

MEDICAID SPENDDOWN

What is a Medicaid spend-down?

Medicaid, also known as Title XIX, or MO HealthNet in Missouri, is a medical assistance program for low-income people who are elderly (65 years and older), permanently and totally disabled, blind, or who meet some other category of eligibility. Some people have so little income that they automatically qualify for Medicaid. But seniors and people with disabilities, whose incomes exceed the income limit, may qualify for Medicaid if they have medical bills that equal or are greater than their "excess" income. The process of subtracting those medical bills from the individual's income is called "spend-down."

Who is eligible for a Medicaid spend-down?

A person must be permanently and totally disabled, blind or at least 65 years of age, have assets of no more than \$1000 if single, or \$2000 if married, and have income which exceeds the Medicaid limit in order to qualify for a Medicaid spend down.

Eligible people living in their own home, apartment, senior housing, congregate housing, etc. are eligible to be placed on a spend-down if they have income over the Medicaid limit. People who live in institutions such as nursing homes, as well as those who live in residential care homes do not have to go through the spend down process. They must contribute most of their income, however, to the cost of their care. Recipients of Home and Community Based Waiver Program do not have to spend down excess income because Medicaid is provided automatically with this program.

How much is spend-down amount?

The amount of spend-down is the extra income that is over the limit to receive Medicaid automatically. The Family Support Division figures out this amount for each person, taking into account the person's income and living arrangements. The Net Income limit for Elderly and Disabled, 85% of the federal poverty level: Individual - \$772, Couple - \$1042

How often does a MO HealthNet participant have to meet the spend-down?

The participant will have to meet the spend-down every month unless his/her income and living arrangements have changed so much that he/she qualifies for Title 19 without a spend-down. To get Medicaid in any month, the participant has to meet the spend-down first.

What medical bills can be used meet the spend-down?

The bills must be ones which the participants owe for medical services or items for themselves or their spouse if their spouse's income is counted in the spenddown determination, which no other insurance or program is going to pay. Medical bills include not only the usual doctor, hospital and prescription bills, but also medical supplies, such as bandages, gauze, etc.; over the counter drugs and vitamins prescribed by a physician; and health insurance premiums, co-payments and deductibles.



Allowable Spenddown Medical Expenses

MO HealthNet Provider 'Hot Tip of the Week'

June 2, 2008

The following information is provided by the Family Support Division, Missouri Department of Social Services.

Spenddown is similar to a deductible on an insurance policy. Payment for MO HealthNet services begins the date the spenddown amount is met. The participant can choose to meet his/her spenddown either by:

- Submitting incurred medical expenses (bills) to his/her eligibility specialist; or,
- Paying his/her monthly spenddown amount to the MO HealthNet Division. For this option, the participant may send a check or money order to MO HealthNet Division or can opt to have a direct withdrawal from his/her checking account.

Expenses that may be used toward meeting a participant's Spenddown are incurred expenses that are not subject to payment by a third party, unless the third party is a public program of a state governmental agency.

Medical expenses that can be used to meet spenddown include:

- All types of medical expenses covered by MO HealthNet;
- All prescribed drugs and dental care;
- Health care services rendered in the home including the cost of physical, occupational and speech therapy; services of home health aides; medical supplies such as surgical dressings, splints, casts, syringes, oxygen, braces, catheters, colostomy bags, and other similar medical supplies; and rental durable medical equipment such as oxygen tents, iron lungs, hospital beds, and wheelchairs;
- Personal care services not currently being provided for, through other federally-funded programs, i.e. Title XIX (does not include services being provided by a relative);
- Medically related homemaker/chore services and medically related adult day health care or adult day treatment (does not include services provided and paid for through other federally funded programs or non medically related services);

- Independent Living Waiver Services authorized by the Division of Vocational Rehabilitation through a contract with a Center for Independent Living (CIL). The waiver provides services to disabled individuals age 18 through 64. Waiver services include:
 - Case Management
 - Personal Care Services
 - Environmental Accessibility Adaptions
 - Specialized medical equipment and supplies;
- Private duty nursing services in the home;
- Prosthetic devices, hearing aides, and eye glasses;
- Services of: optometrist; optician; chiropractor; podiatrist; Christian Science Practitioner ; and
- Residential and day habilitation services prescribed by a physician and authorized by the Department of Mental Health (DMH).

For additional information, please reference the Family Support Division Memo IM-106 dated September 10, 2002 or contact the local Family Support Division office.



The MO HealthNet Division provides weekly tips to providers to assist them in receiving timely reimbursement for services provided. As each new tip is posted, existing ones are archived on the same site for easy reference. Please share these weekly tips with your billing staff.

Spenddown and Eligibility

MO HealthNet Provider 'Hot Tip of the Week'

July 5, 2010

Providers frequently call MO HealthNet Provider Communications with questions regarding participant spenddown requirements and policies.

Spenddown is a MO HealthNet program in which participants have an amount they must pay or reach each month before they can have MO HealthNet coverage. It is similar to an insurance premium. The spenddown amount is determined by the Family Support Division (FSD) and can range from as little as \$1 to more than \$1,000 a month depending on the participant's monthly income. There are several ways a participant can meet their required spenddown amount.

