10.21 AFDC-RELATED MEDICAID (Medically Needy, Mandatory For Children and Optional For Parents)

NOTE: Spenddown provisions apply.

A. BUDGETING METHOD

In addition to the information in Section 10.6,B, some Medically Needy cases may have other considerations, because Medically Needy cases have a fixed Period of Consideration (POC), and the total income for the 6-month POC is used to determine the spenddown amount. Therefore, the Worker must take the following steps when the income is expected to change during the POC.

Step 1: Determine the specific months which will constitute the POC.

Step 2: Determine the anticipated earned income for each of the 6 months, according to Section 10.6,B.

Step 3: Determine the anticipated unearned income for each of the 6 months, according to Section 10.6,B.

Step 4: Add all of the earned income from Step 2 and divide by 6 to determine the average anticipated earned income for the POC.

NOTE: When there is no earned income in a month, use $0 as income for that month, but always divide by 6.

Step 5: Add all of the unearned income from Step 3 and divide by 6 to determine the average anticipated unearned income for the POC.

NOTE: When there is no unearned income in a month, use $0 as income for that month, but always divide by 6.

B. INCOME DISREGARDS AND DEDUCTIONS

The following disregards and deductions are applied, if applicable.

1. Earned Income

- AFDC Medicaid Standard Work Deduction: The deduction is applied to the earnings of each working person. The amount deducted must not exceed the amount of each person's earned income.

- AFDC Medicaid Dependent Care Deduction: When the employed member(s) of the Income Group must pay for child care to accept or continue employment or training, a deduction is allowed. The amount is allowed as paid, up to the maximum amounts allowed for AFDC Medicaid. See Section 10.6,B,1. The dependent is not required to be in the AG, Income Group or Needs Group to allow the deduction.

2. Unearned Income

Child Support Disregard: The first $50 of child support is disregarded. This is the only disregard of unearned income.

When more than one child in the Needs Group receives child support, the disregard amount is divided by the number of children in the Needs Group who receive support. The resulting amount is deducted from each child's support amount to determine each child's countable child support.

EXAMPLE: Four blood-related siblings live in the same home and receive the following amounts of child support: Child A receives $150 per month; Child B receives $200; Child C receives $50; Child D receives $100. The $50 disregard is divided by 4 and each child receives a disregard of $12.50.

Child A

$200.00	Child Support
- 12.50	Disregard
$187.50	Countable Child Support

Child B

$150.00	Child Support
- 12.50	Disregard
$137.50	Countable Child Support

Child C

$50.00	Child Support
- 12.50	Disregard
$37.50	Countable Child Support

Child D

$100.00	Child Support
- 12.50	Disregard
$ 87.50	Countable Child Support

EXAMPLE: Mrs. E applies for Medicaid for her four grandchildren who live with her. Jane and John are blood-related siblings and are the children of Mrs. E's daughter, Samantha. They receive $200 child support. Joan and Jim are blood-related siblings and are the children of Mrs. E's other daughter, Virginia. Joan receives $150 child support and Jim receives none. Because all of Mrs. E's grandchildren are not blood-related siblings, 2 Needs Groups are established; one for Jane and John; one for Joan and Jim. Each Needs Group then receives the $50 disregard.

The countable child support for each child is as follows:

Jane and John

The child support amount of $200 is divided between the children and each child's amount is $100. The $50 disregard is divided between the two children as they are both in the Needs Group and each receives a $25 disregard.

$100	Child Support per Child
- 25	Disregard
$ 75	Countable Child Support

Joan

Because Jim receives no child support and Joan is the only child in the Needs Group who receives child support, she receives the entire $50 disregard.

$150	Child Support
- 50	Disregard
$100	Countable Child Support

C. DETERMINING ELIGIBILITY

Countable income is determined by applying the income disregards and deductions in item A above to the non-excluded gross income of the Income Group. To determine who is included in the Income Group, see Chapter 9. The remaining income is then compared to the MNIL for the appropriate Needs Group size. An AFDC-Related Medicaid application is not denied solely on the basis of excess income. Instead, the spenddown provision is applied.

The following steps are used to determine the countable income of the Income Group.

Step 1: Determine the Income Group's non-excluded gross earned income. Do not count the income of a child's sibling or count any child's income for his parent(s).

Step 2: Subtract the AFDC Medicaid Standard Work Deduction for each working person.

Step 3: Subtract the AFDC Medicaid Dependent Care Deduction up to the maximum allowable amounts. The maximum amounts of the deduction are determined as for AFDC Medicaid. See Section 10.6.

