

What is a Medicaid spend-down?

Your eligibility for Medicaid depends on your income. If you get more income than is allowed by the Medicaid program, you will not be eligible for Medicaid. HOWEVER, even if you have a higher income, you may still be eligible for some Medicaid benefits if your medical costs are high.

If your average monthly medical expenses are higher than the amount that your monthly income exceeds the income limit, you can still be eligible for Medicaid to cover some of your medical costs. That is the Medicaid spend-down.

What??

Here is an example. Say John has monthly income of \$645. If the Medicaid income limit is \$545, then John is over the limit by \$100. If John has monthly medical expenses of more than \$100, he can be eligible for Medicaid with a spend-down of \$100.

What expenses can be counted to meet the spend-down?

Medical expenses you pay each month including premiums for health insurance, doctor's visits, prescription costs, and other medical expenses can be counted. You can

also count unpaid balances from old medical bills that you owe.

How does it work?

You will be eligible for Medicaid in a month as soon as your medical bills are larger than the amount of your "spend-down". Your "spend-down" is the amount that your income is over the Medicaid income limit. So, as soon as your medical expenses are greater than your "spend-down," you can get Medicaid to cover the rest of the medical bills for that month.

I'm confused. How does it work again?

If you apply for Medicaid and your income is over the limit, then you should take all of your medical bills, including old bills you still owe from the past, to your Medicaid caseworker. You will satisfy the "spend-down" for the month if the medical bills for that month, along with the old medical bills you owe, are larger than your spend-down amount.

Here is an example:

Sue, a single woman, has a monthly income that is \$100 more than the Medicaid limit, so \$100 is her "spend-down" amount. If she

can show that her medical bills for the month are more than \$100, she is eligible for Medicaid with a "spend-down". Once Sue pays or owes \$100 of medical bills in a month, she can get Medicaid to cover the rest of her medical bills for the month. Here is how she can meet her spend-down:

\$40.00 monthly health insurance premium
+ 60.00 old, unpaid medical bill
\$100.00

As soon as she pays her monthly health insurance premium and provides proof of the \$60 unpaid medical bill, she has met her spend-down and will be eligible for Medicaid for the remainder of the month. (She does not have to pay the \$60 old medical bill, she simply has to give proof to her caseworker that she owes the bill).

Here is another example:

Bill and Tammy, a married couple, have monthly income that is \$200 over the Medicaid limit, making \$200 their "spend-down" amount. Tammy has an old hospital bill that she gets billed for every month for \$2,000.

The old hospital bill will be used to meet their spend-down for 10 months ($\$200 \times 10 = \$2,000$). Bill and Tammy will get Medicaid for the entire month for those 10 months. After that, they will have to show their medical expenses to the caseworker to show that they have expenses

over \$200 in order to qualify for Medicaid for any amounts over their spend-down amount.

Again, note that they don't have to actually pay the \$2,000 old bill, but they have to give proof of it to their caseworker.

What if I cannot afford to pay my spend-down amounts?

You don't have to pay the full amount of the spend-down, you just have to owe the amount. You will still be responsible for the old bills you owe, but you can make arrangements to pay them off more slowly, while your medical bills above the spend-down amount are being covered by Medicaid. Medicaid will only count the amount you owe for an old bill once; you cannot show the same old bill each month to meet the spend-down.

Now what do I have to do?

Keep track of your medical expenses (current expenses and old bills) and be prepared to show them to the caseworker to prove your eligibility. You may not be required to prove it every month, but it is good to be prepared in case there is any question. Keep all your medical expenses and notes in a file to make it easier to keep track.

What happens if I don't meet my spend-down in a certain month?

If you do not meet your spend-down in a certain month, you will not be eligible for Medicaid that month. If you do not meet your spend-down for 3 months in a row, you may be taken off the Medicaid program. You would then have to reapply when you start having more medical expenses (or when your income decreases).

What if I don't think I should have a spend-down, or I disagree with how my caseworker calculated my bills?

You can appeal. Send your caseworker a letter saying you want to appeal. You can contact a private attorney or your local legal services organization for assistance.

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Bloomington: (812) 339-7668 1-800-822-4774	Hammond: (219) 853-2360
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