

# Spenddown

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Eligibility Policy Innovation and Community Support

ITICEA

# Topics

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# What is a spenddown?

# What is spenddown?

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- ▶ A spenddown is like an insurance deductible and is used to determine a client's liability for the cost of medical care.
- ▶ Medically Needy (MN) coverage begins once an individual has shown incurred medical expenses that meet their established spenddown liability.
- ▶ What is a spenddown liability?
  - ▶ Medical bills incurred or paid during your current base period.
  - ▶ Medical bills incurred and paid during the 3 months prior to your application for a spenddown.
  - ▶ Medical bills from any family member you are financially responsible for who lives with you.

# Medically Needy Medicaid

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- ▶ For more information about the scope of services for MN coverage: [hca.wa.gov/billers-providers-partners/program-information-providers/program-benefit-packages-and-scope-services](https://hca.wa.gov/billers-providers-partners/program-information-providers/program-benefit-packages-and-scope-services)
- ▶ There is no automatic redetermination process for MN coverage. Clients must reapply at the end of their base period or when their certification ends.

# Who is eligible for a spenddown?

# Who is eligible for a spenddown?

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- ▶ There are two group of individuals who are eligible for a spenddown:
  - ▶ Apple Health Classic Medicaid spenddowns are for individuals who are aged 65 and older, blind or disabled who:
    - Have income above the income standard
    - Have resources below \$2000
  - ▶ Apple Health MAGI\* Medicaid spenddowns are for individuals who are pregnant and for children who:
    - Have income above the income standard
- ▶ Instead of establishing a spenddown, a client may also have the option to purchase a Qualified Health Plan through Washington Healthplanfinder.

\*Modified Adjusted Gross Income (MAGI)

# Base periods and how a spenddown is calculated



# Base periods

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- ▶ The spenddown amount is determined using the client's choice of 3 or 6 month base period.
- ▶ The client may receive medical benefits for all or part of the base period depending on when their spenddown is met.
- ▶ Clients can request retroactive eligibility for 1-3 months prior to the application month to cover bills incurred before applying.

# How a spenddown is calculated

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- ▶ The spenddown liability amount is dependent on:
  - ▶ The number of people in the household
  - ▶ The amount of countable income in the household
    - ▶ Non-Medicare health insurance premiums can reduce the amount of countable income.
  - ▶ The medical program and type of coverage the client is eligible for
    - ▶ Classic Medicaid or MAGI Medicaid
  - ▶ The client's choice of a 3-or-6 month base period

# What can be applied to a spenddown

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- ▶ Below are some examples of expenses that may go toward the client's spenddown liability during the base period:
  - ▶ Medicare premiums, copayments or coinsurance charges (excluding those paid by a Medicare Savings Program)
  - ▶ Unpaid and paid medical expenses
  - ▶ Prescription expenses
  - ▶ Receipts/statements from providers showing current and incurred charges.
  - ▶ Co-payments/payments made toward bills
  - ▶ Mileage used for medical purposes
  - ▶ For more information, visit the [Allowable expenses chart](#)\*

# MAGI spenddown letters

# MAGI spenddown - offer letter

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When a MAGI client applies for Apple Health (Medicaid) and they are determined to be over income for the program, they are sent a spenddown offer letter.

- ▶ The offer letter gives a brief definition of the spenddown program.
- ▶ The offer letter lets them know who to contact if they are interested in applying or enrolling in a spenddown program.

# MAGI spenddown - offer letter

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Dear JANE DOE

When you apply for Washington Apple Health (WAH) and your income is above the standard for free or low cost WAH coverage you may enroll in the Spenddown Program. Children and pregnant women may be eligible for medical coverage under the Spenddown Program.

Spenddown is like an insurance deductible. The amount of your deductible is based on your income. No coverage will be authorized until the spenddown (deductible) is met. You are responsible for the medical expenses used to meet your spenddown (deductible).

