

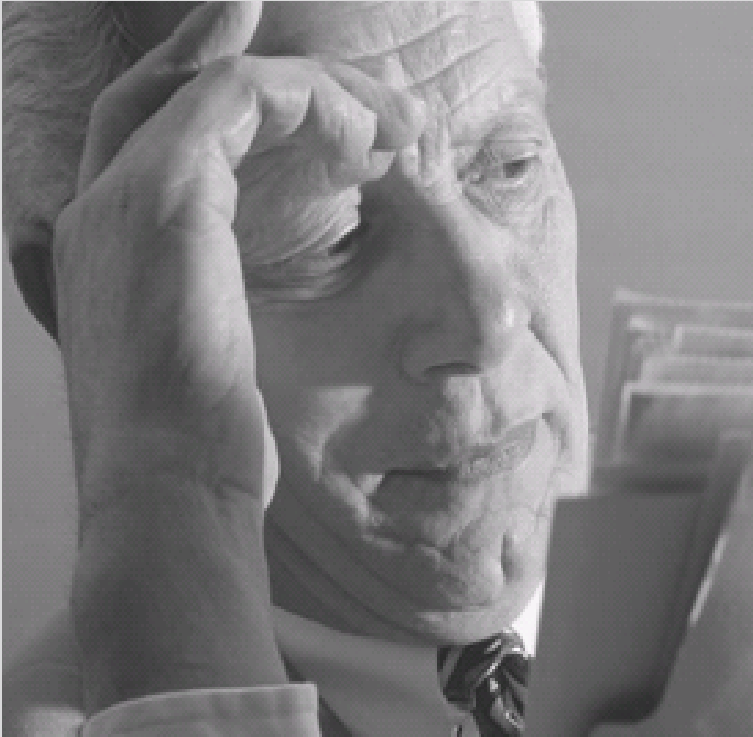
GENERAL

LEGAL SERVICES

SELF HELP SERIES

# Things You Can Do If You Have A Medicaid Spend-down

March 2011



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## *Medicaid Spend-down*

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What is Medicaid? .....	3
Who can get Medicaid? .....	3
What is Medicaid Spend-down? .....	4
How does DSS figure out my spend-down? .....	5
What medical bills can I use to meet the spend-down?.....	7
Planning ahead .....	8
Can I get Medicaid without a spend-down?.....	12
Breast & Cervical Cancer Program .....	12
Connecticut Home Care Program for Elders (CHCPE) .....	13
Personal Care Assistance Program.....	13
Acquired Brain Injury Program.....	14

# What is Medicaid?

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Medicaid, also known as Title 19 or HUSKY A (for children, pregnant women, and families with minor children), is a program that pays medical bills for people with low income who cannot afford medical care and who meet other program rules. It is run by the Connecticut Department of Social Services (DSS). Medicaid pays for many health care services, such as doctor visits, prescription drugs, hospital care, laboratory services, home health care, nursing home care, and more. However, Medicaid does **not** cover care provided to adults by podiatrists, chiropractors, naturopaths, physical or speech therapists, or audiologists, *unless* these services are provided through a clinic; it does cover these services for children under 21 no matter where they are provided.

# Who can get Medicaid?

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Medicaid rules are complicated. Whether you can get Medicaid depends on your income, (for some groups) your assets (what you own, including cash), and whether you meet other program rules. Apply at DSS--do not try to figure out on your own if you qualify.

