

## 2150 – ABD MEDICALLY NEEDY

|                             |  |
|-----------------------------|--|
| <b>POLICY STATEMENT</b>     | <p>ABD Medically Needy (AMN) is a class of assistance (COA) that provides Medicaid coverage for aged, blind or disabled individuals whose income and/or resources exceed income and resource limits for all other ABD Medicaid COAs.</p> <p>There are two types of Medically Needy cases.</p> <ul style="list-style-type: none"> <li>• <b>De facto eligible</b> occurs when the A/R's net countable income is less than or equal to the ABD Medically Needy Income Level (AMNIL) and resources are less than or equal to the AMN resource limit.</li> <li>• <b>Spenddown eligible</b> occurs when the A/R's net countable income is greater than the AMNIL. The amount of income greater than the AMNIL, called the spenddown, is offset by incurred medical expenses. Resources must also be less than or equal to the AMN resource limit.</li> </ul> |
| <b>BASIC CONSIDERATIONS</b> | <p>AMN coverage is potentially available to aged, blind or disabled individuals who have been determined to be financially ineligible under all other ABD Medicaid COAs.</p> <p>Eligibility for SSI and all other ABD Medicaid COAs except Q track must be ruled out before determining eligibility under AMN.</p>   |
| <b>Resource Limits</b>      | <p>The resource limit used for an AMN individual is the SSI Individual resource limit.</p> <p>The resource limit used for an AMN couple or an AMN individual with an ineligible spouse is twice the SSI Individual resource limit.</p>   |
| <b>Review Period</b>        | <p>In AMN, the review period is for six months. Each month of the six-month review period is a separate budget period. Eligibility is determined for each month individually. The review period begins on the first day of the month in which the application is filed and runs through the last day of the sixth consecutive month.</p> <p>For three months prior, each month is also a separate budget period.</p>   |
| <b>De Facto Eligible</b>    | <p>If the A/R's monthly countable income is equal to or less than the AMNIL, the A/R is de facto eligible for Medicaid. Eligibility begins on the first day of the month.</p>  |

**BASIC  
CONSIDERATIONS  
(cont.)**

**Spenddown  
Eligible**

If the A/R's monthly countable income is greater than the AMNIL, the excess amount is called the spenddown.

This spenddown must be met before the A/R can be approved for Medicaid under AMN.

The spenddown is met by subtracting allowable medical expenses from the spenddown amount until the spenddown reaches zero.

When the spenddown is met, the A/R is considered spenddown eligible, and the A/R is approved for Medicaid effective the day spenddown is met through the end of the month.

The following individuals' medical expenses can be used in meeting the spenddown:

- the A/R
- the A/R's **legal** ineligible spouse
- the A/R's **non-legal** ineligible spouse only if the second potential spenddown is used as the AMN spenddown
- the A/R's ineligible child
- the A/R's ineligible parent if the A/R is a child
- the deceased spouse or child of the A/R if the A/R remains liable for payment of the bill
- the child of the A/R who has reached 18 years of age if the child was under 18 at the time the medical expense was incurred and the A/R remains liable for the bill.

**NOTE:** The child does not have to be currently living in the home with the A/R.

Medical expenses are used to meet the spenddown if they meet all of the following conditions:

- The bill is unpaid as of the first day of the month, or is incurred or paid during the budget period.
- The A/R or deemor is legally obligated to pay the expenses of the people listed on page 2150-2.

**BASIC  
CONSIDERATIONS**
**Spenddown  
Eligible  
(cont.)**

- There is no third party resource (TPR) that is liable for payment of the expense. Refer to Special Considerations in this section and Chart 2150.1, Allowable Medical Expenses in AMN. **NOTE:** VA Aid and Attendance is **NOT** a TPR.
- The bill is medically necessary. Any expense ordered or prescribed in writing by a medical practitioner recognized under state law is medically necessary. Doctor and hospital services are considered medically necessary.

The spenddown may be met using medical expenses incurred prior to the month. If this occurs, the A/R is eligible from the first day of the month.

