

# Spendedown

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### Spendedown: What is it?

- ☛ When an individual/family meets all **non-financial requirements, and resource eligibility requirements**, but **has income that exceeds the eligibility limits**, they may qualify for a **spendedown**.
- ☛ **Spendedown** is similar to an insurance policy deductible: Medical expenses above the spendedown liability amount makes a person eligible (temporarily) for **full-benefit Medicaid** within a specified period, often called a budget period.
  - For those who are in a nursing home, the spendedown budget period is usually 1 month. For all others, it is usually 6 months.
- ☛ **“Spendedown liability”** is the amount of bills a person must incur to be eligible under a spendedown
 

**Spendedown Liability =**  
**(Applicant’s Monthly Countable Income x Budget Period) – “Medically Needed” aka Spendedown Income Limit**
- ☛ Spendedown liability and budget period will 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).
 

**Section 4**

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### Spendedown Income Limits

- ☛ **“Medically Needed” (aka Spendedown) Income Limits (MNIL)** are defined **differently** than the income limits for other ABD Medicaid categories.
- ☛ **3 locality groupings for an ABD Spendedown:**
  - Group I has the lowest income limits, Group III the highest
  - MNIL as of **July 1, 2025**:

Assistance Unit Size	Group I		Group II		Group III	
	Monthly	6-Month	Monthly	6-Month	Monthly	6-Month
<b>1</b>	\$410.05	\$2,460.34	\$473.14	\$2,838.87	\$615.08	\$3,690.53
<b>2</b>	\$522.01	\$3,132.06	\$582.55	\$3,495.33	\$741.53	\$4,449.18

**Section 4; Handout**

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## Meeting the Spenddown

- An eligibility worker will request a completed **Medicaid Spenddown Record** to determine whether an applicant has met their spenddown liability.
- **Medical expenses** that can be used to meet a spenddown include:
  - Doctor or hospital bills
  - Dentist bills
  - Nursing facility care
  - 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.
- **Any bills incurred prior to the date the spenddown liability is met are still the applicant's responsibility.** This is just like how an insurance deductible works. These bills "count" towards meeting the spenddown liability, but Medicaid does not pay for them.

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## Spenddown Process

1. Submit Initial Application	2. Receive Notice of Action	3. Compile and Submit Medical Expenses	4. Qualify for Spenddown
<ul style="list-style-type: none"> <li>• Eligibility is evaluated by LDSS</li> <li>• Applicant <b>meets all non-financial requirements, and resource eligibility requirements</b>, but has <b>income that exceeds the eligibility limits for full-benefit Medicaid</b>, including if only eligible for a Medicare Savings Program</li> </ul>	<ul style="list-style-type: none"> <li>• Spenddown liability and budget period will be included on an individual's <b>Notice of Action</b>, along with a <b>Medicaid Spenddown Record Worksheet</b></li> <li>• Budget period begins</li> </ul>	<ul style="list-style-type: none"> <li>• Individual incurs medical expenses equal to or greater than the amount of the spenddown liability</li> <li>• Individual reports expenses to their local DSS using the <b>Medicaid Spenddown Record Worksheet</b></li> </ul>	<ul style="list-style-type: none"> <li>• Medicaid eligibility is established for the remainder of the budget period by LDSS</li> <li>• When the spenddown <b>budget period</b> ends, the individual will need to be <b>re-evaluated</b> to see if s/he can still be eligible for Medicaid</li> </ul>


**Spenddown Budget Period**  
 (1 month if institutionalized, 6 months for all others)

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## Spenddown Example: Mildred and Warren

Mildred and Warren are married and live in Richmond City. They are both 68 years old and have Medicare. Their combined monthly unearned income is **\$2,020/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 **\$2,020/month**:

Income **\$2,020/month**  
 - Standard Disregard: **\$20**  
 \$2,000



\$2,000 x 6 months = **\$12,000.00**  
 MNIL Group II: **-\$3,495.33**

Spenddown liability: **\$8,504.67**

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