*In general,*

- If you are on state welfare (TFA), or Aid to the Aged, Blind and Disabled (AABD or State Supplement), you are eligible for Medicaid. If you are on SSI (Supplemental Security Income), you are eligible if your assets also are below a certain limit.
- If you are not on state welfare, AABD or SSI, but have very low income, you also may be eligible for Medicaid.
- If your income is higher than the income limit, but you meet the other Medicaid rules, you may be able to get Medicaid through something called a Medicaid “**spend-down.**”

## **A spend-down is the amount of medical bills you must have before Medicaid will start to pay.**

**Note:** Connecticut has other Medicaid programs with no spend-downs which may help you:

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- Medicaid for Working Individuals with Disabilities (MED-Connect)
- The Breast and Cervical Cancer Program
- The CT Home Care Program for Elders
- The Personal Care Assistance Program
- The Acquired Brain Injury Program
- For more information, see pp. 12-14

## **What is a Medicaid spend-down?**

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If you have too much income but otherwise would qualify for Medicaid, you will have to meet a “**spend-down**” before you will be covered by Medicaid. A spend-down is like a deductible in an insurance policy. It is the amount of medical bills you must have before DSS will start to pay. You are responsible for paying the bills you use to meet your spend-down, but they do not have to be paid for your Medicaid eligibility to start.

Each spend-down is calculated for a 6-month period. Once you are found eligible for Medicaid by meeting your spend-down, you will be covered by Medicaid for the remainder of the 6 months.

**Important:** Medicaid does not pay the bills you use to meet your spend-down. Rather, it pays for those services you get *after* you meet your spend-down. And, Medicaid will keep paying until your 6-month spend-down period ends.

DSS will send you a notice telling you what your spend-down amount is and when your 6-month spend-down period begins and ends. The notice will also ask you to send records of your medical bills to DSS. (DSS needs this information so they know when you have enough medical bills so Medicaid can begin paying your new medical bills.) A new spend-down period begins every six months, and you can qualify for Medicaid again by repeating the same steps.



Keep copies of all the bills you give your DSS worker and note what date you delivered them and how you delivered them.

You do not have to pay the medical bills to meet your spend-down. You can use unpaid bills and recently paid bills to meet your spend-down.

## How does DSS figure out my spend-down?

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Your spend-down is figured out by taking the amount your monthly income is over the applicable Medicaid income limit and multiplying it by 6, since every spend-down period lasts for 6 months. The Medicaid income limit depends on the size of your immediate family, where you live, and some other things.

### **Example:**

Bob's income is \$900 per month from Social Security Disability. The Medicaid income limit for one person in his part of the state in his situation is \$784. His income is \$116 per month above the Medicaid income limit (\$900 minus \$784 = \$116). DSS multiplies \$116 by 6 to determine his spend-down for 6 months, and the result is a \$696 spend-down. This means Bob must have \$696 in medical bills before he can be covered by Medicaid during a six-month spenddown period.

Let's assume Bob applied for Medicaid on January 1.

DSS sent him a letter saying,

*Your period of eligibility is from January 1 to June 30. You are not yet eligible for Medicaid because your income is too high. Your spend-down amount is \$696. Once you have met the spend-down, you may be eligible for Medicaid coverage until the end of this eligibility period.*

Bob will probably start out his 6-month spend-down period with no Medicaid coverage. He will be responsible for his own medical bills until they total \$696.

Once he has \$696 in medical bills, he can bring them to his DSS worker and get Medicaid coverage for new medical bills. His Medicaid coverage will begin **the day** his bills meet his spend-down amount of \$696. This means even if it takes one or two weeks to get the notice telling him he is covered by Medicaid, he will be covered by Medicaid back to the day he met the spend-down.

At the end of this 6-month spend-down period (which for him is June 30), everything starts over. Bob will no longer be eligible for Medicaid until he meets his next spend-down. Every 6 months DSS will tell Bob the amount of new medical bills he will have to show DSS before Medicaid will begin to pay for his medical services.

**Tip** **If your income and/or living arrangements change, your spend-down amount may change.** You must report any of these changes to DSS within 10 days.

**Tip** Check your DSS notice for when your spend-down period begins and ends. Then, mark your spend-down period on your calendar so you can keep track.

**Tip** Save all of your medical bills to give to DSS, make copies of any bills you give to DSS and note the date you gave them to DSS, - and always save all notices and envelopes that DSS sends you.

