STATE OF IOWA DEPARTMENT OF
Health AND Human
SERVICES

March 29, 2024

GENERAL LETTER NO. 8-J-105

ISSUED BY: Iowa Medicaid

SUBJECT: Employees' Manual, Title 8, Chapter J, ***Medically Needy***, 176, 178, 180-182, 185, 187, 191 and 192, 202-204, 217, revised.

Summary

This chapter is revised pursuant to the 2024 Social Security cost-of-living adjustment (COLA) increase of 3.2 percent, and to reflect:

- The increase in the monthly maintenance needs allowance (MMMNA) for 2024 to $3,853.50.
- The increase in the Medicare Part A deductible for 2024 to $1,632.
- The increase in the Medicare Part B deductible for 2024 to $240.
- The increase in the Medicare Part B premium to $174.70.
- Update the cost of personal care services in a residential care facility to $983.74 per month or $32.36 per day effective April 1, 2024.

Effective Date

January 1, 2024.

Material Superseded

Remove the following pages from Employees' Manual, Title 8, Chapter J, and destroy them:

Page	Date
176, 178, 180-182, 185, 187, 191 and 192, 202-204, 217	June 16, 2023

Additional Information

Refer questions about this general letter to your area income maintenance administrator.

4. Child A is under age 18 and disabled. His mother receives $999 social security disability per month. His father earns $1,071 per month. Child A's social security income is $500.

Child A and Mrs. A will be on separate SSI-related Medically Needy cases.

First, determine the amount of spenddown for Mrs. A. Follow instructions in 8-E for deeming from an ineligible spouse. Child A is treated as an ineligible child in this determination. Child A's income exceeds $472, so no income of the father can be allocated to child A. ($472 is the maximum amount to deem to an ineligible child.)

$ 999.00	Mrs. A's SSD income
- 20.00	General income exclusion
$ 979.00	Countable unearned income
$ 1,071.00	Mr. A's earned income
- 65.00	Work exclusion
$ 1,006.00	
- 503.00	½ the remainder
$ 503.00	Countable earned income

$ 979.00	Countable unearned income
+ 503.00	Countable earned income
$ 1,482.00	Total countable income

$ 2,964.00	$1,482.00 × 2 months
- 966.00	$483 × 2 months (MNIL for 2)
$ 1,998.00	Spenddown

Second, determine eligibility for child A. Follow instructions in 8-E for deeming from an ineligible parent to an eligible child. In this situation, Mrs. A is treated as an ineligible parent, as she is not receiving SSI. Use both parents' income to determine the amount of spenddown for child A.

$ 999.00	Mrs. A's SSD income
- 20.00	General income exclusion
$ 979.00	Countable unearned income
$ 1,071.00	Mr. A's (father's) earned income
- 65.00	Work exclusion
$ 1,006.00	
- 503.00	½ the remainder
$ 503.00	Countable earned income

$ 979.00	Countable unearned income
+ 503.00	Countable earned income
$ 1,482.00	Total countable income
- 1,415.00	Parental exclusion
$ 67.00	Deemed to child A

$ 500.00	Child A's income
- 20.00	General income exclusion
$ 480.00	Child A's countable income
+ 67.00	Income deemed from parents
$ 547.00	Total countable income

$ 1,094.00	$547.00 × 2 months
- 966.00	$483 × 2 months (MNIL for 1)
$ 128.00	Spenddown

1. Household composition:

   Mr. C, 70, has monthly unearned income of $1,006
   Mrs. C, 60, not blind or disabled; has monthly earned income of $816

   Mr. C's income exceeds SSI standards and he is requesting Medicaid eligibility through the Medically Needy program. The Medically Needy spenddown calculation is as follows:

   Step 1: Determine if Mrs. C will be a responsible relative (if she would have income deemed to Mr. C). Mrs. C's gross income of $816 exceeds $472. Proceed with the deeming process.

   Step 2: Determine how much of Mrs. C's income to deem to Mr. C.

$ 816.00	Mrs. C's earned income (ineligible spouse)
- 65.00	Work exclusion
$ 751.00	
- 375.50	1/2 remainder
$ 375.50	Countable earned income available to Mr. C

   Step 3: Determine Mr. C's spenddown.

