

Spenddown

What is a spenddown?

A “spenddown,” which is similar to an insurance deductible, is an optional program utilized when income exceeds the standard for Categorically Needy (CN) Medicaid recipients. Clients must verify that their out of pocket medical expenses total the spenddown amount before they can be approved for Medically Needy (MN) Medicaid coverage.

Who is eligible for a spenddown?

Individuals aged 65+, blind, or disabled are eligible for a Classic Medicaid spenddown. When clients are over the income standard and below the resource limit, they receive a letter from the Department of Social and Health Services (DSHS) informing them of their eligibility for a spenddown. This letter includes the base period dates and the amount of the spenddown.

Children and pregnant individuals are eligible for a Modified Adjusted Gross Income (MAGI) spenddown if they are over the income standard. When individuals are identified as eligible, the Health Care Authority (HCA) sends a spenddown offer letter asking applicants if they would like to be considered for a spenddown. It's up to applicants to let HCA know if they are interested. Instructions are provided in the offer letter.

How do I know if a spenddown is the right program for my client's needs?

- Ask clients if they anticipate having out of pocket medical expenses in the next 3 or 6 months.
- If clients do not have medical expenses, they can always apply for a spenddown if unexpected medical costs arise.
- If clients report anticipated expenses, review their income and compare to the Medically Needy Income Limit (MNIL) to determine the spenddown amount. Also discuss if their anticipated expenses could exceed the spenddown amount.
- Clients can open a spenddown base period as a safety net and choose not to submit bills.
 - Explain to clients that they will receive denial letters at the end of the base period if they don't meet spenddown.

Instead of establishing a spenddown, a client may opt to purchase a Qualified Health Plan (QHP) through Washington Healthplanfinder.

What services are available once the spenddown is met?

Once spenddowns are met, clients have access to health care coverage that includes medical, dental, behavioral health, vision, and prescription drugs.

Is there an alternative to spenddown for an individual who is disabled and working?

Yes, Apple Health for Workers with Disabilities (HWD) is a program where a client pays a monthly premium for healthcare coverage instead of being on a spenddown. HWD is usually a much better option for clients. [Learn more about HWD online.](#)

Where do clients apply, send in their information, or call with questions?

Clients have options when applying for spenddowns.

- If they are denied coverage for being over income, clients will receive a letter in the mail inviting them to apply for a spenddown.
- Clients can also apply for spenddowns over the phone, using the numbers shown below.

Encourage clients to first complete an application for Apple Health coverage before looking into spenddown.

Individuals who are aged, blind, disabled, or in need of long-term services and supports can apply for Classic Medicaid:

Online: washingtonconnection.org

Paper: Submit an [Application for aged, blind, disabled/long-term care coverage](#)

Phone: DSHS at 1-877-501-2233

In person: Visit your local Department of Social and Health Services (DSHS) office.

- For Aged, Blind or Disabled coverage: [DSHS Community Services Office](#)
- For Long-term Services and Supports: [Home and Community Services Office](#)

Individual adults, children, parent/caretakers, and pregnant individuals can apply for Modified Adjusted Gross Income (MAGI) Apple Health coverage:

Online: wahealthplanfinder.org

Mobile app: Download the [WAPlanfinder app](#)

Paper: Submit an [Application for health care coverage \(18-001P\)](#)

Phone:

- Call the Washington Healthplanfinder Customer Support Center at 1-855-923-4633 to apply for Apple Health coverage.
- Call HCA for questions or to apply for spenddown call HCA at 1-800-562-3022.

In person: Local resources who, at no additional cost, can help you apply for health coverage.

- [Local enrollment assistance](#)

What bills can be used to meet a spenddown?

Bills must be for a qualifying medical expense.

- A qualifying medical expense must:
 - Be an expense for which the person is financially liable;
 - Not have been used to meet another spenddown;
 - Not be the confirmed responsibility of a third party such as Medicare or other insurance.
- Apple health manual chart lists allowable and non-allowable medical expenses for spenddown.
- Bills owed prior to the base period or incurred during the base period do not have to be paid in order to be used towards a spenddown.

Copies of bills are preferred over originals. Bills need to show dates of service, amount owing, and the names of individuals and providers.

When the spenddown period expires, will incurred bills roll over to the new period?

Any bills still owing can be applied to the next base period as long as they haven't been used to meet previous spenddown obligations.

Note: Establishing a spenddown is different than meeting a spenddown. Meeting a spenddown means that bills have been incurred that meet or exceed the spenddown liability amount.

Can medical expenses incurred in the 3 months prior to the spenddown base period be used?

If retroactive coverage is requested, HCA can go back 3 months to provide coverage. We can use bills more than 3 months old if they are unpaid and are the responsibility of the client or someone in their household.

Should Medicare or private insurance be billed first before sending unpaid bills to HCA/DSHS to apply to a spenddown?

Medicaid is the payer of last resort. Medicare or other insurance coverage should be billed first. The remaining unpaid balance will then be applied to the spenddown.

Can charitable contributions from providers or facilities be applied toward the spenddown?

Typically the bill must be still owed by the client, although there are a few exceptions:

- Expenses paid by an organization are countable toward spenddowns as long as no federal funds are used.
- Public programs, such as the AIDS Alliance, Kidney Disease Program, and some Indian Health Service programs, can pay expenses and also be used for spenddowns.

Refer to the [Apple Health Manual](#) for more specifics and a complete list.

Who should be on the Spenddown Assistance Unit (AU)?

The spenddown AU should include:

- Applicants
- Spouses
- Dependent children
 - For SSI-related medical, a child is defined as either a minor, or age 18-21 and meets specific student requirements.

What income is countable for spenddown liability determination?

- MAGI spenddown:
 - Income of both spouses
 - Income of any tax dependents that meet the tax filing threshold
- Classic spenddown:
 - Income of both spouses
 - A spousal deduction of \$943 is taken from the applicant's income when the spenddown is calculated.

What happens when a spenddown is met?

Once the spenddown is met, a letter is sent to the client showing approval information. If enough bills are incurred prior to the base period, the start date would be the first of the month of the base period.

If the amount of bills incurred meet the spenddown obligation mid-month, the spenddown start date is the date the obligation is met.

How often does a client need to reapply for a medically needy (MN) program?

Individuals must reapply at the end of their base periods.

How do clients pay their medical bills once a spenddown has been met?

Bills used to meet spenddown are still the responsibility of clients .

If the spenddown is approved and there are bills incurred in the approved base period, the provider should bill Apple Health directly through HCA.

If there is a change of income, does the spenddown liability change?

Yes. When a client has a change in income, they should report it as their spenddown liability could change or they may be eligible for another program.

Does the Alien Emergency Medical (AEM) program qualify for a spenddown when the client's income is over the income standard?

Yes. A spenddown can be established for clients who qualify for the AEM program.

Does a spenddown provide more benefits to clients than Medicare Savings Programs (MSP)?

Clients on a Qualified Medicare Beneficiary (QMB) MSP are not typically enrolled in spenddowns as their MSP covers co-pays and deductibles. Individuals with Specified Low Income Medicare Beneficiary (SLMB) and Qualified Individual (QI)-1 MSPs may benefit from Spenddown if they have significant non-reimbursed costs (uncovered by Medicare).

When a spenddown is met, dental, vision and prescription coverage is provided.