

TRANSMITTAL LETTER FOR MANUAL RELEASES

STATE OF MARYLAND
DEPARTMENT OF HEALTH AND MENTAL HYGIENE
BENEFICIARY SERVICES ADMINISTRATION
DIVISION OF ELIGIBILITY POLICY
201 WEST PRESTON STREET
BALTIMORE, MARYLAND 21201

410-767-1463 or 1-800-492-5231 option 2 and request extension 1463

MANUAL: Medical Assistance

EFFECTIVE DATE: July 1, 2006

RELEASE NO: MR-134

ISSUED: June 2006

APPLICABILITY: Long-Term Care Eligibility—deduction for noncovered services received during penalty period, personal needs allowance, spousal impoverishment standards.

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<u>Chapter 10 – Eligibility for Institutionalized Persons</u>		
personal needs allowance	1000-21 – 1000-22	1000-21 – 1000-22
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COMMENTS

Chapter 10

Personal Needs Allowance Increase

Effective July 1, 2006, there will be an increase in the personal needs allowance for Medical Assistance recipients in long-term care to: \$64 per month for individuals and \$128 per month for couples.

Non-Covered Services and Penalty Period

Effective July 1, 2006, the policies are changed for the deduction from a recipient's contribution to the cost of care for noncovered medical or remedial services received by the recipient during a penalty period imposed for asset transfers for less than fair market value.

- **For Medicaid long-term care and waiver applications filed as of April 1, 2004 or later:** the allowable deduction for noncovered medical or remedial services received during the penalty period is the difference between the allowable fee and \$4,300.
- **For Medicaid long-term care and waiver applications filed as of July 1, 2006 or later:** there is no deduction for noncovered services received during a penalty period; therefore, **the amount deducted is \$0.**

Appendix

Schedule MA-8 in the Appendix of the Manual is updated with new Spousal Impoverishment Standards **effective July 1, 2006**. The community spouse's Basic Maintenance and Shelter Allowance and the Excess Shelter Standard are increased each year, effective July 1.

If you have any questions about these policies or procedures, contact the DHMH Division of Eligibility Policy and MCHP at 410-767-1463 or 1-800-492-5231 (select option 2 and request extension 1463). Questions regarding CARES processing should be directed to Cathy Sturgill at 410-238-1247 or via email at csturgil@dhr.state.md.us .

there is no remaining income in the month of admission. Consequently, the SSI recipient with no monthly income other than SSI has no income to contribute towards his/her cost of care. Beginning the second month of institutionalization, the SSI benefits are reduced to the SSI standard of \$30, which is less than the MA Personal Needs Allowance. The person will continue to have nothing to contribute to his/her cost of care. Therefore, an SSI recipient in long-term care with no countable income is determined eligible in coverage group L01 with no contribution to the cost of care.

If an SSI recipient receives countable monthly income in addition to SSI benefits, the person's other monthly income is considered in order to determine the recipient's contribution to cost of care. Eligibility is determined in coverage group L98. The LDSS must require an application form to collect the information necessary to calculate the available income. (*See Policy Alert 10-08 for redetermination procedures when SSI recipients enter LTC.*)

Income that is received on a regular basis in a constant amount is considered based on documentation from the source of income. This includes benefits such as Social Security, pensions, V.A. benefits, etc. **The eligibility case worker should set an alert to verify income that has an annual cost of living increase.**

Income that is variable in amount, or is received less frequently than once a month, is projected throughout the period under consideration based on the amounts received in the twelve months prior to the period under consideration, or on projections documented by the source of such income. This projection for the period under consideration is then converted to average monthly amounts. This type of income includes interest, dividends, one-time-only income, lump sum benefits, etc.

For current eligibility, the total monthly income equals the monthly amount of regular income plus the average monthly amount of variable income.

For a retroactive month, total monthly income is the amount actually received in the month.

Determining Monthly Available Income

To determine monthly available income, begin with the total monthly income as determined above and deduct the following, in the following order:

Effective
7/1/06

1. A **Personal Needs Allowance** of **\$64** per month for an individual or **\$128** for an institutionalized couple (if both spouses are institutionalized and are aged, blind, or disabled, and their income is considered available to each other in determining eligibility);
2. A **Residential Maintenance Allowance**;
3. A **Spousal Allowance**;
4. Either a **Family Allowance** for minor or dependent children, dependent parents, or dependent siblings of the institutionalized or community spouse who are residing with the community spouse; or a **Dependent Allowance**, as appropriate;
5. **Incurred expenses for medical care or remedial services** for the institutionalized spouse that are not subject to payment by a third party, including:
 - (a) Medicare and other health insurance premiums, deductibles or co-insurance charges; and
 - (b) Necessary medical care or remedial services recognized under State law but not covered under the Medical Assistance State Plan for the recipient.

The personal needs allowance is always deducted first, to ensure that the institutionalized person has this money available to him/her even if the remaining income is insufficient to cover the other deductions.

To determine which deductions are applicable and the appropriate amount of each deduction, use the following guidelines:

1. Personal Needs Allowance

This is an allowance to enable the person to meet daily living expenses in the long-term care facility that are not covered by the Program.

- For each institutionalized person, the allowance is **\$64** per month. For an institutionalized couple, the allowance is **\$128** per month.
- For a person who resides in an intermediate care facility for the mentally retarded or mental institution and receives pay for therapeutic work activities, the personal needs allowance is \$100.00. If documented work expenses exceed this amount, additional allowance may be made for these up to the medically needy income limit (MNIL).