$ 1,006.00	Mr. C's unearned income
- 20.00	General income exclusion
$ 986.00	Mr. C's countable income
+ 375.50	Mrs. C's income deemed to Mr. C
$ 1,361.50	Total monthly countable income

$ 2,723.00	$1,361.50 (monthly income) × 2 months
- 966.00	MNIL for 2 (483 × 2 months)
$ 1,757.00	Spenddown

   Therefore, Mr. C is considered a conditionally eligible person and Mrs. C is considered as a responsible relative as she deemed income to Mr. C.

2. Mr. M has applied for Medicaid. He receives $990 social security disability benefits. Mrs. M receives unemployment insurance benefits (UIB) of $600. They have two children, Y and Z. Each child receives $185 social security benefits.

$ 990.00	Unearned income of Mr. M
- 20.00	General income exclusion
$ 970.00	Countable unearned income

$ 943.00	SSI benefit for one person
- 970.00	Mr. M's countable income
$ 0.00	

   Mr. M's income does create ineligibility for SSI. Proceed to the deeming process for SSI-related Medically Needy:

$ 600.00	Mrs. M's unearned income
- 287.00	Allocation for ineligible child Y ($472 - 185 = $287)
- 287.00	Allocation for ineligible child Z ($472 - 185 = $287)
$ 26.00	Mrs. M's countable unearned income

   $26 does not exceed $472. As the income is less than $472, there is no income available to deem to Mr. M.

   Mr. M's countable income of $970 is compared to the MNIL for a household size of one to determine the spenddown amount. Mrs. M is not a responsible relative on Mr. M's case.

1. Household composition:

   Mr. B, 60, receives $950 per month in social security disability benefits
   Mrs. B, 55, receives $1,340 gross earned income each month
   Their children: Bobbie, 10, receives $240 social security.
   Barbie, 9, receives $240 social security.

   The B family requests Medicaid for all members. Mr. B chooses to be SSI-related, due to his verified disability. Mrs. B is an FMAP-related specified relative. Bobbie and Barbie are FMAP-related children. There are no child care costs.

   This household has two cases:

   - The SSI-related household consists of Mr. B (the eligible spouse) and Mrs. B (the ineligible spouse).
   - The FMAP-related household consists of Mr. B (the responsible relative), Mrs. B (the specified relative), and Bobbie and Barbie (FMAP-related children).

   The **SSI-related income calculation** for the B family is as follows:

   To determine if Mrs. B will be a responsible relative for Mr. B's SSI-related case, determine if she would have income deemed to Mr. B following SSI policy.

$	1,340.00	Mrs. B's gross earnings
-	232.00	Allocation for Bobbie's unmet needs ($472 - 240)
-	232.00	Allocation for Barbie's unmet needs ($472 - 240)
$	876.00	

   $876 exceeds the difference of the SSI benefit rate for an eligible couple and the SSI benefit rate for an individual ($472). Proceed to deeming calculation step. (If Mrs. B's income at this point were less than $472, deeming would not be applicable.)

$	876.00	Mrs. B's remaining earned income
-	65.00	Work exclusion
$	811.00	
-	405.50	1/2 the remainder
$	405.50	Amount of Mrs. B's income deemed to Mr. B

$	950.00	Mr. B's unearned income
-	20.00	General income exclusion
$	930.00	Mr. B's countable unearned income
+	405.50	Mrs. B's income deemed to Mr. B
$	1,335.50	

$	2,671.00	Income for the certification period ($1,335.50 × 2 months)
-	966.00	MNIL for the certification period ($483 × 2 months)
$	1,705.00	Spenddown

   The MNIL is for a two-person household. Mrs. B is a responsible relative on the SSI-related case, as she deemed income to Mr. B.

