibles, coinsurance and co-payments.
   b. Expenses for necessary medical or remedial care services that are recognized under state law but not included in the State Plan.
   c. Expenses for necessary medical or remedial care services that are included in the state Plan that exceed agency limitations on amount, duration, or scope of services.
   d. Expenses for necessary medical or remedial care services that are included in the state Plan that are within the agency limitations on amount, duration, or scope of services.

2. In chronological order by the date of the service, or the date cost sharing payments are due.

3. In chronological order by the date the bill is submitted to the state by the individual.
E. Reasonable Limitations

The state sets reasonable limits on the amount to be deducted for expenses.

- ☐ Yes
- ☐ No
F. Spenddown Payments Made by Individuals

The state permits individuals to pay-in their spenddown liability.

- Yes
- No
Handling of Excess Income (Spenddown)

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G. Additional Information (optional)
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