Step 4: Add the non-excluded gross unearned income of the Income Group to the amount remaining from Step 3. This includes the child's countable child support. Do not count the income of a child's sibling or count any child's income for his parent(s).

Step 5: Determine the appropriate MNIL for the Needs Group.

Step 6: Compare the result of Step 4 to the amount in Step 5.

If the net countable monthly income is equal to or less than the appropriate MNIL, the AG is eligible without a spenddown. If it is in excess of the appropriate MNIL, the AG must meet a spenddown. See item D,11 below.

D. SPECIAL SITUATIONS

1. Self-Employment

Self-employment income is treated the same way it is for AFDC Medicaid. See Section 10.7,D.

2. Annual Contract Employment

Annual contract employment is treated the same way it is for AFDC Medicaid. See Section 10.7,D.

3. Educational Income

Educational income is treated the same way it is for AFDC Medicaid. See Section 10.7,D.

4. Deeming

NOTE: When determining income to be deemed to an eligible client, public assistance maintenance income, as defined by SSA, not by OFS, of the spouse or parent from whom income is deemed is excluded in the deeming process, i.e., it is not deemed. In addition, any income which was considered (counted or excluded) in computing the amount of such income maintenance payments is also excluded.

These income maintenance payments are:

- WV WORKS
- SSI
- Needs-based payments resulting from the Refugee Act of 1980
- Payments from the Disaster Relief and Emergency Assistance Act
- Payments from general assistance programs of the Bureau of Indian Affairs
- State or local government assistance programs based on need. EITC payments and tax refunds are not considered to be based on need.
- Payments from the U.S. Department of Veterans Affairs programs, when such payments are based on need. VA pensions are based on need, but not payment made for service-connected disabilities.

a. Financial Responsibility

In order to deem income correctly, it is necessary to determine who in the home is financially responsible for whom.

The Social Security Act limits financial responsibility for Medicaid purposes to legal spouses and legal parents. Persons related to or associated with a dependent child as a stepparent, grandparent, alien sponsor, legal guardian, or in any way other than as a parent, are not financially responsible for the child. When income is deemed to a parent from a stepparent, no portion of the amount deemed to the parent is deemed to the children. Only if there is financial responsibility from one person to another or others, can that person's income be deemed.

Legal spouses are defined the same way for AFDC-Related Medicaid as for AFDC Medicaid. See Chapter 15.

Legal parents are natural or adoptive parents.

b. General Deeming Instructions

Deeming is most often accomplished by including the income of financially responsible persons in the total income of the Income Group and applying the AFDC Medicaid disregards and deductions to that income. However, some case situations require a different method of deeming, as described in item d. below.

c. Deeming When There Is No Stepparent, Caretaker Relative Other Than a Parent or Major Parent

(1) When No Dependent Child Has Income

The non-excluded income of the parent(s) is the only income counted. This income is then subject to the AFDC Medicaid disregards and deductions, unless the parent, or one of the parents, is an SSI-Related Medicaid recipient. In this case, the SSI-Related Medicaid disregards and deductions are applied to his income and the remainder is added to the income of the other parent, after the AFDC Medicaid disregards and deductions have been applied to the other parent's income.

(2) When At Least One Dependent Child Has Income

For those children in the home with no income, the procedure in item (1) above is followed.

For children in the home with income, add together the non-excluded income of the child and the parent(s), unless one of the parents is an SSI-Related Medicaid recipient. In this case, the SSI-Related Medicaid disregards and deductions are applied to his income and the remainder is added to the income of the other parent and the child, after the AFDC Medicaid disregards and deductions have been applied to the income of the other parent and child.

d. Deeming When There Is A Stepparent, Caretaker Relative Other Than A Parent Or A Major Parent

NOTE: Throughout this item, if any of the individuals from whom income is deemed is an SSI-Related Medicaid recipient, the SSI-Related Medicaid income exclusions, disregards and deductions are applied to his own income only and are applied prior to deeming the income, even when he is a parent of the child. The deemed income is added to that of other members of the Income Group after the AFDC Medicaid disregards and deductions have been applied to the their income.

The following procedures are used to deem income when there is a stepparent, caretaker relative other than a parent or a Major Parent (MP).

(1) When There Is a Stepparent

The stepparent's income is deemed only to the parent. When deeming from the parent to the children, none of the amount deemed from the stepparent is deemed to the children.

(a) Determining the Income Used For The Parent

The parent's non-excluded income is added to the stepparent's non-excluded income.

(b) Determining the Child's Countable Income

The child's own non-excluded income is added to the parent's own non-excluded income. Do not include any of the amount counted for the parent from the stepparent.