Under the Affordable Care Act, most individuals must have qualifying health care coverage, also called minimum essential coverage. Spenddown is not minimum essential coverage and doesn't meet the requirement. Contact the Health Benefit Exchange to see options for plans which provide minimum essential coverage. Their phone numbers are 1-855-923-4633 (1-855-WAFINDER) or go online to [www.wahealthplanfinder.org](http://www.wahealthplanfinder.org)

If you would like to enroll in the Spenddown Program, please call us by 09/01/20 at 800-562-3022 or email us at: [AskMAGI@HCA.wa.gov](mailto:AskMAGI@HCA.wa.gov).

Please provide us with information regarding any monthly childcare or child support expenses you pay when you contact us.

- Fax information to us at 866-841-2267.

Write your client ID on all copies you send us. Your client ID is XXXXXXXXXX.

# MAGI spenddown - denial letter

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Dear JANE DOE

You did not contact our office within 15 days to ask us to determine your eligibility for the Spenddown Program. We won't determine your eligibility for Spenddown.

See WAC 182-503-0060. You may contact our office within 30 days to have us review your eligibility for the Spenddown Program. Call 800-562-3022 or email us at [AskMAGI@hca.wa.gov](mailto:AskMAGI@hca.wa.gov).

If you don't wish to apply for the Spenddown Program with Washington Apple Health and would like to select a Qualified Health Plan (with or without tax credits), please log into your Healthplanfinder account at [www.wahealthplanfinder.org](http://www.wahealthplanfinder.org) or call 1-855-923-4633 to see if you are eligible.

You can check these rules online at <http://apps.leg.wa.gov/wac/>.

You can:

- Apply for benefits, submit a review, or report changes at [www.washingtonconnection.org](http://www.washingtonconnection.org).
- Fax information to us at 866-841-2267.

Write your client ID on all copies you send us. Your client ID is 000000000. |

If you disagree with any of our decisions, you may ask to have the case reviewed. You can also ask for an administrative hearing. Administrative hearing rights are included in this letter.

# MAGI spenddown - established letter

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- ▶ Once the spenddown is established, the client will receive a letter describing:
  - ▶ Their base period.
  - ▶ The amount of their liability.
  - ▶ What expenses to submit.
  - ▶ Where to submit medical expenses.



# MAGI spenddown - established letter

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Dear JANE DOE

Washington Apple Health Medically Needy (MN) coverage will begin for the following people after you give us proof of allowed medical expenses totaling \$8,843.00. This amount is called your spenddown. You have a spenddown because your income is above the MN program limit. Health Care Authority HCA can't pay bills used to meet your spenddown.

JANE DOE JUNIOR

The income we count is over the Washington Apple Health Medically Needy MN income limit by \$2,947.00 each month.

We multiply this amount by the number of months in your base period to decide your total spenddown. You may choose a 3 or 6 month base period.

The base period we used for your spenddown is 07/01/24 to 09/30/24. Please contact us if you want to change it.

We need proof by 10/31/24 that you owe or recently paid \$8843.00 in allowed medical expenses.

You can:

- Apply for benefits, submit a review, or report changes at [www.washingtonconnection.org](http://www.washingtonconnection.org).
- Fax information to us at 866-841-2267.

# MAGI spenddown - approval letter

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- ▶ Once the financial obligation of the spenddown is met, the client will receive a letter describing their eligibility.
- ▶ The letter will contain the following information:
  - ▶ The total amount of outstanding medical bills applied to the total spenddown.
  - ▶ The base period including any retroactive periods.
  - ▶ Any bills that were unable to be used toward the spenddown.

# MAGI spenddown - approval letter

We looked at all health care programs.

The following people will receive Medically Needy (MN) Medical.