**Tip** If you are told Medicaid will not pay for something, ask for the reason. There are some legitimate reasons why Medicaid will not pay. However, if your doctor has recommended an item or treatment and Medicaid refuses to pay, you should always receive a written notice explaining why it was denied and your right to appeal. If you are denied like this, please call Statewide Legal Services at 1-800-453-3320 for legal advice, whether or not you received a written denial notice.

# What medical bills can I use to meet the spend-down?

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The bills must be for medical services or items for you (and your parent and/or your spouse if their income is counted) which no other insurance or program is going to pay for. There are limits on using the bills you received *before* you applied for Medicaid. Ask your DSS worker about using those bills.

## Medical bills you can use include:

- *doctor, hospital and prescription bills*
- *ambulance service*
- *medical supplies (such as bandages, gauze, etc.)*
- *over-the-counter drugs and vitamins prescribed by your doctor and health insurance premiums, co-payments, and deductibles.*

# How often can I use a bill to meet my spend-down?

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Once a bill is used to meet a spend-down, it cannot be used (counted) again. However, if you do not meet your spend-down in *one period*, you can use those same bills in the *next period* as long as the bills have not been paid or you owe a loan that was taken out to pay for those medical bills. You also can use a **portion** of a bill not previously used to satisfy your spenddown even if you used **another** portion of the same bill to satisfy a spenddown in a previous period.

## Example:

Luz's spend-down amount is \$500 and her spend-down period is March 1 to August 31. Luz saves all her medical bills, but she has only \$350 by August 31, which means she did not meet her spend-down for this period. BUT, if no one pays these bills, she can add this \$350 to any new bills to try to meet the spend-down in the next period (September 1 to February 28).

### **Example (continued)**

Once Luz has another \$150 in medical bills after September 1, she will meet her spend-down for this new period because DSS must add the old bills (\$350) to her new bills (\$150) which equals her \$500 spend-down. Luz will be covered by Medicaid as of the day she meets her spend-down.

#### **Tip**

(1) Keep a list of all the dates and amounts of your medical expenses, (2) the date you give each bill to your DSS worker and how you delivered it, and (3) the date you pay any medical bill.

## Planning Ahead

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Sometimes it takes **almost** the whole 6 months for your bills to meet your spend-down. If so, you will be covered by Medicaid for only a few weeks before your next spend-down begins. You can get longer coverage if you plan ahead.

### **Example**

With one month left in the spend-down period, Luz has enough bills to meet her spend-down. It might be a good idea for Luz to hold onto those bills, not give them to DSS, and stay off Medicaid for that entire period (March 1 - August 31). Then, on the first day of the next spend-down period (Sept. 1), Luz can give DSS all of the bills from March 1 - August 31. She will be covered by Medicaid for the following 6 months (September 1 - February 28). This planning method is legal and should be better for her financially as she would be on Medicaid for 6 full months each year rather than for a short time every 6 months.



# In What Order Does DSS Use My Bills To Meet My Spend-Down?

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There are three categories of bills. DSS uses all of the bills from the first category before moving to the second category, then all the bills from the second category before moving to the third. (Within each category, the oldest bills are used first.)

## The categories are:

- First:** Medicare premiums, co-payments and deductibles.
- Second:** Medical expenses that are **not covered** by Medicaid. (For example, services provided to an adult by a podiatrist, chiropractor, naturopath, therapists not working out of a clinic (See p. 3)
- Third:** Medical expenses that **are covered** by Medicaid.

## *How do I know which bills DSS used to meet my spend-down?*

Ask your DSS worker for a printout or written statement about which bills were used to meet your spend-down. This information should be in the DSS computer. If your worker cannot send you the information, send your worker a letter confirming what she/he said to you about which bills were used to meet the spend-down. Keep a copy of your letter with your other records.

## *If I pay my medical bills, will DSS still count them to meet my spend-down?*

Medical bills for services provided in your current spend-down period will be used whether they are paid or unpaid. However, medical bills from a previous spend-down period will be used only if the medical bills are still unpaid or you owe a loan which written records show was taken out to pay the medical bills (such as an unpaid credit card bill showing you charged the medical bill).

