

## Spenddown

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### Spenddown: What is it?

- ☛ When an individual/family meets **all non-financial requirements, and resource eligibility requirements**, but **has income that exceeds the limit**, they may qualify for a **spenddown**.
- ☛ **Spenddown** is similar to an insurance policy deductible: Medical expenses above the spenddown amount makes a person eligible (*temporarily*) for **full-benefit Medicaid**.
- ☛ **"Spenddown liability"** = amount of bills a person must incur to be eligible under a spenddown
- ☛ Spenddown liability should be included on an individual's **Notice of Action**, if s/he is ineligible for full-benefit Medicaid, including if only eligible for a Medicare Savings Plan (*MSP*).

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### Spenddown Income Limits

- ☛ **"Medically Needy" (aka Spenddown) Income Limits (MNIL)** are defined **differently** than the income limits for other ABD Medicaid categories.
- ☛ **3 locality groupings for an ABD Spenddown:**
  - Group I has the lowest income limits, Group III the highest
  - MNIL as of July 1, 2024:

Family Unit Size	Group I		Group II		Group III	
	Monthly	6-Month	Monthly	6-Month	Monthly	6-Month
1	\$398.50	\$2,391.01	\$459.81	\$2,758.87	\$597.76	\$3,586.53
2	\$507.30	\$3,043.80	\$566.14	\$3,396.83	\$720.63	\$4,323.80

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## Meeting the Spenddown

- ☛ An eligibility worker will request a completed **Medical Expense Record** to determine whether an applicant has met a Spenddown.
- ☛ **Medical expenses** that can be used to meet a spenddown include:
  - Doctor or hospital bills
  - Dentist bills
  - Health insurance premiums
  - Certain medical supplies
  - Prescription medicines (*coinsurance, copays, or out-of-pocket cost if uninsured at the time of application*)
  - **Old bills count, if the applicant is still liable for them**
- ☛ Medical expenses paid by Medicare, Medicaid, or other insurance **do not count** toward the spenddown liability.
- ☛ When the spenddown **budget period** (*usually 6 months*) ends, the individual will need to be **re-evaluated** to see if s/he can be eligible for Medicaid.



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## Spenddown Example: Mildred and Warren

Mildred and Warren are married and live in Richmond City. They are both 70 years old and have Medicare. Their combined monthly unearned income is **\$1,520/month**, which puts them over the countable income limit for full-benefit ABD Medicaid.



Their resources are below \$3,000.

Neither is institutionalized, in hospice, or receiving Community-Based Care.

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## Spenddown Example: Mildred and Warren

Mildred and Warren are married and live in RVA. Their combined monthly unearned income is **\$1,520/month**:

Income **\$1,520/month**  
 - Standard Disregard: **\$20**  
 \$1,500



\$1,500 x 6 months = **\$9,000.00**  
 MNIL Group II: **-\$3,396.83**

Spenddown liability: **\$5,603.17**

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