

## 2555 - INCURRED MEDICAL EXPENSES

<b>POLICY STATEMENT</b>	Medical expenses incurred by the recipient that are not subject to payment by Medicaid or other third parties can be deducted in the patient liability/cost share budget.
<b>BASIC CONSIDERATIONS</b>	<p>Incurred medical expenses (IME) include the following:</p> <ul style="list-style-type: none"> <li>• Health and/or dental insurance premiums (100%)</li> <li>• Co-insurance and deductible payments not covered by Medicaid</li> <li>• NH private pay amount for bed hold days in a month in which there is a PL (regardless of who made the payments)</li> <li>• A prescription drug that is NOT covered on an A/R's Medicare Part D plan may only be allowed as an IME if the A/R provides verification that s/he has gone through the appeals process with their plan's carrier and has received an unfavorable decision.</li> <li>• Medicare Part D premiums, co-pays and deductibles incurred until such time they are paid by Medicaid. Unless you have evidence to the contrary, assume these bills will be incurred through the month following the month that the case is finalized. The A/R will not be reimbursed for any of these expenses they have paid.</li> <li>• Deductions for expenses not covered by Medicaid as listed on the DMA pricing document, such as the following: <ul style="list-style-type: none"> <li>- dental services</li> <li>- medical supplies</li> <li>- orthopedic services</li> <li>- physician services</li> <li>- prescribed over the counter drugs</li> <li>- prescription drugs on the DMA pricing document</li> <li>- psychiatric or psychological services.</li> </ul> </li> </ul> <p><b>NOTE:</b> This list is not all inclusive.</p> <p>IMEs must be incurred by the recipient, but not necessarily paid by the recipient. However, if the recipient's medical expense is paid by a state or federal entity, the IME is not an allowable expense for an IME.</p> <p>IMEs incurred in months for which no vendor payment is made are not deducted.</p>

**BASIC  
CONSIDERATIONS  
(cont.)**

Long term care medical bills (such as the NH or Hospice provider bill) incurred in months in which a transfer penalty has been imposed may not be deducted from the patient liability/cost share as an IME.

**DMA Pricing  
Document**

The DMA pricing document is a list of the medical services and supplies, which are allowable deductions.

The DMA pricing document will also identify certain items or services that are allowable deductions for CCSP recipients but not for nursing home recipients. These are primarily items and services which are included in the nursing home per diem reimbursement rate.

**PROCEDURES**

**Health and/or  
Dental  
Insurance Premiums**

Verify the following information on a health insurance premium from the source:

- that the policy is in force
- the amount of the premium
- the frequency of the premium

**Health and/or Dental  
Insurance IME Deduction  
for Couples**

In situations where both spouses of a Medicaid couple reside in LA-D with a patient liability/cost share, allow the premium as an IME for the spouse who is financially responsible for payment of the premium. If both spouses are equally responsible or neither is designated as having primary financial responsibility for the premium payment, allow 50% of the premium as an IME for each spouse. If A/R in a NH, IH, CCSP has a community spouse and has health insurance premiums for both deducted from A/R's income, allow the full amount of the insurance premium as a deduction from the PL/CS.

**Other Deductions**

Use [Form 942](#) to determine the items or services requested as IMEs. See Appendix F, Forms, for Form 942 and instructions.

Date form received – Should be date stamped by DFCS office and must be received by the end of the averaging period in which the IME was incurred (the 10<sup>th</sup> of the reconciliation month) OR the 10<sup>th</sup> of the month following the month the IME was incurred if eligibility is determined under AMN.

**DMA Pricing Document**

Compare Form 942 with the DMA Pricing Document to see if the item or service is listed.

**PROCEDURES****DMA Pricing Document  
(cont.)**

Deduct the amount found in the pricing document or the amount charged by the provider, whichever is less.

**IME Query**

Send a query to DMA to determine if a medical expense can be deducted as an IME if it does not appear on the pricing document. Mail to : **OR** Fax to:  
DCH/DMA 404-656-4913  
P.O. Box 38420  
Atlanta, Georgia 30303

**Denial of  
Medical Expense  
Hearing Request**

Deny the IME deduction if the item or service is not approved by DMA.

**NOTE:** For certain expenses, such as drugs, the provider will have to specify quantity, size, strength of dosage, etc., in order for the expense to be correctly identified in the pricing document.

When a request for a deduction is denied, send [Form 943](#) to the recipient prior to the last day of the month for which the deduction is requested.

Process a hearing for denial of IMEs using the same regular hearing procedures. Refer to [Appendix D](#), Hearings.

**Averaging**

Use averaging procedures for the IME deduction. Refer to [Section 2557](#), Averaging Income and Incurred Medical Expenses.

**Averaging  
Period**

Use a monthly average for the 3 months averaging period, when a one time IME is submitted. This could cause the liability to be reduced to zero for the entire averaging period. Refer to [Section 2557](#), Averaging Income and Incurred Medical Expenses.

**NOTE:** There is no carryover of an excess IME to successive averaging periods.

**Allowing the Deduction  
In the System**

Calculate the IME deduction to be allowed in the patient liability/cost share budget and enter this amount in the incurred medical field on the INST screen. The system will allow the IME deduction as the last step in the budgeting process.

**Client Notification**

The system will send notification to the A/R and RP of the patient liability/cost share change for the month(s) for which the deduction is allowed. Customize this notification if more explanation is needed. Refer to [Section 2701](#) for specifics of notification requirements.