The **FMAP-related income calculation** for the household is:

Unearned income:

$	950.00	Mr. B's social security disability
+	240.00	Bobbie's social security
+	240.00	Barbie's social security
$	1,430.00	

Earned income:

$	1,340.00	Mrs. B's gross earnings
-	268.00	20% earned income deduction
$	1,072.00	Countable earned income

Total income:

$	1,430.00	Total unearned income
+	1,072.00	Countable earned income
$	2,502.00	Total countable income

$	5,004.00	Income for the certification period ($2,502 × 2 months)
-	1,332.00	MNIL for the certification period ($666 × 2 months)
$	3,672.00	Spenddown

MNIL is for a four-person household. Mr. B is a responsible relative on the FMAP-related case. Spenddowns for the family in Example 1 are:

$1,705 for the SSI-related Medically Needy case.
$3,672 for the FMAP-related Medically Needy case.

NOTE: Bobbie and Barbie are eligible for MAC and are considered people on the FMAP-related case.

2. Mr. B from Example 1 has ongoing medical expenses of $2,500 per month.

   The worker advises the Bs to have two cases: SSI-related and FMAP-related. With an SSI-related case, Mr. B will have $795 of his medical expenses paid after he meets the spenddown. The FMAP-related case will not meet spenddown. Therefore, Mr. B would not want to be a conditionally eligible person on the FMAP-related case. (NOTE: Mr. B is a responsible relative on the FMAP-related Medically Needy case.)

3. Bobbie from Example 1 has a hospital bill of $16,800 that occurred before the certification period and remains unpaid. This bill has not been used before to meet spenddown. Mr. B has ongoing medical expenses of $1,250 per month.

   The worker advises Mr. B to be a conditionally eligible person on the FMAP-related case for five certification periods. They would not be able to use Bobbie's old medical bill to meet spenddown on the SSI-related case.

   As a conditionally eligible person on the FMAP-related Medically Needy case, Mr. B could have Medicaid pay all of the medical expenses that he incurs during the first five certification periods.

   During the sixth certification period, Mr. B would need to have an SSI-related case, as he would have more medical expenses paid.

4. Mrs. B from Example 1 requires minor surgery during the certification period. For this certification period, Mr. B has only $250 in medical expenses per month.

   Since Mr. B does not have enough medical expenses to meet spenddown on an SSI-related Medically Needy case, the worker advises Mr. B to be conditionally eligible on the FMAP-related case. More medical bills would be paid for the family.

   Because there are no unusual expenses expected for the B family in the next certification period, the worker advises the Bs to have both an SSI-related and an FMAP-related case.

5. Household composition:
   Mr. G, 65, receives $1,000 monthly social security
   Mrs. G, 56, receives $250 monthly social security
   George, 15, is in school and receives $250 social security

   The categorical relationship of each person is:
   Mr. G: SSI-related (aged)
   Mrs. G: FMAP-related specified relative
   George: FMAP-related child

   The certification period is for May and June.

   The household chooses to receive Medically Needy benefits for the SSI-related member and the FMAP-related group. This household has two cases.

   SSI-related Medically Needy household:

   To calculate spenddown for Mr. G, first determine if Mrs. G will be considered a responsible relative and if any of Mrs. G's income will be deemed to Mr. G.

   George's income: $ 250.00

Mrs. G's income:	$ 250.00	Social security
	- 222.00	George: Allocation for ineligible child ($472 - 250)
	$ 28.00	

   $28 is less than $472. Therefore, Mrs. G's income is not deemed to Mr. G, and she is not a responsible relative.

$ 1,000.00	Mr. G's social security income
- 20.00	General income exclusion
$ 980.00	
× 2	Months
$ 1,960.00	
- 966.00	MNIL for a one-person household ($483 × 2 months)
$ 994.00	Spenddown

   Mr. G is conditionally eligible for SSI-related Medically Needy. Medical expenses for Mrs. G and George are not usable in meeting the spenddown for Mr. G's Medicaid eligibility. Mrs. G and George are not coded on the ABC system as responsible relatives for the SSI-related case.

Income and Spenddown in the Retroactive Period

Legal reference: 441 IAC 75 (Rules in Process)

Assign a retroactive period of one, two, or three months depending on which month the retroactive period begins. (See Retroactive Eligibility for determining which months to include in the retroactive period.)