Effective
7/1/06

2. Residential Maintenance Allowance

This is a deduction to enable a lone person to maintain a community residence. A lone person is one who does not have a spouse or dependent children at home. This allowance is given if the person must pay expenses such as rent, mortgage, taxes or utilities in order to maintain his community residence.

NOTE: Pages 1000-23 and 1000-24 are deleted from this Manual.

devices. Refer to Pages 900-31 and 900-32 in Appendix II of Chapter 9 for a more complete list of items and services not covered by the Medicaid State Plan. These expenses are usually documented by a bill or a paid receipt.

A person may be in need of an item such as dentures or eyeglasses, but unable to obtain it without a guarantee of payment to the provider. A written and signed contract with the provider that obligates the person to pay in a lump-sum or installments is acceptable documentation to allow the deduction from the recipient's available income.

For Medicaid applications filed as of April 1, 2004 or later, a deduction from available income for cost of care may also be made for medical or remedial services covered by Medicaid (e.g., nursing facility) but not covered for the recipient because the **recipient was not Medicaid eligible as of the service date**. The recipient's incurred expenses may only be deducted if the services were **received during any months in the three-month retroactive period** associated with the **month of Medicaid application**, that the recipient was not Medicaid eligible. **Incurred expenses may also be deducted for any months that the recipient was ineligible between the month of application and the effective date of Medicaid eligibility**. The bill must still be unpaid and remain the recipient's obligation to pay, as verified by a current detailed bill from the provider. Unpaid bills for medical or remedial services **received before the retroactive period may not be deducted** from the recipient's available income for the cost of care.

If the recipient was under a penalty period on the service date(s), the total monthly deduction for medical or remedial services is the amount of the allowable fees exceeding \$4,300. For example, if the Medicaid fee for the recipient's nursing facility services is \$5,300 for a month that the recipient was under penalty for disposal of assets, \$1,000 may be deducted from the recipient's available income for the cost of care (\$5,300-\$4,300=\$1,000). **For applications filed on or after July 1, 2006, there is no deduction for noncovered services received during a penalty period; therefore, the amount deducted is \$0.**

For services received during ineligible months, the provider's charge is deducted. For noncovered services received **when the recipient is MA eligible, the lesser** of the provider's charge or the Medicaid fee is deducted. If a Medicaid fee is not established, the provider's charge is deducted. The deduction, when added to all other deductions, may not exceed the recipient's total countable income for the month.

To determine the allowable deduction, the eligibility case worker sends a self-addressed envelope, a copy of the cost of care worksheet, and a copy of the detailed current bill, receipt, or contract to:

DHMH Beneficiary Services Administration
201 West Preston Street, Rm. L-9, Attn: Noncovered Services
Baltimore, MD 21201

The bill, receipt, or contract must contain a service date, charge, and detailed description of the item or service, and applicable service code. BSA will send the eligibility case worker a memo with the allowable amount noted.

- These deductible expenses cannot be covered by Medicaid, Medicare, any other health insurance, or 3rd party payment (e.g., long-term care insurance, disability insurance).
- This allowance may not be given to reimburse a relative or someone else who has already paid the bill.
- A deduction is not made for medical or remedial services received before the 3-month retroactive period.
- Since the deduction is only made for certain medical or remedial services, any extraneous charges must be deleted such as for the beauty parlor, TV rental, or personal items.
- The deduction may not include services covered by Medicaid that were received when the recipient was Medicaid-eligible, but for which the Program denied payment because the services were not medically necessary, were not authorized, were not provided by an enrolled and qualified provider, or were billed after the 9-month billing limitation.
- This deduction is allowed effective the month in which the expense was incurred. However, for expenses incurred before the certification period, the deduction is allowed effective the month of eligibility or as of the current month.
- If there is a contract for regular payments for an item or service, the monthly obligation is allowed for the period specified in the contract.
- If the amount of the medical expense in addition to other allowable deductions exceeds the recipient's total countable income for the month, the excess portion of the deduction for the medical expenses may be carried forward to the ongoing month or months and, if necessary, may be carried forward into a subsequent 6-month period under consideration.
- **The eligibility case worker should set a "745" alert in CARES to recalculate the recipient's available income as of the month that the deduction is scheduled to end.**

There are no deductions from total income except those listed above. If total deductions for a month are greater than or equal to the recipient's total countable monthly income, the person's available income is \$0. With the exception of medical care or remedial services, as specified above, deductions in excess of total countable income are not carried

Schedule MA-8
Spousal Impoverishment Standards

	Resources	Effective
Maximum Spousal Share	\$99,540	1/1/06
Minimum Spousal Share	\$19,908	1/1/06

	Income	Effective
Basic Maintenance and Shelter Allowance	\$1,650	7/1/06
Excess Shelter Standard	\$ 495	7/1/06
Maximum Maintenance and Shelter Allowance (sum of Basic Maintenance and Shelter Allowance and Excess Shelter Allowance)	\$2,489	1/1/06
Utility Standards: (used to compute the community spouse's excess shelter allowance)		
Heat included in rent (LUA) (Food Stamps limited utility allowance)	\$ 183	1/1/06
Heat paid separately from housing (SUA) (Food Stamps standard utility allowance)	\$ 304	1/1/06