If the spenddown is not met by previously incurred bills, the case is placed in suspense until enough bills are incurred to meet the spenddown or until the end of the month, whichever occurs first.

If the spenddown is met during the month, a first day liability (FDL) is computed for the day the spenddown is met. The A/R is responsible for paying this FDL. Form 400, Medically Needy First Day Liability, is used to inform the provider that the A/R is responsible for the FDL.

If an A/R submits a medical expense after the expiration of the budget period, the bill can be used to meet or adjust the SD for the expired budget period only if it is submitted within three months of the expired period, unless Good Cause exists.

If an A/R becomes eligible under another COA during a month while the case is in suspense, change the COA and begin eligibility effective the first day of that month.

**Begin  
Authorization  
Date**

Medicaid eligibility begins on a specific day in the month. This day is called the Begin Authorization Date (BAD).

**NOTE:** Medical expenses incurred prior to the BAD in a month will not be paid by Medicaid.

|                                 |  |
|---------------------------------|--|
| <b>BASIC<br/>CONSIDERATIONS</b> | <p><b>Begin Authorization Date (cont.)</b></p> <p>The BAD can be any one of the following dates:</p> <ul style="list-style-type: none"> <li>• the first day of the month if de facto eligibility is established</li> <li>• the first day of the month if the spenddown is met using only unpaid medical bills incurred prior to the month</li> <li>• the day in the month in which the spenddown is met using bills incurred during the month or a combination of bills incurred during and prior to the month. (This day could also be the first day of the month.)</li> </ul>  |
| <b>PROCEDURES</b>               | <p>Screen for eligibility for SSI and all other classes of ABD Medicaid.</p> <p>If the A/R is ineligible for SSI based on income, resources or alien status and is ineligible for all other COAs, proceed with AMN. (See section on Citizenship and Alienage to determine which aliens are potentially Medicaid eligible.)</p> <p>Follow the steps below to establish eligibility for ABD Medicaid under AMN.</p> <p><b>Step 1</b> Accept the Medicaid application from the A/R and establish the six month review period. Obtain a written statement of choice when a bill that could potentially be paid by Medicaid is used to meet SD for an ongoing month.</p> <p><b>Step 2</b> Conduct an interview.</p> <p>Determine all basic eligibility criteria except length of stay (LOS) and level of care (LOC).</p> <p><b>NOTE:</b> Complete Form DMA-285, Third Party Liability (TPL), if a resource exists that will pay for all or a portion of the A/R's medical expenses.</p> <p><b>Step 3</b> Establish financial responsibility. Refer to Chapter <a href="#">2500</a>, ABD Financial Responsibility and Budgeting, to determine the following:</p> <ul style="list-style-type: none"> <li>• whose income and resources to consider</li> <li>• which AMNIL and AMN resource limit (individual or couple) to use</li> <li>• which eligibility budget to complete.</li> </ul> |

**PROCEDURES  
(cont.)**

|                              |               |  |
|------------------------------|---------------|--|
|                              | <b>Step 4</b> | Determine the countable resources of the A/R and/or deemor for the first month of the review period and all requested prior months and compare to the appropriate resource limit to determine resource eligibility.  |
|                              | <b>Step 5</b> | Determine the income for the A/R and/or deemor.  |
| <b>De facto Eligibility</b>  | <b>Step 6</b> | <p>If the A/R's net countable income is less than or equal to the appropriate AMNIL, the A/R is de facto eligible. Approve the A/R for Medicaid effective the first day of the month.</p> <p>If the case is not de facto eligible, proceed to Step 7.</p>  |
| <b>Spenddown Eligibility</b> | <b>Step 7</b> | If the A/R's net countable income exceeds the appropriate AMNIL, the amount of the excess is the spenddown. Explain the spenddown concept to the A/R.  |
|                              | <b>Step 8</b> | Determine whose expenses may be allowed as a deduction from the spenddown. Refer to Basic Considerations in this section.  |
|                              | <b>Step 9</b> | <p>Obtain copies of any unpaid medical expenses and those paid during the month for the individuals determined in Step 8. The A/R has the option to use the unpaid medical bill for the month incurred or in a subsequent month. If the A/R submits unpaid medical bills and wants them used in a spenddown budget other than the month in which it was incurred, have them complete and sign the Medically Needy Option Statement, which may be found in Appendix F, Forms. A large unpaid bill may be used as a rollover bill for consecutive or non-consecutive months.</p> <p>If a TPR exists, determine how much the TPR will pay on these bills and subtract this amount from the bill. Deduct only the remaining amount from the spenddown. Do not delay an eligibility determination simply because TPR cannot be ascertained or payment of the third party has not yet been received. This includes pending lawsuits/legal issues as long as the legal proceedings are reported to the TPR unit. Once verification of the TPR is received, reconcile the SD budget and make adjustments if it is to the advantage of the A/R.</p> <p>Refer to Special Considerations and to Chart 2150.1, Allowable Medical Expenses for AMN.</p> |