Consider all months of the retroactive period in which eligibility under another coverage group does not exist as a "unit." The "unit" for the Medically Needy retroactive period may be one, two, or three months depending on the first month in which Medicaid-covered services were received. Count all income for this unit, even if the household is ineligible in any month (for example, because of excess resources).

Determine the income for the retroactive period by adding the net countable income for each month of the Medically Needy retroactive period to arrive at a total. Do not count income from a month of the retroactive period when eligibility for that month is established under a coverage group other than Medically Needy.

Determine the MNIL for the retroactive certification period by adding the MNIL for each month of the Medically Needy retroactive period to arrive at a total.

Compare the net countable income to the MNIL for the retroactive period. (Use all months of the retroactive period, as previously determined, even if the client was ineligible for a part of it.)

1. The household, a pregnant woman, files an application November 10. The household paid a medical bill in August and has an unpaid medical bill in October. The retroactive period is August, September, and October. The household is over resource limits for September.

   Net countable income:

August	$ 700.00	
September	1,000.00	
October	+ 859.00	
	$ 2,559.00	Total net countable income for the retroactive period

   Income from all three months is totaled and considered in determining spenddown. As September is an ineligible month, retroactive eligibility is coded as first and third prior months only. When the Eligibility Status Turnaround Document is received, the individuals' fund code for the month of September is "9," not eligible.

2. Ms. S, a pregnant woman, files an application November 15 and requests retroactive benefits. She indicates that she has an unpaid bill for Medicaid-covered services received in October. She did not receive any Medicaid-covered services in August or September.

   The retroactive period consists of October. Income from October is used to determine the spenddown for the retroactive period.

1. Mrs. W, age 66, enters a nursing facility on June 16. Her monthly gross income is $2,000 social security and $870 IPERS. Her countable income of $2,870 exceeds the Medicaid cap for the 300% group. To determine Medically Needy countable income, deduct the $20 general income exclusion.

   Certification period: June - July income

$ 2,870.00	Gross unearned income
- 20.00	General income exclusion
$ 2,850.00	

$ 2,850.00	
+ 2,850.00	
$ 5,700.00	Net countable income for the certification period
- 966.00	MNIL for the certification period ($483 × 2 months)
$ 4,734.00	Spenddown

   Even if spenddown is met, no Medicaid payment will be made to the facility. Mrs. W is responsible for payments to the facility.

2. Mr. Z resides in a nursing facility and is Medicaid eligible. His monthly income is $737.00 social security and $564 IPERS. He is eligible for the 300% group ($737.00 + 564.00 = $1,301.00). Mrs. Z, the community spouse, has $600.00 social security, $200 IPERS, and the Medicare Part B premium of $174.70 is deducted from her social security check.

   Mrs. Z: Determination of unmet maintenance needs.

$ 3,853.50	Monthly maintenance needs allowance
- 800.00	Mrs. Z's monthly gross income
$ 3,053.50	Unmet maintenance needs

   Mr. Z:

$ 1,301.00	Total gross income
- 50.00	Personal needs
$ 1,251.00	Amount that may be diverted to Mrs. Z.

   Mrs. Z's Medically Needy determination:

$ 600.00	Social security income
+ 200.00	IPERS income
+ 1,251.00	Mr. Z's diversion for Mrs. Z's maintenance needs
$ 2,051.00	Total countable income
- 20.00	General income exclusion
$ 2,031.00	Net countable income
× 2	Months
$ 4,062.00	Two months of net countable income
- 966.00	MNIL for one for two months ($483 × 2)
$ 3,096.00	Spenddown
- 349.40	Medicare premium ($174.70 × 2)
$ 2,746.60	Final spenddown

1. Ms. Z applies for Medically Needy on December 11 for the first time. She does not want Medicaid in December. Her social security disability income is projected as follows:

January	**February**	
$800.00	$800.00	Her Medicare premium is $174.70 for each month.
		Her Medicare supplement is $200.00.
		She is over resources for QMB.