(2) When There Is A Caretaker Relative Other Than A Parent

(a) Determining the Income Used For The Caretaker Relative Other Than A Parent

The caretaker relative's own non-excluded income is added to his spouse's non-excluded income.

(b) Determining the Income Used for the Child

The child's own non-excluded income is the only income counted for the child.

(3) When There Is A Minor Parent Living With A Major Parent

NOTE: A minor parent (mp) is a parent under the age of 18, regardless of completion of school or training.

Cases involving a mp require special consideration, only because a variable, not present in other AG's, exists, i.e., there are two parental groups in the family. The first parental unit is the MP(s), and the second is the mp. Any of the following combinations of eligible people are possible.

- mp + child
- MP + mp + child
- MP + mp

See Chapter 9 to determine the appropriate AG. However, no matter who is included, the MP(s) is still financially responsible for the mp, and the mp is financially responsible for the child.

(a) When the AG Includes the mp and the Child

(i) Determining the Income Used for the mp

The mp's non-excluded income is added to the MP(s) non-excluded income.

(ii) Determining the Income Used for the Child

The child's own non-excluded income is added to the mp's own non-excluded income. When deeming from the mp, none of the income deemed to the mp from the MP(s) is counted for the child.

(b) When the AG Includes the MP(s), mp and Child

(i) Determining the Income Used for the MP(s)

- If there is only one MP in the home, the MP's own non-excluded income is added to that of the MP's spouse, who is not a parent of the mp, to determine eligibility.

- If there are two MP's in the home, their non-excluded income is added together.

(ii) Determining the Income Used For the mp

The mp's own non-excluded income is added to that of the MP(s). When income has been deemed to the MP from the MP's spouse, who is not a parent of the mp, none of the amount deemed to the MP is counted for the mp.

(iii) Determining the Income Used For the Child

The child's own non-excluded income is added to the mp's own non-excluded income. None of the amount deemed from the MP(s) to the mp is counted for the child.

(c) When the AG Includes Only the MP(s) and the mp

(i) Determining the Income Used For the MP(s)

See item (b), (i) above.

(ii) Determining the Income Used For the mp

The mp's own non-excluded income is added to that of the MP(s). When income has been deemed to the MP from the MP's spouse, who is not a parent of the mp, none of the amount deemed to the MP is counted for the mp.

5. Strikers

If any member of the AG is a striker, no member of the AG is eligible for AFDC-Related Medicaid. Eligibility under other coverage groups must be explored.

6. Irregular Income

Regardless of the source, irregular income is not counted because it cannot be anticipated.

7. Lump Sum Payments

Lump sum payments are counted as unearned income in the month received.

8. Withheld Income

Withheld income is treated the same way it is for AFDC Medicaid. See Section 10.7,D.

9. Funds Diverted To A PASS

Funds diverted to a PASS account are treated as earned or unearned income, depending on the source.

10. Unstated Income

There is no provision for counting unstated income.

11. Spenddown

To receive a Medicaid card, the Income Group's monthly countable income must not exceed the amount of the MNIL. If the income exceeds the MNIL, the AG has an opportunity to spend the income down to the MNIL by incurring medical expenses. These expenses are subtracted from the income for the 6-month POC, until the income is at or below the MNIL for the Needs Group size. The spenddown process applies only to AFDC-Related and SSI-Related Medicaid.

a. Procedures

The Worker must determine the amount of the client's spenddown at the time of application based on information provided by the client. The spenddown amount may have to be revised if the verified income amount differs from the client's statement. He must also explain the spenddown process to the client during the intake interview. An ES-6A is attached to the ES-6 which notifies the client that an eligibility decision cannot be made until he meets his spenddown by providing proof of medical expenses. The RAPIDS verification checklist includes the ES-6A information when RAPIDS detects a spenddown AG. The verification checklist or ES-6 must also contain any other information the client must supply in order to determine eligibility.

Once the client presents sufficient medical expenses to meet his spenddown obligation and all other Medicaid eligibility requirements are met, appropriate RAPIDS procedures are followed to approve the AG and enter the spenddown.

NOTE: Although eligibility begins on the date of service of the medical bills which bring the spenddown amount to $0, expenses incurred on that date which are used to meet the spenddown, as indicated on Screen AGTM, are not paid by Medicaid.

NOTE: An AG which meets a spenddown remains eligible until the end of the POC in the following situations, regardless of whether or not the individuals is an AG member.

- A member(s) of the Income Group experiences an increase in income; or

- An individual(s) with income is added to the Income Group; or

- An individual(s) is removed from the Needs Group

The following procedures are required to accomplish the spenddown process.

