

SANILAC COUNTY COMMUNITY MENTAL HEALTH AUTHORITY

ADMINISTRATIVE PROCEDURE

NUMBER: DA1044

NAME: PROCESSING MEDICAID SPENDDOWN PAPERWORK

INITIAL APPROVAL DATE:	07/18/2001	BY: Administrative Committee
(LAST) REVISION DATE:	05/02/2023	BY: CFO
(LAST) REVIEW DATE:	05/25/2023	BY: Policy Committee
DISCONTINUED DATE:	N/A	REPLACED BY: N/A

I. **PURPOSE**

To ensure that Medicaid spenddown (deductible) individuals are made eligible for Medicaid in a timely manner.

II. **APPLICATION**

Populations: **ALL**
Programs: Direct - **ALL**
Contracted - **ALL**

III. **PROCEDURE**

- A. There are cases when individuals have the medical need for Medicaid coverage, but they have excess income. These beneficiaries are known as Medicaid deductible (spenddown) beneficiaries. Medicaid spenddown means that the individual must incur medical expenses each month equal to, or in excess of, an amount determined by the local MDHHS worker to qualify for Medicaid. Once the spenddown amount has been incurred, the individual becomes eligible for Medicaid benefits. ¹
- B. The individual served informs their therapist/care manager that they are now on a Medicaid spenddown. If clerical or billing staff are informed, they will pass the information along to the assigned therapist/care manager and vice versa.
- C. If the individual served does not know their spenddown amount, the therapist/care manager will call our MDHHS site worker to find out the spenddown amount or they can run the eligibility file which has this information.
- D. Our computer system now generates the Medicaid deductible letters for individuals served. Services that the individual received from mental health will be recorded in the electronic medical record.
- E. The individual served should be advised that he/she must inform the therapist/care manager if other medical expenses were incurred during the month that were not from mental health (doctor visits, prescriptions, etc.). Copies can be made of these receipts to submit along with the MDHHS spenddown report. By doing this, the individual may meet

the spenddown amount sooner than if we simply submitted only the services provided by Sanilac CMH.

- F. Designated clerical staff will print and sign the letter once the automated email from the system comes stating the individual has met their spenddown.
- G. Designated clerical staff will forward the letter on to our MDHHS site worker (Medicaid Deductible Letter and copies of other doctor visits, prescriptions).
- H. Once the MDHHS site worker has reviewed the packet, determination will be made by them as to when the individual served met his/her spenddown requirement.
- I. The cycle will start over at Letter D above at the beginning of each month.
- J. The computer system will be updated during the download from MPHI to reflect the insurance effective dates and general and local fund usage.
- K. Retroactive Eligibility: Since bills have to be incurred before the spenddown amount is met, there is a period of retroactive eligibility. This may be several days or up to a period of three (3) months from the current month. In this situation, the local MDHHS office may apply these old bills to the past three months or may prospectively apply them to the next several months, depending on the date of service and the date the bill was presented to the MDHHS worker. ²

IV. **DEFINITIONS**

V. **STANDARDS**

VI. **ATTACHMENTS**

VII. **REFERENCES**

1. Medicaid Provider Manual, Beneficiary Eligibility, Section 4 – Medicaid Deductible Beneficiaries (Spenddowns)
2. Medicaid Provider Manual, Beneficiary Eligibility, Section 4 – Medicaid Deductible Beneficiaries (Spenddowns)