**Tip** If you expect you will not have enough medical bills to meet your next spend-down amount, you might choose to wait to pay an earlier, uncounted medical bill. Then you can use it to meet the next spend-down. Bills can be used only once to meet a spend-down. (See next two questions).

### ***What will happen if I do not pay a medical bill?***

As with any other bill, you are responsible for paying the medical bills you owe. There is no special exception allowing you to wait to pay medical bills because you want to use them to meet a later spend-down. There are risks to paying a bill late including late fees, interest, reports to credit agencies, collection actions including additional costs, and possibly loss of service by the medical provider. If you have an ongoing relationship with a doctor or pharmacist, ask them if you can make payments over time, rather than paying the full bill right away.

**Tip** Statewide Legal Services (1-800-453-3320) can give you information on your rights and steps you can take if someone harasses you to pay a bill or starts a collection lawsuit against you.

### ***Can I save money to pay a medical bill?***

For some categories of people, particularly children, pregnant women and parents of minor children, there is no asset limit under Medicaid. But for others, particularly individuals who are elderly or have been found to be disabled under the Social Security Administration definition, there is an asset limit. Find out from the Department of Social Services if you have an asset limit to stay on Medicaid and what it is.



For most individuals on Medicaid who have an asset limit, the state allows you to have assets only up to \$1,600 for one person and \$2,400 for two people.

Call Statewide Legal Services if you have any questions.

For most individuals on Medicaid who have an asset limit, the state allows you to have assets only up to \$1,600 for one person and \$2,400 for two people. (An exception is the MED-Connect program, discussed on page 12, under which asset limits of \$10,000/\$15,000 apply.) If you have an asset limit and are close to that limit, be careful that your assets do not go above it. DSS will stop your Medicaid coverage as of the day you went over the asset limit—even if it's only a few cents from interest you earned on a bank account. Medicaid rules about assets are complicated. Call Statewide Legal Services if you have any questions.

**Tip**

If you have an asset limit and are close to your asset limit, it may be better to make payments on large medical bills to bring yourself below that limit, rather than risk losing Medicaid coverage.

### ***What if I do not meet my spend-down?***



If you do not have enough medical bills to meet your spend-down, Medicaid will not pay for any medical bills in that spend-down period. However, each spend-down amount is in effect for only one spend-down period (6 months). So, if you do not meet your spend-down in *one* period, you may be able to get

Medicaid coverage by using those unpaid bills in the *next* spend-down period. There may be times when you have a lower spend-down amount because of changes in your income or living arrangements.

**Tip**

**In the last month of your spend-down period,**

- Notify your DSS worker that you want to stay in the Medicaid program and ask to have your spend-down amount recalculated for the next spend-down period.
- Give your worker copies of current statements showing which unpaid bills you already gave to DSS but were **not** used to meet your *last* spend-down. These unpaid bills can be used in the new spend-down period.
- Report any changes in your income, family composition or living arrangements to DSS.

## ***Will my spend-down go up if I go back to work and earn additional income?***

A special program allows people with disabilities to work without losing Medicaid. And in many cases, they will not have a spend-down. The program is called “Medicaid for Working Individuals with Disabilities” or “MED-Connect.” The income limit is \$6,250 per month and the asset limit is \$10,000 for one person and \$15,000 for a couple. You are eligible if:

- You meet the Social Security Administration’s definition of disability – even if you do NOT receive Social Security benefits.
- You have some amount of regular earned income that connects you to the federal tax system. For example, you can be self-employed or work only a few hours per week.

The income and asset limits are much higher for this program than for regular Medicaid. Ask your DSS worker how to apply.

## **Can I get Medicaid without a spend-down?**

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If your income falls low enough, you may be able to get Medicaid without a spend-down. (DSS verifies income information). Also, Connecticut has several Medicaid programs that have higher income limits than regular Medicaid and do require a spend-down for individuals who meet these higher guidelines. In addition to the MED-Connect program for working people with disabilities, these programs for women with breast or cervical cancer who are diagnosed by state-run clinics (see below), elderly individuals or people with disabilities who need extensive home or personal care services, and people with brain injuries.