	Assistance Unit #	Begin Date	End Date
Apple Health for Kids JANE DOE JUNIOR	123456789	07/01/24	09/30/24

We used the following bills toward your current spenddown base period:

	Amt	Ins Pd	Used
<b>HOSPITAL BILL</b>			
02/18/24	\$4446.00	\$0.00	\$4446.00
<b>DOCTOR EXPENSE</b>			
02/18/24	\$533.00	\$0.00	\$533.00
<b>HOSPITAL BILL</b>			
04/02/24	\$189.00	\$0.00	\$189.00
<b>ARNP EXPENSE</b>			
04/02/24	\$301.00	\$0.00	\$301.00
<b>HOSPITAL BILL</b>			
04/06/24	\$2750.00	\$0.00	\$2750.00
<b>DOCTOR EXPENSE</b>			
04/06/24	\$193.00	\$0.00	\$193.00
<b>HOSPITAL BILL</b>			
04/08/24	\$189.00	\$0.00	\$189.00
<b>SURGEON EXPENSE</b>			
04/08/24	\$242.00	\$0.00	\$242.00

We can't pay these bills because they were used to meet your spenddown.

We will send you a letter if there are any changes to the benefits listed above.

You can:

- Apply for benefits, submit a review, or report changes at [www.washingtonconnection.org](http://www.washingtonconnection.org).

# Classic Medicaid spenddown letters

# Classic spenddown - established letter

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- ▶ When an individual applies for a Classic Medicaid program, and they are over income and under resources. A letter is created and includes:
  - ▶ Their base period.
  - ▶ The amount of their liability.
  - ▶ What expenses to submit.
  - ▶ Where to submit medical expenses.

# Classic spenddown - established letter

Dear JACK DOE

Washington Apple Health Medically Needy (MN) coverage will begin for the following people after you give us proof of allowed medical expenses totaling \$564.00. This amount is called your spenddown. You have a spenddown because your income is above the MN program limit. Health Care Authority HCA can't pay bills used to meet your spenddown.

JACK DOE

The income we count is over the Washington Apple Health Medically Needy MN income limit by \$94.00 each month.

We multiply this amount by the number of months in your base period to decide your total spenddown. You may choose a 3 or 6 month base period.

The base period we used for your spenddown is 05/01/23 to 10/31/23. Please contact us if you want to change it.

We need proof by 11/30/23 that you owe or recently paid \$564.00 in allowed medical expenses.

You can:

- Apply for benefits, submit a review, or report changes at [www.washingtonconnection.org](http://www.washingtonconnection.org).
- Fax information to us at 888-338-7410.

# Classic spenddown - approval letter

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- ▶ When an individual submits copies of their medical expenses and it's enough to meet their spenddown, they receive an approval letter that includes:
  - ▶ Their base period with begin and end dates.
  - ▶ The medical expenses used to meet their spenddown liability.

# Classic spenddown - approval letter

Dear JACK DOE

We looked at all health care programs.

The following people will receive Medically Needy (MN) Medical.

	Assistance Unit#	Begin Date	End Date
SSI Related JACK DOE	0000000000	05/01/23	10/31/23

We used the following bills toward your current spenddown base period:

	<u>Amt</u>	Ins Pd	Used
WELLNESS CENTER			
05/11/23	\$60.00	\$0.00	\$60.00
WELLNESS CENTER			
05/18/23	\$60.00	\$0.00	\$60.00
WELLNESS CENTER			
05/25/23	\$60.00	\$0.00	\$60.00
WELLNESS CENTER			
06/08/23	\$60.00	\$0.00	\$60.00
WELLNESS CENTER			
06/29/23	\$60.00	\$0.00	\$60.00
WELLNESS CENTER			
07/11/23	\$60.00	\$0.00	\$60.00
WELLNESS CENTER			
08/01/23	\$60.00	\$0.00	\$60.00
WELLNESS CENTER			
08/18/23	\$60.00	\$0.00	\$60.00
WELLNESS CENTER			
08/22/23	\$60.00	\$0.00	\$60.00



# How to apply for spenddown

# Apply for Classic Medicaid spenddown (aged, blind or disabled)

▶ To apply for Classic Medicaid:

- ▶ **Online:** [washingtonconnection.org/home](http://washingtonconnection.org/home)
- ▶ **Mail:** PO Box 11699, Tacoma WA 98411-6699
- ▶ **Fax:** (888) 338-7410
- ▶ **In person:** Visit your local Community Services Office: [dshs.wa.gov/office-locations](http://dshs.wa.gov/office-locations)
- ▶ **Phone:** 1-877-501-2233