In processing the application on January 3, the IM worker determines that since Ms. Z is not already "bought in," the Medicare premium is allowable as a deduction. The calculation is as follows:

January	+	**February**	=	**Total Period**	
$ 800.00		$ 800.00		$ 1,600.00	Gross income
- 20.00		- 20.00		- 40.00	Disregard
$ 780.00		$ 780.00		$ 1,560.00	Net income
- 483.00		- 483.00		- 966.00	MNIL
$ 297.00		$ 297.00		$ 594.00	Spenddown
- 174.70		- 174.70		- 349.40	Medicare premium
- 200.00		- 200.00		- 400.00	Medicare supplement
$ 00.00		$ 00.00		$ 00.00	

Since there is no spenddown in the initial two months, Ms. Z has ongoing eligibility.

When buy-in is reported, the IM worker recalculates the spenddown for the certification period. This causes the ongoing eligibility to be redetermined to a two-month certification period, since the Medicare premium is not allowed as a deduction after buy-in has occurred.

2. Mr. Y is QMB-eligible. He applies for Medically Needy on December 11. He has social security disability income of $850 and the Medicare premium of $174.70 is paid by Medicaid.

The IM worker is processing this application on January 3 and **does not** allow the Medicare premium as a deduction, since Mr. Y is in the buy-in process (He is QMB-eligible). The calculation for spenddown is as follows:

January	+	**February**	=	**Total Period**	
$ 850.00		$ 850.00		$ 1,700.00	Gross income
- 20.00		- 20.00		- 40.00	Disregard
$ 830.00		$ 830.00		$ 1,660.00	Net income
$ 483.00		$ 483.00		- 966.00	MNIL
				$ 694.00	Spenddown

3. Mr. Z has $950 gross social security and is over resources for SLMB. Mr. Z met his spenddown for the April-May certification and buy-in for his Medicare premium occurred in May.

   At the end of May, Mr. Z reapplies for Medically Needy for June-July certification. Since buy-in is already in effect and the application is being processed on June 3, no deduction is allowed for the Medicare premium.

June	+	**July**	=	**Total Period**	
$ 950.00		$ 950.00		$ 1900.00	Gross income
- 20.00		- 20.00		- 40.00	Disregard
$ 930.00		$ 930.00		$ 1860.00	Net income
$ 483.00		$ 483.00		- 966.00	MNIL
				$ 894.00	Spenddown

   Mr. Z is assigned a two-month certification period. If spenddown is never met or is met after the buy-in tape is produced in January, buy-out will occur.

   On the next recertification, if buy-in is not in effect, allow the monthly amount of Mr. Z's Medicare premium (except for Part D) as a deduction. Mr. Z's Part D premium is paid by Extra Help for Medicare Part D.

4. Ms. A is now age 65 and has just enrolled for Medicare. As a new Medicare enrollee her Medicare Part B premium is $174.70. Ms. A applies for Medically Needy and QMB on April 15. Her social security income is $980 and she has the Medicare Part B premium deducted from her social security check.

   The IM worker processes the application on May 5. Ms. A is QMB eligible effective June 1. The IM worker allows the Medicare Part B premium as a deduction for the April - May certification period. The calculation for spenddown is as follows:

April	+	**May**	=	**Total Period**	
$ 980.00		$ 980.00		$ 1,960.00	Gross income
- 20.00		- 20.00		- 40.00	Disregard
$ 960.00		$ 960.00		$ 1,920.00	Net income
- 483.00		- 483.00		- 966.00	MNIL
$ 477.00		$ 477.00		$ 954.00	Spenddown
- 174.70		- 174.70		- 349.40	Medicare premium
$ 302.30		$ 302.30		$ 604.60	Final spenddown

   Ms. A sends an application to the IM worker on June 2. The IM worker processes the application for the June - July certification period. Mrs. A is now QMB eligible. The Medicare Part B premium is not allowed as a deduction, as Medicaid is paying for it. Ms. A's spenddown for the June - July certification period is $954.

5. Mr. M applies for Medically Needy and QMB November 2. On November 20, Mr. M is approved for QMB effective December and for a November-December certification for Medically Needy.

   Mr. M is a Medicare enrollee and $174.70 is deducted from his social security check. The Medicare premium of $174.70 is allowed for a deduction for November but is not allowed for December, because the client is eligible for QMB for December.

