

Long-Term Care Monthly Spenddown Procedures

The Department of Vermont Health Access (DVHA), Long-Term Care (LTC) division uses the following procedures to determine the LTC Medicaid monthly income spenddown amount when the client's gross income is above the current Institutional Income Standard (IIS).

Information needed:

- Private pay rate for the facility
- Current gross monthly income
- All out-of-pocket medical expenses and the date they were incurred. Expenses that should be covered by insurance cannot be used in the income spend down.

Step 1 - Total all the gross monthly income and subtract the \$20 unearned disregard and the Medicaid Protected Income Level (PIL). This will determine the spenddown amount.

Step 2 –

If in a Nursing Facility (NF) setting - Multiply the Medicaid per diem rate for the facility by the number of days that coverage is needed for that month. This will give you the total Medicaid per diem expense.

If on Home-Based Waiver (HBW) or in Enhanced Residential Care (ERC) setting – Divide the current Medicaid rate for the HBW or ERC services by the number of days in the month, then multiply by the number of days coverage is needed for that month. This will give you the total Medicaid per diem expense.

Compare the spenddown amount (from Step 1) to the total Medicaid per diem expense for the appropriate setting to see if the spenddown is met. Do not use any other medical expenses except the Medicaid per diem expense.

If the Medicaid per diem expense is more than the spenddown, the client has met their spenddown and DVHA will calculate the patient share.

If the Medicaid per diem expense is less than the spenddown, go to Step 3.

Step 3 –

If in a NF setting - Use the current private pay rate for the NF and multiply by the number of days that coverage is needed for that month. This will give you the total private pay expense.

If on HBW or in ERC setting – Use the client's monthly private pay amount for their service plan. Divide the monthly private pay amount by the number of days in the month, then multiply by the number of days that coverage is needed. This will give you the total private pay expense.

Compare the spenddown amount (from Step 1) to the total private pay expense for the appropriate setting to see if the spenddown is met.

If the private pay expense is more than the spenddown, the client has met their spenddown and DVHA will calculate the patient share.

If the private pay expense is less than the spenddown, go to Step 4.

Step 4 – Subtract the medical expense by date incurred in that month to determine the date the spenddown is met.

Examples of the following scenarios are provided:

- Example #1 – Medicaid per diem rate
- Example #2 – Private Pay rate
- Example #3a & 3b – Medical expenses

Example #1 – Medicaid per diem expense is more than the spenddown amount.

Gross income - \$4,449.05
IIS – \$2,829.00
PIL - \$1,300.00
Medicaid per diem rate - \$ 215.51/day
Number of days coverage is needed - 30
Monthly medical expenses: none

The income of \$4,449.05 is more than the IIS of \$2,829.00 so the spenddown must be calculated.

Calculate Spenddown amount:

Gross income =	\$4,449.05
Unearned income disregard =	- \$20
PIL =	<u>- \$1,300.00</u>
Monthly spenddown amount =	\$3,129.05

Calculate Monthly expense:

Medicaid per diem rate =	\$215.51
Number of days =	<u>x 30</u>
Monthly expenses =	\$6,465.30

Determine if spenddown is met:

Monthly spenddown amount =	\$3,129.05
Monthly expenses =	<u>- \$6,465.30</u>
	- \$3,336.25

The spenddown is met and Medicaid will cover the 30 days of coverage needed in the month. A patient share is determined.

Example #2 – Medicaid per diem expense is less than the spenddown amount but the private pay expense is more than the spenddown amount.

Gross income - \$5,449.05

IIS – \$2,829.00
 PIL - \$1,300.00
 Medicaid per diem rate - \$209.32/day
 Private pay rate - \$310.00/day
 Number of days coverage is needed - 15
 Monthly medical expenses: none

The income of \$5,449.05 is more than the IIS of \$2,829.00 so the spenddown must be calculated.