# Apply for MAGI Medicaid spenddown

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- ▶ To apply, submit a renewal, or report changes for MAGI Medicaid spenddown for children and pregnant individuals over the income standard:
  - ▶ Online: [wahealthplanfinder.org](http://wahealthplanfinder.org)
  - ▶ Mail: PO Box 45531, Olympia, WA 98504
  - ▶ Fax: (866) 841-2267
  - ▶ Email documents: [apple@hca.wa.gov](mailto:apple@hca.wa.gov)
  - ▶ Phone: 1-800-562-3022

# Change in circumstances

# What if my situation changes?

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- ▶ You may be eligible for a different Apple Health program.
- ▶ You may have a different spenddown amount.
- ▶ You may not have any changes at all to your health care coverage.

# What changes do I have to report?

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- ▶ Residential or mailing address
- ▶ Marital status
- ▶ Income
- ▶ When family members move out of your residence
- ▶ Pregnancy
- ▶ Incarceration
- ▶ Health insurance coverage including Medicare eligibility
- ▶ Resources if you receive Classic Medicaid coverage
- ▶ Immigration or citizenship status

# Spenddown, Medicare, and Medicare Savings Programs

# SD and Medicare Savings Program

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- ▶ Individuals applying for Apple Health should be considered for all programs and if the individual is Medicare eligible, the Medicare Savings Program (MSP) should be considered.
- ▶ An individual can receive any of the MSPs while pending a spenddown.
- ▶ When an individual meets their spenddown amount, Apple Health can open concurrently to the MSP program, if the MSP program is:
  - ▶ Qualified Medicare Beneficiary (QMB)
    - Pays Part A and Part B premiums
    - Pays deductibles
    - Pays copayments except for prescriptions
  - ▶ Specified Low-Income Medicare Beneficiary (SLMB)
    - Pays Part B premiums



# SD and Medicare Savings Program

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- ▶ Medicare premiums are only allowed as an expense towards meeting a spenddown liability when HCA (through the MSP programs for Part A and Part B) or the federal government (through the Part D low-income subsidy) is not paying them.
- ▶ Allowable expenses for spenddown must not be reimbursable by Medicare or other third-party coverage.
  - ▶ Expenses must be the responsibility of the client.
    - ▶ The amount left over, is usually patient responsibility and usable towards the spenddown liability

# Spenddown and Medicare Part D

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- ▶ What if you are entitled to Medicare Part D?
  - ▶ Any uncovered/not reimbursed expenses are allowable towards your spenddown.
    - ▶ Uncovered prescriptions are most common such as:
      - Supplements
      - Naturopathic remedies if prescribed by a medical doctor
  - ▶ Part D co-pays and premiums (paid by you) can be applied to your spenddown.

# Resources

# Resources

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- ▶ Provider Spenddown step-by-step
  - ▶ [hca.wa.gov/assets/billers-and-providers/fs\\_spenddownstepbystep.pdf](https://hca.wa.gov/assets/billers-and-providers/fs_spenddownstepbystep.pdf)
- ▶ Cross Agency Desk Aid
  - ▶ [hca.wa.gov/assets/free-or-low-cost/customer\\_support\\_center\\_referrals.pdf](https://hca.wa.gov/assets/free-or-low-cost/customer_support_center_referrals.pdf)
- ▶ Washington Administrative Codes (WAC)
  - ▶ **WAC 182-519-0100:**  
[hca.wa.gov/health-care-services-and-supports/program-administration/wac-182-519-0100-eligibility-medically](https://hca.wa.gov/health-care-services-and-supports/program-administration/wac-182-519-0100-eligibility-medically)
  - ▶ **WAC 182-519-0110:**  
[hca.wa.gov/health-care-services-and-supports/program-administration/wac-182-519-0110-spenddown-excess-income](https://hca.wa.gov/health-care-services-and-supports/program-administration/wac-182-519-0110-spenddown-excess-income)



# Questions

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