- **Incurred Expenses** - The spenddown amount can be met by incurred and reported allowable medical expenses. A [June 2, 2008 Hot Tip](#) details what are considered allowable medical expenses. In order to be eligible for the month, the participant must report their incurred medical expenses to their FSD eligibility specialist, preferably each month. The expenses then are entered into the system and the date of service the reported expenses meet the spenddown amount, is the effective date of the participant's eligibility.

Participants commonly believe that once they have met their spenddown amount, eligibility is backdated to the first of the month. Eligibility is not necessarily retro-active back to the first of the month unless that is the date the reported expenses meet the spenddown amount.

- **Monthly Payment** - The spenddown amount can also be met by a monthly payment by the participant to the MO HealthNet program. The payment must be equal to the required spenddown amount. Under this option, the participant can send a check or money order to the MO HealthNet Division before the start of the month and is automatically eligible the first of that month. Or, the participant can opt to have a direct withdrawal from his/her checking account.

Spenddown is a one of the major reasons a provider must check a participant's eligibility prior to each service date. When eligibility is checked and it indicates the participant is not eligible on the date of service, the provider can make the participant responsible for the cost of services even if eligibility is made retro-active when the incurred expenses are reported and entered into the system at a later date.



The MO HealthNet Division provides weekly tips to providers to assist them in receiving timely reimbursement for services provided. As each new tip is posted, existing ones are archived on the same site for easy reference. Please share these weekly tips with your billing staff.



**Fresenius Medical Care
North America**

OCT 24 2011

October 11, 2011

Missouri HealthNet Oversight Committee
The State of Missouri
MO HealthNet Division
615 Howerton Court
P.O. Box 6500
Jefferson City, MO 65102-6500

For Distribution:

Margaret Donnelly, Director - Department of Health and Senior Services
Representative Keith J. Frederick
Gerard Grimaldi
Senator Joseph Keaveny
Representative Jeanne Kirkton
Kecia Leary, DDS
Ronald Levy, Director - Missouri Department of Social Services
Timothy D. McBride, PhD
Bridget McCandless, MD
James J. McMillen, MD
Carmen D. Parker-Bradshaw
Dr. Joseph Parks
Joseph E. Pierle
Mark Sanford
Senator Rob Schaaf
Ingrid D. Taylor, MD
Corinne A. Walentik, MD, MPH

RE: Changes in Medically Needy Program Spend Down Documentation

We are writing to you on behalf of Fresenius Medical Care North America (FMCNA) to urge you to evaluate the negative impacts of the recent policy changes for Missouri's medically needy program for determination of Medicaid eligibility. FMCNA currently provides dialysis to nearly 2,600 people with kidney failure in Missouri. Over 46% of our dialysis patients have Medicaid as a primary or secondary insurance.

Several months ago, some local Medicaid offices began implementing changes to the documentation requirements for meeting spend down obligations for Missouri's medically needy program. Prior to this change, those wishing to meet spend down requirements could submit total incurred charges. Now they must only submit their estimated personal responsibility of charges, after all insurance payments, and the expense must have already occurred prior to turning in an estimate of expense. As far as we know, neither Medicaid beneficiaries nor providers received any formal notification of the change. Local offices appear to be confused and are implementing the change at various times and in inconsistent ways. We appreciate

Fresenius Medical Care North America

the help that state employees are attempting to offer in working with our billing office on how we should submit documentation to dialysis patients to submit for their spend down requirements. We also appreciate the recent decision that October's documentation can continue to be submitted in the current format.

We are concerned that Medicaid beneficiaries are not receiving adequate notice of the change in order to work with their medical providers on the new documentation requirements. We are also concerned that some who qualified for Medicaid in the past will no longer qualify or will take longer to qualify. Many dialysis patients rely on Medicaid coverage for their transportation to and from dialysis treatments three times a week. Those who lose Medicaid coverage may have to obtain alternate transportation arrangements to get to their life-saving treatments, apply to agencies for charitable assistance, or may not be able to afford their transportation provider. This could result in missed dialysis treatments and possibly the need to physically relocate to be closer to a dialysis facility. Missed dialysis treatments are associated with an increase in hospitalizations. Some Medicaid beneficiaries may also lose their home services. This could result in an increase in nursing home placements which could ultimately result in higher costs for the state. All of these potential changes take time and effort to coordinate.

Some dialysis patients currently receive financial assistance from the Missouri Kidney Program in meeting their spend down requirements. We believe the MOKP qualifies as a third party allowed to make payments on behalf of dialysis patients due to MOKP being a public program of the state (Code of Federal Regulations, Title 42, Volume IV).