### ***Breast and Cervical Cancer Program***

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**This program has no income or asset limits. You are eligible if:**

- You are under 65.
- You are a U.S. citizen or a qualified alien.
- You do not have medical insurance.
- You are not eligible for Medicaid under any other category.
- You have been screened through the Early Detection and Screening Program. Even if your doctor indicates you have breast or cervical cancer, you still **must** be screened at one of the 18 Early Detection sites to be eligible.

As long as you need cancer treatment, you receive Medicaid without a spend-down for **all of your medical needs**, not just cancer treatment.

Call the Department of Public Health for the locations of the Early Detection sites at 860-509-7804. Screeners at the sites will help you complete an application and make sure it goes through quickly.

### ***Connecticut Home Care Program for Elders (CHCPE)***

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If you are 65 years of age or older and need assistance with some of your activities of daily living (ADLs), you may qualify for the Connecticut Home Care Program for Elders (CHCPE). Activities of daily living include bathing, dressing, toileting, preparing food, shopping, taking medications, or housecleaning. This program pays for home health aides, homemakers, skilled nursing, emergency response alert, meals on wheels, adult day care and case management, along with all of the other services covered under regular Medicaid.

The income limit for this program is much higher than the income limit for regular Medicaid (\$2,022 as of 2011), but there are asset limits: (\$1600 for one person; higher amounts for married couples, with the amount depending upon the original amount of the marital assets at the time services become necessary). If you qualify for CHCPE, you receive Medicaid without a spend-down.

You can apply for this program by calling the Alternate Care Unit at DSS (Telephone: 1-800-445-5394).

### ***Personal Care Assistance Program***

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If you are disabled and need assistance with activities of daily living (ADLs) such as bathing, dressing, toileting, preparing food, eating, taking medications, or housecleaning, you may qualify for the Personal Care Assistance Program. This program allows you to hire personal care assistants to perform necessary activities of daily living, and also provides all of the other services covered under regular Medicaid.

The income limit for this program is higher than the income limit for regular Medicaid (\$2,022 as of 2011), but there are asset limits of (\$1600 for one person and higher amounts for married couples). If you qualify for the Personal Care Assistance Program, you receive Medicaid without a spend-down.

You can apply for this program by calling your local DSS office. Call Infoline at 2-1-1 to find the DSS office that serves your town.

## ***Acquired Brain Injury Program***

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If you are disabled due to a brain injury and would otherwise require services in an institutional setting such as a nursing home, you may qualify for Medicaid under the Acquired Brain Injury Program.

This program offers 21 home and community-based services to meet your individual needs to help you live at home.

The income limit for this program is higher than the income limit for regular Medicaid (\$2,022 as of 2011), and the asset limit is (\$1600 for one person and higher amounts for married couples). If you qualify for the Acquired Brain Injury Program, you receive Medicaid without a spend-down.

You can apply for this program by calling your local DSS office. Call Infoline at 2-1-1 to find the DSS office that serves your town.

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#### *Stamford*

20 Summer Street 203-348-9216

#### *Waterbury*

85 Central Avenue 203-756-8074

#### *Willimantic*

872 Main Street 860-456-1761

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### **Greater Hartford Legal Aid**

[www.ghla.org](http://www.ghla.org)

999 Asylum Avenue 860-541-5000  
Hartford, CT 06105

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### **New Haven Legal Assistance Association**

[www.nhlegal.org](http://www.nhlegal.org)

426 State Street 203-946-4811  
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*This booklet was produced by the Legal Assistance Resource Center of Connecticut in cooperation with Connecticut Legal Services, Greater Hartford Legal Aid, New Haven Legal Assistance Association, and Statewide Legal Services.*

*The information in this booklet is based on laws in Connecticut as of 3/2011. We hope that the information is helpful. It is not intended as legal advice for an individual situation. Please call Statewide Legal Services or contact an attorney for additional help.*

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