**PROCEDURES**  
(cont.)

- |                           |   |
|---------------------------|---|
| <b>Step 9<br/>(cont.)</b> | <p>If the A/R is a self-payer for the Medicare premium, allow the premium as the first deduction for each month of the review period. <b>NOTE:</b> This is an exception to the policy of deducting bills in chronological order. The Medicare premium can be deducted the first of each month even if the A/R has other deductible bills incurred prior to the first of the month.</p> <p>Keep copies in the case record of all medical bills used in the SD budget to prevent reuse of bills in subsequent SD budgets.</p>   |
| <b>Step 10</b>            | <p>Arrange the allowable medical expenses in chronological order by date incurred, oldest to most recent.</p> <p>Deduct from the spenddown allowable medical expenses incurred prior to the month in chronological order.</p> <p>If the spenddown is met using prior medical expenses, approve Medicaid for the A/R from the first day of the budget period.</p> <p>Notify the A/R, PR and DMA via the system of eligibility dates and first day liability. Do not send a Form 400 to DMA.</p> <p>If the spenddown is <b>not</b> met, proceed to Step 11.</p>   |
| <b>Step 11</b>            | <p>Deduct from the spenddown allowable medical expenses incurred during the month in chronological order.</p> <p>Rank medical expenses incurred on the <b>same day</b> as follows:</p> <ol style="list-style-type: none"> <li>1. expenses incurred by an ineligible spouse or ineligible child</li> <li>2. expenses incurred by the A/R but not covered by Medicaid (non-covered items such as over-the-counter drugs or bills payable to non-Medicaid providers)</li> <li>3. remaining expenses, low to high, incurred by the A/R that are payable to a Medicaid provider.</li> </ol> <p>If the spenddown is met, proceed to Step 12.</p> <p>If the spenddown is <b>not</b> met, proceed to Step 14.</p> |

**PROCEDURES**  
**(cont.)****Step 12**

If the spenddown is met by bills in ranking order 1 or 2, Form 400 is not required. Complete the following actions:

- Approve the A/R for Medicaid to begin on the day in which the bill that brought the spenddown to zero (the break-even bill) was incurred.
- Send notice to the A/R. Include the BAD, the ending date of eligibility and the A/R's Medicaid number.
- Complete Form 962 for any months you are unable to enter in the system. Enter \$0 as the First Day Liability Amount.

If the spenddown is met by bills in ranking order 3, Form 400 is required. Complete the following actions:

- Issue a Form 400 for the break-even bill showing the amount of the bill that was applied to the spenddown as the client liability. **NOTE:** The Form 400 can be issued to either the A/R or to a provider. Discuss with the A/R and determine to whom the Form 400 should be issued.
- Issue Form 400 with a client liability of zero for any other Medicaid covered bills incurred on the BAD that were not used to meet the spenddown.

The Form 962 must contain the following:

- “Form 400 Required”-“Y”
- The amount of the First Day Liability (FDL)
- Pharmacy is Break-even bill – “Y” or “N”
- “Eff Date” and “End Date” are the month, **day**, and year of the beginning and ending dates of eligibility.

