

Medically Needy "spenddown" program

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The Medically Needy (MN) program helps pay medical expenses for some people who have disabilities or are age 65 or older. These folks don't get Supplemental Security Income (SSI), ABD, or other public assistance programs, or the Medicaid coverage that comes with those programs.

What is the Medically Needy program?

It's a Medicaid insurance program for certain groups of people, including people who have disabilities, or are 65 or older and don't get financial assistance, such as Supplemental Security Income (SSI) (<https://www.ssa.gov/ssi>). The Medically Needy program covers medical expenses (<https://app.leg.wa.gov/WAC/default.aspx?cite=182-501-0060>), including medical visits, medical services, copays, health insurance premiums, and transportation to medical care.

Medicaid (<https://www.dshs.wa.gov/altsa/home-and-community-services/medicaid>) is a government program that pays for medical services, including nursing home care. Washington uses the term "Apple Health" to refer to Medicaid programs.

You can apply online (<https://www.washingtonconnection.org/home/>) or go to your local DSHS office (<https://www.dshs.wa.gov/office-locations>). You can ask DSHS for help applying for the program.

How much resources and income can I have to qualify for the Medically Needy program?

Some **resources**, like your house, car, and personal items don't get counted for the resource limit.

- If you're single, your resource limit is **\$2,000**.
- If you're married, the resource limit for you and your spouse together is **\$3,000**.

There's no **income** limit for the Medically Needy program. But the more income you have, the more you must pay toward your medical expenses.

What is a spenddown amount?

It's the amount you must spend on your medical expenses before DSHS will start covering the expenses. There are many expenses you can use to meet your spenddown amount (<https://www.hca.wa.gov/free-or-low-cost-health-care/i-help-others-apply-and-access-apple-health/allowable-expenses-chart>).

Important! You can count an expense towards your spenddown as soon as you're billed for a service you received (you've incurred it). You don't need to have paid it for it to count.

To decide your spenddown amount, DSHS will multiply the number of months in the base period by the amount of your monthly excess income. Your excess income is the amount of income you get above the income allowance. In other words:

Countable Income - Income Allowance = Excess Income x Base Period = Spenddown

Spenddown example: Jane's countable income is **\$1,057/month**. She subtracts her income allowance of **\$994/month**, which leaves her with **\$63/month** of "excess" income. If Jane's base period is 3 months, her spenddown amount will be \$189 (3 x \$63). If her base period is 6 months, her spenddown amount will be \$378 (6 x \$63).

\$1,057 Countable Income - \$994 Income Allowance = \$63 Excess Income

\$63 Excess Income x 3-month base period = **\$189 Spenddown**

\$1,057 Countable Income - \$994 Income Allowance = \$63 Excess Income

\$90 Excess Income x 6-month base period = **\$378 Spenddown**

What is my countable income?

DSHS generally counts your income from work, Social Security benefits, disability payments, pensions, and retirement accounts. It might also count food or housing support you get from friends and family, and some of your spouse's income if they live with you.

DSHS won't count the first \$65 of income from work, the first \$20 of most other income, food stamps, tax refunds, scholarships, loans, and irregular or infrequent payments to you.

- **Example 1:** Jane gets \$1,077/month from Social Security. DSHS will deduct \$20, so her countable income is \$1,057/month.
- **Example 2:** Beth gets \$465/month from work. DSHS will deduct \$65 and only count half of the remaining income. So, her countable income is \$200/month.

What is my income allowance for non-medical expenses?

- Single Person: **\$994/month.**
- Married couple, both on Medically Needy program: **\$994/month.**
- Married couple, only one on Medically Needy program: **\$2,982/month.**

What is a base period?

It's the time period used to calculate your spenddown amount. You can choose a base period of 3 months or 6 months. Reaching your spenddown amount as early as possible in your base period will give you the most coverage.

At the end of your base period, you must re-apply. Toward the end of your base period, you should get notice from DSHS to reapply. You'll then get a letter from DSHS about your spenddown amount for the next period.

When will my Medically Needy program coverage begin?

It starts when you incur medical expenses equal to or greater than your spenddown amount. The coverage lasts as long as your base period.

- **3-Month base period example:** Jane has a 3-month base period starting in January. Her spenddown amount is \$270. Jane visits her doctor on January 2 and has a medical test on January 5. The bill for the doctor's visit is \$170 and the bill for the medical test is \$100. Jane incurred \$270 by January 5, so that's when Medically Needy coverage begins. Coverage lasts through March.
- **6-Month base period example:** Jane has a 6-month based period starting in January. Her spenddown amount is \$540. Jane goes to the emergency room on January 2. The bill for the emergency room is \$1,540. Jane incurred \$540 by January 2, so that's when Medically Needy coverage begins. Coverage lasts through June.

Who is responsible for medical expenses on the day my Medically Needy coverage begins?

If the expense was used to meet your spenddown, you're responsible. The Medically Needy program should cover any expenses beyond your spenddown amount.

- **Example:** Jane meets her \$540 spenddown amount on January 2 with a \$1,540 emergency room visit. Jane is responsible for the \$540 spenddown amount. The hospital should bill DSHS for the other \$1,000.

You can get retroactive coverage during the 3-month period before you apply for the Medically Needy program if you were eligible during that time. DSHS will treat the retroactive period as a separate base period.

- **Example:** Jane incurs medical expenses of \$500 on January 2 but she doesn't apply for Medically Needy program until March. DSHS determines she was eligible for the program 3 months before she applied. Jane's 3-month spenddown amount is \$270, so she'll get retroactive coverage from January 2 through March.

How will DSHS know about my medical expenses before coverage begins?

You must send copies of your medical bills, statements and receipts to your DSHS financial worker for expenses used to reach your spenddown amount.

Any tips for reaching my spenddown amount?

- Reaching your spenddown amount as early as possible in your base period will give you the most coverage.
- You can review the list of allowable expenses (<https://www.hca.wa.gov/free-or-low-cost-health-care/i-help-others-apply-and-access-apple-health/allowable-expenses-chart>) to see if you have expenses that would qualify.
- Try to get medical services that the Medically Needy program doesn't cover (<https://www.hca.wa.gov/free-or-low-cost-health-care/i-help-others-apply-and-access-apple-health/allowable-expenses-chart>) and save the services covered by the Medically Needy program until you reach your spenddown.
- You might be able to use unpaid medical bills you incurred 3 months before you applied for the Medically Needy program (during the retroactive period) to meet your spenddown.
- Keep copies of all papers showing medical expenses and insurance reimbursements, including bills for doctor visits, prescription medication, hospital care, nursing care and transportation.

If you're eligible for the Medically Needy program, you're also eligible to have Medicare premiums paid under a Medicare Savings Program.

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