



### Medically Needy Health Care Program

#### **Spenddown**

The Medically Needy program offers coverage to people who have income over the maximum allowable income standard. The spenddown amount is your share of your family's medical bills. The spenddown amount is like an insurance deductible. If you have a spenddown amount (deductible), you are responsible for that amount and we would pay any medical bills over that amount.

#### **Who can get Medically Needy coverage**

A spenddown can be set up for you if you are in any one or more of the following groups:

- Pregnant Women
- Children under the age of 19
- Seniors age 65 and over
- Persons determined disabled by Social Security

#### **Countable Resources**

For pregnant women and children, there is no resource test. For seniors and people with disabilities, there is a resource limit of \$2000 for singles and \$3000 for couples. Examples of resources are bank accounts, cars, property and stocks, to name a few, that are owned by you or someone in your household.

#### **How much is the spenddown?**

The spenddown amount is different for every person or family. The countable income of yourself and your family over the protected income limit becomes the amount of the spenddown.

The protected income limit for the elderly and people with disabilities is \$495.00 for one or two people and \$500 for three people. For adults, only the income of the person needing coverage and their spouse is used.

For children, the protected income limit is \$475.00 for one or two people and \$480.00 for three people. The income of the children and the parents who live with them is counted.

For pregnant women, the protected income limit is \$475 for two people and \$480 for three people. The unborn baby is counted as part of the household, so a household of two or three, if the father of the unborn is living in the home, is applicable. The income of the pregnant woman and the father of the baby, if living in the home, is counted.

Extra deductions from income are given for earned income:

- For seniors and people with disabilities, over half of the wages are deducted.
- For pregnant women and children, \$200/month for each person with earned income is deducted.

### **How long is the spenddown?**

The spenddown period is usually six months. The spenddown period starts with the month you apply.

### **EXAMPLE 1:**

A 70 year old woman receives \$795 in Social Security income. She applies for medical assistance on June 2<sup>nd</sup>. The spenddown period is June to November.

#### **Calculating the Spenddown Amount**

\$795 (social security income)  
- \$495 (protected income level)  
=\$300 monthly spenddown amount  
  
\$300x 6 months = \$1,800 total spenddown

## Example 2:

A pregnant woman earns \$1,000 a month and her husband earns \$2,000 a month. They apply for medical assistance on August 4<sup>th</sup>. Her spenddown period is August to January.

### Calculating the Spenddown Amount

\$3,000 (total monthly income)

-\$400 (earned income disregard)

-\$480 (Protected Income Level)

= \$2,120 x 6 months = \$12,720 total spenddown

### How does the spenddown process work?

The eligibility worker determines the amount of the spenddown amount and sends a letter to you. A medical card is sent for each person in your family who lives with you and is on your spenddown program. But the medical card will not pay any bills until the spenddown amount is met. You can send in medical bills for yourself and all members of your family that are on your program to meet the spenddown. When medical care is needed, the medical provider (doctor, dentist) can also send in bills. When all of the bills added together meet the spenddown amount, the medical card can be used for all the rest of the medical bills during the 6 month spenddown period.

### What medical bills can be used to meet a spenddown?

You may use most of the medical bills for yourself, your spouse living with you, and your minor children living with you. The medical bills may include doctor, hospital, dental, vision, hearing, prescriptions, transportation to get medical care, premiums paid for health insurance and Medicare, old medical bills still owed, and some over the counter drugs and medical supplies ordered by a doctor. You cannot use any bills or parts of any bills already paid by Medicare or other health insurance.

### What happens when the spenddown amount is met?

Once the spenddown amount has been met, the medical card can be given to the medical provider and they can ask for payment from KHPA. The bills used to meet the spenddown amount remain your responsibility to pay. A new spenddown period may begin after you reach the end of the first spenddown period.