**NOTE:** For group practices, indicate the specific individual who performed the medical service on Form 400, not the group name.

**PROCEDURES**

|                 |                        |   |
|-----------------|------------------------|---|
|                 | <b>Step 12 (cont.)</b> | <p><b>NOTE:</b> Hospitals often submit a consolidated bill to the A/R. If requested to do so, issue Form(s) 400 to any individual provider whose bill was included in the consolidated bill. Include the FDL on the Form 400 for the hospital, but not on the Form 400 for the individual provider.</p> <ul style="list-style-type: none"> <li>• Send notice to the A/R, including the BAD, FDL and the A/R's Medicaid number.</li> </ul> |
| <b>Suspense</b> | <b>Step 13</b>         | If the spenddown is <b>not</b> met, place the case in suspense until enough medical expenses are incurred to meet the spenddown.  |
|                 | <b>Step 14</b>         | Subtract verified allowable medical expenses from the spenddown as they are presented by the A/R using Step 11 ranking order.   |
|                 | <b>Step 15</b>         | Deduct any medical expenses incurred during the month as they are provided by the A/R.  |
|                 | <b>Step 16</b>         | <p>If the spenddown is met during the month, approve Medicaid as of the day spenddown is met.</p> <p>If the spenddown is <b>not</b> met during the month, begin the spenddown determination for the next month.</p>   |

**SPECIAL CONSIDERATIONS****Allowable Medical Expenses**

The following expenses can be used to meet the AMN spenddown:

- Services provided by the following:
  - Chiropractors
  - Dentists
  - Hospitals
  - LPNs
  - Medical Clinics
  - Mental Health Clinics
  - MR Group Homes (daily rate for treatment and training)
  - Nursing Assistants
  - Opticians
  - Optometrists
  - Osteopaths
  - Oculists
  - Personal Attendants (sitters) – obtain doctor's statement that a personal attendant/sitter is necessary for A/R's medical condition
  - Physicians
  - Psychiatrists
  - RNs



**SPECIAL  
CONSIDERATIONS****Allowable Medical  
Expenses (cont.)**

- Medical care purchases, such as the following:
  - medical tests
  - hearing aids
  - eye glasses
  - contact lens
  - dentures
  - prescription drugs
  - over-the-counter medical needs
  - transportation costs to obtain medical services – the lesser of actual cost or maximum allowable amount. (See Appendix A-1 for maximum allowable mileage costs)
  - prosthetic devices
  - immunizations
  - Guide Dog or other animal trained to assist a physically disabled person (include the cost of securing and maintaining animal)
- Elective surgery
- Medically necessary ambulance service
- Health and/or dental insurance premium. If a fee or premium is paid by an entity other than the A/R, such as the Federal or state government, it is NOT treated as a medical expense for AMN.
- A prescription drug that is NOT covered on an A/R's Medicare Part D plan may only be allowed as a medical expense for AMN 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.
- The following medical expenses may be projected (rather than used as a daily expense) as billed/paid for applying to the AMN spenddown:
  - personal care home (with doctor's statement - medical expense portion only, room and board expenses are not allowable)
  - NH bill
  - Personal sitter (with doctor's statement only)

The projected medical bills of personal care home, NH, and personal sitter will not be paid by DCH.

**SPECIAL  
CONSIDERATIONS****Allowable Medical  
Expenses  
(cont.)**

**NOTE:** These lists are not all inclusive. Explore TPR coverage before applying any medical expense as a deduction from the spenddown. If the medical bill is questionable as to whether or not it is allowable, follow the procedures outlined in Section 2555-3 to submit IMEs for approval.

**Verification of  
Medical Expenses**

Verify incurred medical expenses by one of the following:

- medical bills or statements
- receipts for payment of medical expenses
- medical Explanation of Benefits (EOB) which shows covered/non-covered and paid/unpaid medical expenses
- health insurance statements showing amount paid
- odometer readings for mileage costs
- other appropriate means.