- County nurses.
- State payment program for MH/ID/DD state cases.

Treat payments made by these programs the same as patient payments. The payment reduces the obligated medical expense when it is made before the certification period. Disregard payments when they are made within the certification period.

> Mr. A's certification period is October 1 through November 30. The spenddown is $50. Mr. A verifies that he incurred a $50 physician bill on September 15. General Relief paid the $50 medical expense for Mr. A on October 1.
>
> The General Relief payment is disregarded because it occurred during the certification period. The entire physician expense is applied towards spenddown. When the spenddown is met on the Medically Needy subsystem, Mr. A is issued a Notice of Spenddown Status (NOSS).

Medical expenses written off by a medical facility as part of its Hill-Burton commitment apply to spenddown when this was done in the certification period. Determine through discussion with the client or provider if Hill-Burton assistance was granted.

Medicare Part D

Medicare Part D is a prescription drug benefit available to Medicare beneficiaries. Enrollees in Part D may be required to:

- Pay a monthly premium.
- Pay a co-payment on each prescription.
- Meet a deductible.

Medically Needy clients who enroll in a prescription drug plan may use prescription drug expenses not covered by the plan to meet their spenddown. NOTE: Prescription drug plans vary, so costs to enrollees will be different.

Do **not** deduct prescriptions paid by Medicare Part D or another party from the spenddown for people who are eligible for Part D.

Deductions to Allow for Spenddown

Deduct the following expenses for spenddown for people who are eligible for Part D:

- Medicare Part D premiums the client paid.
- Prescriptions paid by the client that apply to the Medicare Part D deductible.
- Coinsurance or copayments the client paid for Medicare Part D prescriptions.
- Prescriptions paid by the client that are not paid by Medicare Part D because they are not covered in the Part D plan's formulary when the client has applied for and been denied an exception for the plan to cover the drug.
- Prescriptions paid by the client that are in a class of drugs not covered by Medicare Part D. After spenddown is met, these drugs may be Medicaid payable.

- Prescriptions paid by the client for Part D-covered drugs when the client is eligible for Part D, but has not signed up.

Applying Part D Expenses to the Spenddown

Apply Part D expenses to spenddown in the following order:

1. **Medicare Part D Premiums:** Subtract Part D premiums from the calculated spenddown on the applicable *Medically Needy Spenddown Computation Worksheet* before the spenddown is entered on ABC, along with any other health insurance or Medicare premiums.

2. **All other Medicare Part D related medical expenses:**

   - The client submits the monthly statement from the drug plan and any drug plan exception notices to you, the worker. (Prescription drug plans must issue a statement to the client at least monthly to explain all benefits paid and denied.)

   - You review the drug plan statement and circle in red the prescription expenses that should be applied to the spenddown.

   - Attach form 470-3630, *Medically Needy Transmittal*, to the completed claim form, and submit it to the IME Medically Needy Unit within five working days of receipt. The claim and transmittal can either be:

     - Electronically sent to: imemedicallyneedy@dhs.state.ia.us
     - Faxed to the Medically Needy Unit at: 515-725-1350, or

   - Mailed to: IME Medically Needy Unit, 1305 E. Walnut St., Des Moines, Iowa 50319-0114.

NOTE: Advise applicants and recipients to keep their drug plan monthly statements and exception notices and to submit them to determine whether the denied drugs can be applied to the spenddown.

Personal Care Services in a Residential Care Facility

Legal reference: 441 IAC 75 (Rules in Process)

In addition to food and shelter, residents of residential care facilities may also receive personal care services from the facility. Any resident of a licensed residential care facility qualifies for this medical expense deduction. Verify the client's residence with the facility.

"Personal care services" include assistance with activities of daily living, such as preparation of a special diet, personal hygiene and bathing, dressing, ambulation, toilet use, transferring, eating, and managing medication. For purposes of the Medically Needy coverage group, these personal care services do meet the definition of a necessary medical and remedial service.

The medical expenses deduction for personal care services is based on the average per day health care costs for a member in a residential care facility, which currently is $32.36, or $983.74 per month.