We respectfully request the Medicaid HealthNet Oversight Committee to address the following items:

- the lack of a clear official communication on the spend down policy and documentation changes and the reason the change was made,
- the lack of communication to Medicaid beneficiaries on the spend down documentation changes,
- the lack of clear guidance to state employees on how to implement the changes,
- a clear determination of whether MOKP can continue to assist dialysis patients with their spend down requirements, and
- consideration of a longer time frame for the changes to be implemented to allow Medicaid beneficiaries who may be losing coverage to try to locate alternative transportation or home services and funding.

Thank you for taking time to address our concerns and requests.

Sincerely,



Richard Alderson, Regional Vice President
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October 20, 2011

Dr. Ian McCaslin, Director
Mo Healthnet Division
615 Howerton Court
PO Box 6500
Jefferson City, Missouri 65102-6500

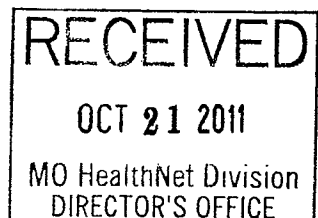
Dear Dr. McCaslin:

I am contacting you out of concern for dialysis patients in Missouri. I am a renal social worker for DaVita, which is one of the largest dialysis providers in the area. There are approximately 38 clinics in my division, which includes much of the state between Marshall and Kennett. Among them there are over 300 patients with MO Healthnet spenddown. I suspect the other dialysis companies have similar populations. Without the assistance of MO Healthnet, these patients have limited or no access to transportation for life-sustaining dialysis treatments. Unless they receive regularly scheduled dialysis, there is a strong likelihood that they will need to use ambulance and hospital services which are much more costly than non-emergency transportation services. In addition to transportation, many of these patients are receiving services through the Home and Community Based Care program; without the in-home care they will require placement in nursing homes.

I would appreciate your guidance as I struggle to meet the needs of my dialysis patients. Is there a possibility that Missouri would revise the policy to provide transportation and HCB services to eligible recipients without requiring that spenddown is met? It would seem less expensive to provide these services than to cover the cost of hospitalization and nursing home care.

Sincerely,

Kathy Aebel-Groesch, MSW, LCSW

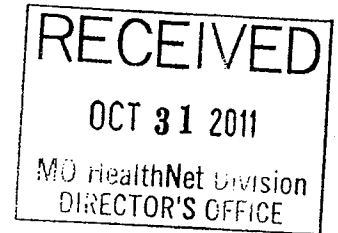




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October 27, 2011

Dr. Ian McCaslin, Director
Mo Healthnet Division
615 Howerton Court
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Jefferson City, Missouri 65102-6500



Dear Dr. McCaslin,

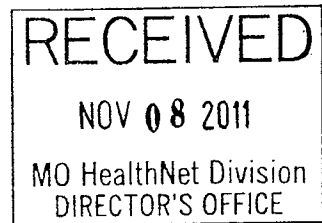
I am contacting you out of concern for dialysis patients in Missouri. I am a dialysis social worker with DaVita, which is one of the largest dialysis providers in the state of Missouri. There are approximately 25 clinics in my NW Missouri regions which includes the Kansas City, St. Joseph areas and rural areas to the North. Among them there are over 250 patients with a MO Healthnet spenddown.

Without the assistance of MO Healthnet during these spenddown periods, these patients have limited or no access to transportation for life-sustaining dialysis treatments. Unless they receive regularly scheduled dialysis, there is a strong likelihood that they will need to use ambulance and hospital services which are much more costly than non-emergency transportation services. In addition to transportation, many of these patients are receiving services through the Home and Community Based Care program; without the in-home care they will require placement in nursing homes.

Dialysis center across this great state are struggling to meet the needs of my dialysis patients. Is there a possibility that Missouri would revise the policy to provide transportation and HCB services to eligible recipients without requiring that spenddown is met? It would seem less expensive to provide these services than to cover the cost of hospitalization and nursing home care.

Sincerely,

Cheryl Matlack, MSW/LCSW
Dialysis Social Worker



October 20, 2011

Dr. Ian McCaslin, Director
Mo Healthnet Division
615 Howerton Court
PO Box 6500
Jefferson City, Missouri 65102-6500

Dear Dr. McCaslin:

I am contacting you out of concern for dialysis patients in Missouri. I am a Facility Administrator for DaVita, which is one of the largest dialysis providers in the area. There are approximately 38 clinics in my division, which includes much of the state between Marshall and Kennett. Among them there are over 300 patients with MO Healthnet spenddown. I suspect the other dialysis companies have similar populations. Without the assistance of MO Healthnet, these patients have limited or no access to transportation for life-sustaining dialysis treatments. Unless they receive regularly scheduled dialysis, there is a strong likelihood that they will need to use ambulance and hospital services which are much more costly than non-emergency transportation services. In addition to transportation, many of these patients are receiving services through the Home and Community Based Care program; without the in-home care they will require placement in nursing homes.

I would appreciate your guidance as my team struggles to meet the needs of my dialysis patients. Is there a possibility that Missouri would revise the policy to provide transportation and HCB services to eligible recipients without requiring that spenddown is met? It would seem less expensive to provide these services than to cover the cost of hospitalization and nursing home care.

Sincerely,

Mary Beth Donnelly, FA, BSN