**NOTE:** A doctor's statement (written or verbal) indicating anticipated Medicare TPR may be used as verification until such time as the Medicare EOB is received.

If a previously "written off" bill is submitted again as owed, do not allow this bill to be used in the spenddown budget. Writing a bill off gives the provider of service a tax benefit and makes them eligible for Indigent Trust funds.

**SPECIAL CONSIDERATIONS (cont.)**

Use the following chart to determine which medical expenses can be deducted to meet the spenddown in an AMN case:

| <b>CHART 2150.1 – ALLOWABLE MEDICAL EXPENSES FOR AMN</b>  |   |
|---|---|
| <b>ALLOWABLE</b>  | <b>NOT ALLOWABLE</b>  |
| <ul style="list-style-type: none"> <li>• Medical bills belonging to individuals who are or could have been included in the BG when the expenses were incurred.</li> <li>• Unpaid bills that the A/R or deemor remains liable for paying.</li> <li>• If there is a deductible or co-payment amount to be paid by the A/R, this can be allowed. However, if a decision is pending as to who is liable, do <b>not</b> allow the deduction until the decision on liability is made.</li> </ul> <p>If a bill is paid in full or in part to a provider or as a reimbursement to the A/R or deemor by a public program funded by the state or programs of political subdivisions of the state, allow this as a deduction in the month incurred or paid, as long as <b>no federal funds</b> are used. Verify the source of the funding to ensure that there are no federal funds.</p> <p><b>NOTE:</b> Allow a <b>reimbursement</b> for this third party only <b>if</b> the bill was paid by the A/R and reimbursed in the same month. Do not allow the bill as a deduction if the A/R paid the incurred expenses prior to the current month and was reimbursed in the current month.</p> <ul style="list-style-type: none"> <li>• Unpaid bills incurred <b>prior</b> to the month which were not used to meet a spenddown for another month.</li> <li>• Bills incurred during the month, whether paid or unpaid.</li> <li>• Bills applied to an earlier spenddown that was never met if the bills are still owed and the individual who incurred them is still a deemor or A/R's minor child.</li> <li>• Medical bills used in ARM AMN budgets in the spenddown process.</li> <li>• Bills not presented to the worker during the month provided the A/R or deemor remains liable for payment as of the first day of the next month under consideration.</li> <li>• The remainder of unpaid bills incurred prior to the month that have been turned over to a collection agency. If these medical bills are consolidated with other bills, only the portion that can be verified as unpaid medical expenses can be deducted.</li> </ul> <p><b>NOTE:</b> Monthly payments to a collection agency Cannot be deducted.</p> <ul style="list-style-type: none"> <li>• Medical expenses related to pregnancy, including prepayment of delivery fees or admission fees by the hospital when billed.</li> <li>• <b>Emergency Medical Assistance COA:</b> Bills from any time period can be used as long as the A/R or deemor still has a legal obligation to pay the bill. The incurred bills are not limited to the time of the emergency service.</li> </ul> | <ul style="list-style-type: none"> <li>• Medical bills past or present which are/were subject to payment by a third party resource (TPR), including Medicare. Exception: See page 5, Step 9 regarding legal issues. VA Aid and Attendance is <b>not</b> a TPR.</li> <li>• Medical bills incurred in a month in which the A/R was Medicaid eligible that were not submitted to DMA or not submitted timely for payment, or which were submitted and rejected for errors in filing the claim.</li> <li>• For ongoing AMN, past medical debts which were forgiven or written off by the provider prior to the first day of the month or prior to the date the case is brought to final disposition.</li> <li>• Medical expenses paid by Medicaid under three months prior coverage.</li> <li>• Medical bills applied in another month in which spenddown is met.</li> <li>• Long term care medical bills incurred by A/R who is not found eligible for Medicaid under an LA-D COA due to a transfer penalty, may not use those bills as an expense for AMN.</li> </ul> |