Allow $983.74 per month for the cost of medically necessary personal care services provided in a licensed residential care facility as a medical expense deduction from spenddown. If a client is in the residential care facility for only part of the month, prorate expenses for the medical expense deduction, allowing $32.36 per day.

Do not allow any facility charges for maintenance to meet spenddown, because a residential care facility is not classified as a medical institution.

Acupuncture Services

Legal reference: 441 IAC 75 (Rules in Process)

Allow acupuncture services that are necessary medical and remedial service for spenddown. Medicaid does not cover acupuncture services.

Determining the Client's Obligation

Legal reference: 441 IAC 75 (Rules in Process)

Medical expenses for which the recipient or responsible relative remains obligated to pay are allowable for spenddown. Applying an expense toward a client's spenddown is considered to meet that obligation.

Therefore, the following are **not** allowable for spenddown:

- Bills paid by Medicaid or other insurance.
- Bills used in full for spenddown previously on this case or another case.
- A paid bill incurred and used in full to meet spenddown in the retroactive period.
- A paid bill incurred in the retroactive period that was not used to meet spenddown in the retroactive period or the certification period immediately following the retroactive period.
- Bills incurred in a certification period that did not meet spenddown. These bills cannot be applied to spenddown for a subsequent certification period.

If the recipient paid with a bank loan or credit card, the recipient could be obligated to the credit card company. See Loans to Pay Medical Expenses.

When a person files bankruptcy and later signs a written agreement to pay medical bills, the person is once again obligated and the bill can be applied to spenddown. If a court assigns the person a payment plan, the bill is the person's obligation and is usable for spenddown.

Several situations that require more effort to determine the client's current obligation for medical expenses are addressed in the following sections:

- Old bills with remaining balances
- Loans to pay medical expenses
- Estimating expenses paid by insurance or another third party

1. February-March Certification Period

   Mr. M (\$2000 earned income)
   Mrs. M (\$ 500 UIB)
   Child W
   Child X

   Mr. M leaves the home on February 4. This is reported February 15. The county office is not required to issue timely notice, as the overall program effect is positive. Mrs. M continues to be eligible for March with a reduced spenddown. The children are determined eligible for MAC and are considered persons for Medically Needy.

   The IM worker sends a *Notice of Decision* indicating a decrease in spenddown and changes the spenddown amount on the ESTD. The IM worker also sends a *Notice of Decision* on MAC eligibility for the children.

2. Household composition: Mr. T, age 20, and Mrs. T, age 19.

   Mr. T receives \$462 unemployment benefits per month. Mrs. T receives \$50 worker's compensation per month. The date of decision is November 1.

Certification period	November	and	December		
Net income	\$512	+	\$512	=	\$ 1,024
MNIL for two	\$483	+	\$483	=	\$ 966
				=	\$ 58 Spenddown

   Mr. T timely reports on November 21 (the first month of the certification period) that Mrs. T has left the home and has filed for divorce. On November 28, the IM worker acts upon the reported change and recalculates the spenddown as follows:

	November		December		
Net income	\$512	+	\$462	=	\$ 974
MNIL for two	\$483				
MNIL for one		+	\$483	=	\$ 966
				=	\$ 8 Spenddown

   The reported change has a positive effect on the spenddown (it reduces it). The IM worker sends a notice informing Mr. T that his spenddown has been reduced to \$8 and changes the amount on the ESTD.

3. Mr. Q's (SSI-related) spenddown for the November-December certification period was calculated as follows:

Certification period	November	and	December		
Net income	\$450	+	\$534	=	\$ 984
MNIL	\$483	+	\$483	=	\$ 966
					\$ 18 Spenddown

   On November 20, Mr. Q reports his December income will be only \$450. Spenddown is recalculated as follows:

Certification period	November	and	December		
Net income	\$450	+	\$450	=	\$ 900
MNIL	\$483	+	\$483	=	\$ 966
					\$ 0 Spenddown

   The IM worker sends a *Notice of Decision* informing Mr. Q that there is no longer a spenddown obligation for the November-December certification period and changes the amount on the ESTD.