- The Worker prepares the verification checklist or ES-6, attaches an ES-6A and gives them to the client during the intake interview or mails them after the interview.

  If the client indicates he needs help to understand the procedure for meeting his spenddown, the Worker provides all help needed. In no instance is the client to be denied Medicaid because he is physically, mentally or emotionally unable to verify his medical expenses.

- The client is requested to provide proof of his medical expenses, date incurred, type of expense and amount and to submit them to the Worker by the application processing deadline.

- When the bills or verification are received, the Worker reviews them to determine:

  - The expenses were incurred, they are not payable by a third party, and the client will not be reimbursed by a third party.

    NOTE: Prescription drugs purchased with the Medicare-approved discount drug card and those covered by the $600 per year Transitional Assistance credit are not considered reimbursed by a 3rd party. See item c below.

- The individual(s) who received the medical service is one of the people described in item b. below.

- The expenses are for medical services and are appropriate to use to meet a spenddown. See item c. below.

- The Worker must enter the pertinent information about expenses received from the client on Screen AGTM.

  - The date of service

  - The provider of the service

  - The total amount of the bill

  - The third-party liability amount

- Medical Processing in BMS accesses RAPIDS Screen AGTM to determine the date on which spenddown is met. Additional notification is required only when a change is necessary to add additional medical expenses after the spenddown is met and will result in an earlier POE. In this instance the Worker must use form IM-MS-1 and highlight or circle in red the bill which meets the client's spenddown. A copy is sent to Medical Processing in BMS and a copy is filed in the case record. The client's eligibility begins the day the amount of incurred medical expenses at least equals his spenddown amount.

  NOTE: Although eligibility begins on the date of service of the medical bills which bring the spenddown amount to $0, expenses incurred on that date which are used to meet the spenddown, as indicated on Screen AGTM, are not paid by Medicaid.

- If the client does not submit sufficient medical bills by the application processing deadline, the application is denied.

  The application is automatically denied by RAPIDS when the applicant indicates there are no medical bills or anticipated medical expenses in the 30-day application period which may be used to meet the spenddown for the Medicaid AG member(s). This is indicated by the Worker on RAPIDS Screen AGMS.

b. Whose Medical Expenses Are Used

The medical bills of the following persons who live with the AG member(s) are used to meet the spenddown. There is no limit on the amount of one individual's bills which can be used to meet another individual's spenddown.

NOTE: The past medical bills of any of the individuals listed below which were incurred while the individual lived with an AG member(s) may be used for spenddown, even if the individual no longer lives with the AG member, is deceased or is divorced from the AG member. The AG member must be responsible for the bill at the time it was incurred and remain responsible for payment.

(1) Meeting the Spenddown of Adults

Use the bills of:

- The adult(s) who is the parent(s) or other caretaker relative
- The spouse of the parent or other caretaker relative
- The dependent children of the parent or other caretaker relative
- The dependent children of the spouse of the parent or other caretaker relative
- The blood-related siblings of the children of the parent, of the children of the other caretaker relative, of the children of the spouse of the parent and of the children of the spouse of the other caretaker relative

(2) Meeting the Spenddown of Children

Use the bills of:

- The child
- The parent(s). Do not use the bills of the caretaker relative other than a parent.
- The stepparent

- The blood-related siblings of the child

- The dependent children of the stepparent and their blood-related siblings in the home.

Because the individuals whose medical expenses are used to meet a spenddown may be in separate AG's, the same medical bill is used to meet the spenddown in each AG containing one of the persons identified above.

EXAMPLE: A mother and her two children apply for Medicaid. Also in the home is the mother's husband, who is the stepfather of the children. His medical bills are used to meet the spenddown of his wife and of both children.

EXAMPLE: A mother applies for Medicaid for herself and her two children. Also in the home are her husband and his two children, who are also applying for Medicaid. The medical bills of the husband and his children are used to meet the spenddowns of his wife and stepchildren as well as his own and his children's spenddown.

EXAMPLE: Same situation as above, except that the husband and his children are not applying for Medicaid. The medical bills of the husband and his children are used to meet the spenddown of the mother and her children.

EXAMPLE: A man and woman live together, but are not married. They each have two children from previous marriages, and all are applying for Medicaid. The medical bills of the woman and her two children are used to meet their own spenddowns, but not those of the man and his two children. The medical bills of the man and his two children are used to meet their own spenddowns, but not those of the woman and her two children.

c. Allowable Spenddown Expenses

The following medical expenses, which are not subject to payment by a third-party, and for which the client will not be reimbursed, are used to reduce or eliminate the spenddown.

