INSTITUTIONALIZATION
MEDICAID INCOME COMPUTATION

I. NON-COVERED MEDICAL EXPENSE DEDUCTION

Certain incurred non-covered medical expenses that a recipient must pay out of funds belonging to the recipient can be allowed as a Medicaid Income deduction provided the expenses are not subject to payment by any insurance policy or any other individual. The only allowable "non-covered" medical expenses are those that are covered under the State Plan but, due to service limits placed on these services, the expenses were not covered by Medicaid. In other words, allowable expenses are limited to "covered" non-covered medical expenses.

1. Allowable Expenses

Expenses that can be allowed are limited to the following:

- Physician visits in excess of the 12-per-year limit. This is limited to those few recipients who are not eligible for Medicare since there are no physician visit limits on Medicare/Medicaid recipients. If a Medicare claim is non-assigned (which means the doctor did not accept assignment thereby preventing a claim from crossing-over to Medicaid for payment of the deductible and/or coinsurance) do not accept the expense as non-covered. The Medicaid Program will pay the Medicare deductibles and coinsurance on any assigned claim; therefore, it is necessary for the recipient to find a participating physician so as to benefit from the unlimited coverage of Part B physician services under the Medicare Program.

- Inpatient hospital days in excess of 30 per year.

Non-covered Medicaid expenses, such as eyeglasses, dentures, hearing aids, durable medical equipment or any expense paid by a third party, are not allowed as deductions from Medicaid Income. (Mississippi's non-covered medical expense policy is based on recognized State Plan Services; therefore, the above-listed expenses are not allowed as a deduction, as they are not covered items under Mississippi's State Plan.)
2. Verification Required

An allowable expense must be verified via Form DOM-339, Statement Regarding Payment of Health Insurance Premiums and Non-Covered Medical Expenses, before it is allowed as a deduction. In accordance with the instructions for the form, the expenses billed to the recipient must be verified by the Doctor or Hospital rendering the service. In addition, the recipient or representative must verify that the recipient is the one who will pay or has paid for the expenses submitted via DOM-339.

The completed DOM-339 Form must be submitted to the Regional Office by the 5th day of the month following the end of the previous quarter. For example, expenses for October - December must be submitted to the Regional Office via Form DOM-339 by January 5th. If the form is mailed in, it must be postmarked by the 5th day of the month in order to be considered timely received. Note: If the 5th day of a new quarter falls on a weekend, allow until the following Monday as the deadline for submitting expenses.

Form DOM-339 must be filed in the case record for each quarter that expenses are allowed. When a completed DOM-339 is received for a given quarter, another DOM-339 must be mailed to the recipient or representative and the file documented as to the date mailed.
3. **Retrospective Budgeting of Non-Covered Medical Expenses**

Expenses are calculated on a quarterly basis. Actual expenses incurred in one quarter are not budgeted as a deduction until the next quarter. Quarters are divided as follows:

- October (Oct) - January (Jan)
- November (Nov) - February (Feb)
- December (Dec) - March (Mar)
- April (Apr) - May (May)
- July (Jul) - August (Aug)
- June (Jun) - September (Sept)

Regardless of when an allowable medical service is rendered, an expense is considered incurred in the month billed. Specifically, the month that the recipient is billed for his/her portion of an allowable medical expense, i.e., after all other third parties have paid, is the month the recipient incurs the expense. For the purpose of the non-covered medical expense provision, the month an expense is billed to the recipient determines the month the expense is allowed.

An allowable expense billed in October is allowed in January. Likewise, expenses billed in November are allowed in February. All verified expenses billed in a given month are allowed as a one-time deduction in the third month. Expenses are allowed (deducted) in one month only. If the recipient's Medicaid Income is reduced to zero after all allowable expenses are deducted, any excess is not carried over into subsequent months.

When the completed DOM-339 for a previous quarter's expenses is received by the 5th day of the month following the end of a specified quarter, the worker has until the 20th of the month to rework Medicaid Income for the current quarter. For example, expenses for October - December must be submitted by January 5. The worker then has until January 20 to budget the expenses submitted for January - March and possibly increase Medicaid Income for January. This would allow time for advance notice to be issued 10 days prior to the first of the month, in accordance with policy governing increasing Medicaid Income. If there will be no increase in Medicaid Income for the current month after allowing expenses submitted, the worker has until the last day of the first month of each quarter to rework Medicaid Income computations.
4. **Effective Date of Medical Expense Deduction**

For newly approved Medicaid eligibles, i.e., the client was not Medicaid eligible upon entry into LTC, the first month a non-covered medical expense deduction is allowed is the third month following the month in which the expense is billed. The expense must be billed in or after the month of initial eligibility. For example, if a non-covered expense is billed in October and eligibility does not begin until November, the expense cannot be allowed.

For Medicaid eligibles who enter LTC, i.e., the client enters LTC eligible as SSI or MAO (any existing MAO coverage group), a non-covered medical expense billed in the quarter prior to entry can be allowed in the quarter of entry into LTC. The expense is deducted retrospectively; however, an expense billed in the quarter prior to entry is an allowable deduction in the first quarter provided the client was eligible (as SSI or MAO) in the month billed. For example, a PLAD eligible is billed for a non-covered medical expense in August and enters a nursing home in October. The August expense is an allowable expense in November if properly verified.

**Note:** Allow a non-covered medical expense deduction to begin in the first quarter following the expiration of a transfer penalty provided the client was eligible for all other services during the transfer penalty and was billed in the previous quarter for the expense.
5. Reconciliation in the Last Quarter of Eligibility

When an institutionalized recipient becomes ineligible for Medicaid, dies or leaves the institution, the worker must make a final one-time adjustment to reconcile the allowable expenses from the previous quarter and the expenses incurred in the last quarter of eligibility. This one-time adjustment will allow the previous quarter's expenses and the final quarter's expenses as a one-time deduction in the month of ineligibility.

For example: Client dies in January. In the month of January, the current budget reflects actual expenses incurred in October. A one-time adjustment must now be made to allow expenses that would have been deducted for November, December and January in order to reconcile all expenses that would have been allowed had the client lived and remained eligible.

This will require verification of the final quarter's allowable expenses up until the client becomes ineligible or dies. Verification will be obtained via DOM-339 allowing 10 days for verification to be submitted.

Note: If the client was ineligible in the previous quarter, allow only final quarter expenses in the reconciliation. For example, if a client becomes eligible and dies in the same quarter, allow expenses in the month(s) prior to and including the month of death as a one-time deduction.