Calculate Spenddown amount:

Gross income = \$5,449.05
 Unearned income disregard = - \$20
 PIL = - \$1,300.00
 Monthly spenddown amount = \$4,129.05

Calculate Monthly expense:

Medicaid per diem rate = \$209.32
 Number of days = x 15
 Monthly expenses = \$3,139.80

Determine if spenddown is met:

Monthly spenddown amount = \$4,129.05
 Monthly expenses = - \$3,139.80
 \$989.25

The spenddown is not met using the Medicaid per diem expense. Determine if the spenddown will be met using the private pay rate.

Calculate Monthly expense:

Private pay rate = \$310.00
 Number of days = x 15
 Monthly expenses = \$4,650.00

Determine if spenddown is met:

Monthly spenddown amount = \$4,129.05
 Monthly expenses = - \$4,650.00
 - \$520.95

The spenddown is met and Medicaid will cover the 15 days needed for that month. A patient share is determined.

Example #3a – Medicaid per diem and private pay expense is less than the spenddown amount.

Gross Income – \$11,206.37
 IIS – \$2,829.00
 PIL – \$1,300.00
 Number of days coverage is needed – 31

Medicaid per diem rate – \$209.32/day
Private pay rate – \$310.00/day
Medical expenses – none reported

The income of \$11,206.37 is more than the LIS of \$2,829.00 so the spenddown must be calculated.

Calculate Spenddown amount:

Gross income =	\$11,206.37
Unearned income disregard =	- \$20
PIL =	<u>- \$1,300.00</u>
Monthly spenddown amount =	\$9,886.37

Calculate Monthly expense:

Medicaid per diem rate =	\$209.32
Number of days =	<u>x 31</u>
Monthly expenses =	\$6,488.92

Determine if spenddown is met:

Monthly spenddown amount =	\$9,886.37
Monthly expenses =	<u>- \$6,488.92</u>
	\$3,397.45

The spenddown is not met using the Medicaid per diem expense. Determine if the spenddown will be met using the private pay expense.

Calculate Monthly expense:

Private pay rate =	\$310.00
Number of days =	<u>x 31</u>
Monthly expenses =	\$9,610.00

Determine if spenddown is met:

Monthly spenddown amount =	\$9,886.37
Monthly expenses =	<u>- \$9,610.00</u>
	\$276.37

The spenddown is not met using the private pay expense. The case is denied/closed with the monthly spenddown amount.

Example #3b – Allowable medical expenses provided after denial/closure.

After the case is denied/closed, the client provides proof of allowable medical expenses.

If the allowable medical expenses meet the spenddown amount after deducting the NF private pay expense for the month, calculate the days the client must pay privately to the NF. The projected NF expenses for the remainder of the month are used to see if the spenddown is met.

The medical expenses must be deducted in the following order and by date incurred or paid:

- Health insurance expenses
- Medical expenses not covered by Medicaid
- Covered medical expenses

Medical Expenses for the month:

\$174.70 – Medicare Part B premium paid on the 3rd

\$156.50 – AARP insurance paid on the 5th

\$56.49 – RX co-pays paid on the 10th

\$32.82 – OTCs owed to NF paid on the 11th

The remaining spenddown amount is \$276.37 after deducting the NF private pay amount.

Health insurance premiums: The client incurred health insurance premiums on the 3rd for \$174.70 and on the 5th for \$156.50.

The allowable medical expenses exceed the spenddown amount on the 5th of the month (\$276.37 – \$174.70 – \$156.50 = - \$54.83).

Medical expenses not covered by Medicaid: The client must pay privately for the days until the spenddown is met which would be the 1st through the 5th in the amount of \$1,550.00 (\$310.00 x 5 days = \$1,550.00).

Covered medical expenses: Project the private pay cost of the NF for the remaining days of the month, 26 days x \$310.00 = \$8,060.00.

Spenddown amount =	\$9,886.37
Health insurance premiums =	- \$331.20
Private pay amount =	- \$1,550.00
Projected NF expense =	<u>- \$8,060.00</u>
	- \$54.83

The spenddown is met on the 5th day of the month and the client is eligible for Medicaid to pay for the 26 days needed for that month (6th through the 31st).

A patient share is determined for the 26 days that Medicaid will cover.