- A current payment on or the unpaid balance of an old bill, incurred outside the current POC, is used as long as that portion of the bill was not used in a previous POC during

which the client became eligible. No payment or part of a bill which is used to make a client eligible may be used again. Old unpaid bills, which are being collected by an agency other than the medical provider, may be used when the expense is still owed to the provider. If the expense has been written off by the provider, it is no longer considered the client's obligation, and is, therefore, not an allowable spenddown expense.

Medical bills that were previously submitted, but were not sufficient to meet the spenddown, are used again in a new POC. However, when any old or new bill is used and the spenddown is met, those same bills must not be used again in a new POC. When only a portion of the old bill, incurred outside the current POC, is used to meet spenddown, any remaining portion of the bill for which the client is still liable may be used to meet spenddown in a new POC.

In addition, when the client submits an old bill and then withdraws his application, the old bill may be used again if he reapplies.

- Health insurance premiums, including Medicare **or the enrollment fee for a Medicare-approved drug discount card**

- Medicare co-insurance, deductibles and enrollment fees

- Necessary medical or remedial care expenses. This includes, but is not limited to:

  - Office visits to a physician
  - Hospital services, inpatient and outpatient
  - Emergency room services
  - Prescriptions**: Prescription drugs purchased with the Medicare-approved discount drug card and those covered by the $600 per year Transitional Assistance credit are not considered reimbursed by a 3rd party. The amount used for spenddown is the cost of the prescription the individual would pay if he were not enrolled in the Medicare-approved discount drug program. This applies whether or not the individual receives the $600**

Transitional Assistance. If the Worker is unable to determine the actual pre-discount price of a prescription, the amount of $48.17 per prescription is used.

NOTE: This does not apply to prescriptions purchased with any other drug discount cards.

- Over-the-counter drugs prescribed by a physician
- Eye examinations
- Eye glasses
- Dental services
- Therapy prescribed by a physician
- Chiropractic services
- Prosthetic devices
- Durable medical equipment prescribed by a physician
- Rental of sickroom supplies
- Cost of in-home care
- Services of other licensed practitioners of the healing arts, such as podiatry.

Do not deduct any expenses which are included in a package of services, prior to the date services are rendered, such as, charges for prenatal care and delivery services or orthodontia.

- Necessary medical and remedial services which are covered services under Medicaid.

- Expenses for personal care services defined as: services provided in a client's home which are prescribed by a physician, delivered in accordance with a plan of treatment and provided by a qualified person who is not a member of the client's family, under the supervision of a registered nurse. For these purposes, home is defined as the client's full time residence, but does not include a hospital, nursing facility, intermediate care facility or any other setting in which nursing services are, or could be, made available.

  Family member for these purposes is defined as:

  - A spouse
  - A parent or stepparent of a minor child
  - A parent of an adult child
  - An adopted child or adoptive parent of a recipient

- An adult sibling or step-sibling of a minor child
- An adult sibling residing with an adult sibling recipient
- An adult child of an adult recipient.

The services must fall into any of the following general groups. Each general group shown below is further defined by examples, but is not limited to only the examples shown.

- Personal Hygiene/Grooming: care of hair, nails, teeth, mouth; shaving; bathing; toilet assistance; dressing; laundry, when related to incontinence.

- Non-Technical Physical Assistance: routine bodily functions; routine skin care, including application of non-prescription skin care products; change of simple dressings; repositioning or transferring into and out of bed, on and off seats; walking, with or without equipment; assist in administration of medication; following directions of a professional for use of medical supplies.

- Nutritional Support: meal preparation; feeding; assisting with special nutritional needs, including preparation of special formulas, prescribed feedings or special diets.

- Environmental: housecleaning, dusting and vacuuming; laundry; ironing and mending; making and changing beds; dishwashing; food shopping; payment of bills; essential errands; activities and transportation necessary to move the client from place to place; other similar activities of daily living.

Expenses billed to the client for the personal care services shown above must, at a minimum, specify the amount billed for each general group of services.

Under no circumstances are ongoing or one-time-only medical expenses to be projected. They must be used no earlier than actually incurred. Those persons who are billed for their care at intervals longer than monthly are to have the expenses used to meet spenddown on the date services are performed, not on the date billed. Such expenses are not incurred prior to receipt of services.

12. Unavailable Income

Income intended for the client, but received by another person with whom he does not live, when the individual receiving this income refuses to make it available, is excluded.

13. Income Received For A Non-Income Group Member

Income received by a member of the Income Group, which is intended and used for the care and maintenance of an individual, whose income is not used in determining the eligibility of the payee's AG, is excluded as income.