## SPECIAL CONSIDERATIONS (CONT.)

| CHART 2150.1 (CONT.) – ALLOWABLE MEDICAL EXPENSES FOR AMN  |  |
|--|--|
| ALLOWABLE  | NOT ALLOWABLE  |
| <ul style="list-style-type: none"> <li>• Medical bills that have been paid with the proceeds of a loan if the loan has not been fully repaid. If other expenses were also paid by the loan, consider any and all payments made on the loan to be for the medical bills.</li> <li>• Medicare premiums for an A/R who is a self-payer are deductible the first day of each month, even if A/R is eligible as of the first day of the month using bills from previous months.</li> <li>• Medical bills that may potentially be paid as the result of a pending lawsuit/legal issue are allowable in the month the bill is incurred. However, complete and send a Form DMA 285 regarding the pending lawsuit.</li> <li>• A prescription drug that is NOT covered on an A/R's Medicare Part D if the A/R provides verification that s/he has received an unfavorable decision from the carrier that it will not be covered.</li> <li>• Medicare Part D premiums and co-pays until such time as they are picked up by Medicaid. This should occur annually within two months after the first month of AMN approval.</li> </ul> | <ul style="list-style-type: none"> <li>• Any prescription that is covered under Medicare Part D (excluding co-pay).</li> <li>• Once the A/R has met SD, do not allow any prescription payments or co-pays from that point to the end of the month. These should be covered by Medicaid.</li> </ul> |

## Processing the AMN

Since AMN eligibility is determined for a time limited review period, the AMN case must be reviewed at the beginning of each new review period.

- Complete a full eligibility determination with the A/R's first application, including a signed application, other basic eligibility criteria and full verification as required for an initial application under any other ABD Medicaid COA.
- For each successive review period on a case that has continued in an active or suspense status (A/M), complete a review of eligibility using the procedures in [Section 2706](#), Medicaid Reviews. It is not necessary to complete another application unless the case has been closed for an entire month or more.

**NOTE:** If a SMEU decision is used to verify disability at the point of an initial AMN application, the SMEU decision is verification of disability for all successive AMN applications unless SMEU requests a review of disability.

**Standard of Promptness**

The SOP for an AMN application is met when all basic and financial eligibility criteria are met and the A/R is either notified in writing of the amount of the spenddown, or the A/R is approved if spenddown is already met.

**Q Track Recipient  
Applies for AMN**

An individual who is eligible for ongoing QMB, SLMB or QI-1 does not have to file a separate application for AMN. The A/R must make his/her intentions known by requesting AMN verbally or by a written statement. Document the case record accordingly. If the A/R submits medical bills not covered by Q Track, consider it a request for AMN.

Determine AMN eligibility for:

- the month the bill is received by the EW
- OR**
- any of the three prior months
- OR**
- the ongoing month.

The medical bill has to meet all criteria for being an allowable deduction for the month under consideration.

**NOTE:** A Q Track application filed on a DCH Form 700 may also be used as an application for full Medicaid benefits. However, additional information and verification may be required for full Medicaid.

| TYPE OF CASE   | BAD                     | FDL                                     | 400s REQUIRED  | TRANSMIT<br>ELIGIBILITY<br>VIA | 962 TO A/R |
|--|-------------------------|---|--|--------------------------------|------------|
| De Facto   | First Day of BP         | \$0                                     | NONE   | System                         | See note   |
| SD: Unpaid break-even bill incurred prior to BP                            | First Day of BP         | \$0                                     | None   | System                         | See note   |
| SD: Unpaid Medicaid covered, break-even bill incurred by A/R during the BP | Date of break-even bill | Amount of break-even bill applied to SD | Break-even bill and any other of A/R's Medicaid covered bills incurred on BAD, but not needed to meet SD | System                         | See note   |
| SD: Break-even bill not covered by Medicaid and incurred during BP         | Date of break-even bill | \$0                                     | NONE   | System                         | See note   |

**NOTE:** The system generated notice, which includes Medicaid eligibility information, replaces Form 962. Complete a Form 962 **only** if eligibility cannot be entered into the system, such as a three month prior application that is greater than thirteen months old.