



State of West Virginia  
**DEPARTMENT OF HEALTH AND HUMAN RESOURCES**  
Office of Inspector General  
Board of Review  
P. O. Box 2590  
Fairmont, WV 26555-2590

Bob Wise  
Governor

Paul L. Nusbaum  
Secretary

January 4, 2005

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dear Ms. \_\_\_\_\_:

Attached is a copy of the findings of fact and conclusions of law on your hearing held November 9, 2004. Your hearing request was based on the Department of Health and Human Resources' action to deny your application for Medicaid.

In arriving at a decision, the State Hearing Officer is governed by the Public Welfare Laws of West Virginia and the rules and regulations established by the Department of Health and Human Resources. These same laws and regulations are used in all cases to assure that all persons are treated alike.

Eligibility for the Medicaid program is determined based on current regulations. One of these regulations states that individuals who otherwise meet eligibility requirements but who have income in excess of the established standard will be ineligible for medical coverage unless this excess is insufficient to meet their medical needs. These individuals are required to "spenddown" this excess amount in order to qualify for coverage. For Medicaid purposes, a 6-month period of consideration (POC) is utilized to project countable income. If medical bills sufficient to satisfy the established spenddown are not submitted by the application processing deadline (30 days from application) the application is denied. Spenddown assistance groups are not redetermined and are closed at the end of the 6th month of the POC. The client must reapply for a new POC. (West Virginia Income Maintenance Manual § 16.10, 10.21 & 1.21)

Information submitted at the hearing revealed that your application for Medicaid was denied as you were unable to submit medical bills sufficient to satisfy the required spenddown amount.

Therefore, it is the decision of the State Hearing Officer to **uphold** the action of the Agency to deny your application for AFDC-Related Medicaid.

Sincerely,

Thomas E. Arnett  
State Hearing Officer  
Member, State Board of Review

cc: Board of Review  
Wanda Morgan, ESW, DHHR

**WEST VIRGINIA DEPARTMENT OF HEALTH & HUMAN RESOURCES  
SUMMARY AND DECISION OF THE STATE HEARING OFFICER**

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\_\_\_\_\_  
\_\_\_\_\_

**I. INTRODUCTION:**

This is a report of the State Hearing Officer resulting from a fair hearing concluded on January 4, 2005 for \_\_\_\_\_. This hearing was held in accordance with the provisions found in the Common Chapters Manual, Chapter 700 of the West Virginia Department of Health and Human Resources. This fair hearing was originally scheduled for October 20, 2004 on a timely appeal filed July 19, 2004, but was rescheduled at the request of the Department and conducted on November 9, 2004.

All persons giving testimony were placed under oath.

**II. PROGRAM PURPOSE:**

The Medicaid categorically-related Aid to Families with Dependent Children Program is designed to provide medical assistance to eligible families with children from the fetal stage to age 18. These dependent children must be deprived of parental support due to the death, continued absence, incapacity or unemployment of the parents. In addition, the family must meet financial eligibility criteria.

**III. PARTICIPANTS:**

\_\_\_\_\_, claimant  
\_\_\_\_\_, claimant

Wanda Morgan, ESW, agency representative

Presiding at the hearing was Thomas E. Arnett, State Hearing Officer and a member of the State Board of Review.

**IV. QUESTION TO BE DECIDED:**

The question to be decided is whether the Agency was correct in applying a spenddown to the claimant's Medicaid case.

**V. APPLICABLE POLICY:**

West Virginia Income Maintenance Manual § 10.21(A), (B), (C) and (D)

**VI. LISTING OF DOCUMENTARY EVIDENCE ADMITTED:**

D-1 Rapids case comments dated February 9, 2004 through August 17, 2004

**VII. FINDINGS OF FACT CONCLUSIONS OF LAW:**

- (1) On June 9, 2004, Ms. \_\_\_\_\_ applied for Medicaid. Her Medicaid coverage (POC) ended May 31, 2004 and she had received a closure letter (D-2) which had explained that the time limit for her previous Medicaid period of consideration had elapsed.
- (2) Upon re-application, it was determined the claimant would be required to meet a spenddown of \$4,653.60 before regaining Medicaid eligibility. Ms. Morgan testified the claimant presented medical bills totaling \$4,864.21 from [REDACTED] Medical Center which had been used to meet a previous spenddown. In addition to the previously used bills, the claimant presented two new physician bills totaling \$564. Since the unused bills did not satisfy the spenddown requirement, the application was denied.
- (3) A Medicaid denial letter dated July 2, 2004 (D-2) was sent to the claimant which stated: "Your application for Medicaid dated 06/01/04 has been denied. You failed to verify the amount of your medical bills. The amount of your spenddown is \$4,653.60." The letter went on to state that medical bills must be provided in the amount of the spenddown.
- (4) The claimant, who suffered a broken leg, stated she has not been seen by a physician since June because she has not had a medical card and no doctor will see her without coverage. Therefore, she has been unable to acquire additional medical bills.
- (5) West Virginia Income Maintenance Manual § 10.21 ( C):  
Countable (Medicaid) income is determined by subtracting any allowable disregards and deductions from the total non-excluded gross income.
- (6) West Virginia Income Maintenance Manual § 10.21 (D) 11:  
To receive a medical card, the monthly countable income of the needs group must not exceed the amount of the MNIL (Medically Needy Income Level). If the income of the needs group exceeds the MNIL, the client has an opportunity to "spend" his income down to the MNIL by incurring medical expenses. These expenses are subtracted from the client's income for the 6-month period of consideration (POC) until his income is at or below the MNIL for the needs group size. Once the client presents sufficient medical expenses to meet his spenddown obligation, eligibility begins on the date that medical bills bring the spenddown amount to \$0. 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.
- (7) West Virginia Income Maintenance Manual § 10.21 (A):  
Medically Needy cases have a fixed period of consideration (POC) and the total income for the 6-month period is used to determine the spenddown amount.
- (8) West Virginia Income Maintenance Manual § 10.21(D)(11)(a):  
If the client does not submit sufficient medical bills by the application processing deadline (30 days) (to satisfy the spenddown amount), the application is denied.

### **VIII. DECISION:**

Policy is clear in that if the household's countable income exceeds specified levels (MNIL), a spenddown must be met prior to Medicaid participation. Policy also holds that Medicaid eligibility is based on a 6-month period of consideration and eligibility for medical coverage may be met for all or a portion of this 6-month period depending on at what point any spenddown is met. Allowable medical expenses are entered in chronological order and eligibility for Medicaid coverage may only be established from the date the medical expense which met the spenddown was incurred to the end of the 6-month period of consideration. If the client does not submit sufficient medical bills to satisfy the established spenddown within 30 days (application processing deadline) the application is denied.

Evidence reveals that the claimant's eligibility for AFDC-Related Medicaid ended effective May 31, 2004. She reapplied for Medicaid, but was required to meet a spenddown of \$4,653.60 in order to attain eligibility for a new 6-month POC. Testimony revealed the claimant did not provide sufficient medical bills to satisfy the spenddown requirement and as a result, the claimant's application was denied.

It is the decision of the State Hearing Officer to **uphold** the proposal of the Agency to deny the claimant's Medicaid benefits based on failure to meet a spenddown.

### **XIX. RIGHT OF APPEAL:**

See Attachment.

### **X. ATTACHMENTS:**

The Claimant's Recourse to Hearing Decision.

Form IG-BR-29