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# THE MEDICALLY NEEDED “SPENDDOWN” PROGRAM: MEDICAID FOR ADULTS 65 AND OLDER OR DISABLED WHO DON’T GET SSI

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SOLID GROUND – BENEFITS LEGAL ASSISTANCE

APRIL 2023

*THIS PAMPHLET IS ACCURATE AS OF ITS DATE OF REVISION. THE RULES CHANGE FREQUENTLY.*

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## 1. What is the Medically Needy program?

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The Medically Needy (MN) or “spenddown” program is a Medicaid program that helps pay medical expenses of certain people age 65 or older and certain younger people with disabilities. The MN program is for people who don’t get public financial assistance, such as Supplemental Security Income (SSI), or Disability Lifeline.

This pamphlet discusses only the “non-institutional” MN program for adults who are 65 and older or disabled. Different rules apply for institutional or long-term care. Washington’s Department of Social and Health Services (DSHS) administers all MN programs.

**Note: The Affordable Care Act (ACA) created new opportunities for coverage in addition to the MN Program, for those who do not have Medicare and are not yet 65 or older. If your income is below 138% of the federal poverty level for an individual (currently \$1,677 per month), with increases based on the number of household members, you may be eligible for full Medicaid coverage through Washington Apple Health (Medicaid). If your income is above that amount, you may be eligible for a**

Qualified Health Plan with reduced premiums and cost-sharing. To find more information about these programs, go to [www.wahbexchange.org](http://www.wahbexchange.org) and <http://www.hca.wa.gov/medicaid/>. To apply, go to [www.wahealthplanfinder.org](http://www.wahealthplanfinder.org). You can also find general information on both Apple Health and Qualified Health Plans in WashingtonLawHelp publications at this website ([washingtonlawhelp.org](http://www.washingtonlawhelp.org)), including “Health Care Reform – General Information,” as well as other publications.

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## 2. Am I eligible for the MN program?

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You may be eligible for benefits if:

- You are 65 or older or disabled, *and*
- You are a U.S. citizen or meet certain immigration-status requirements, *and*
- Your income and property are limited in the ways explained in Questions 3-8 below.

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## 3. How much property can I have?

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The answer depends on whether the property is considered “exempt” or “non-exempt” under MN program rules.

“Exempt property” does *not* affect your eligibility for the MN program. Examples of exempt property include:

- A home of any value as long as you live in it or intend to return to it (e.g., house, mobile home, condominium);
- A car of any value, if it is used for transportation for you or for another member of your household;
- Household furniture and other household goods, as well as clothing and jewelry for your personal use and personal care items.

“Non-exempt property” *does* affect your eligibility for the MN program. Examples of non-exempt property include cash, bank accounts, and stocks. The limits on non-exempt property are:

- Single individual – \$2,000
- Married couple – \$3,000

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#### **4. Can I give away property and still be eligible?**

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Giving away property will not affect your eligibility for the non-institutional MN program. But, it may negatively affect your future eligibility for Medicaid long-term-care, such as nursing-home and in-home care. It may also affect your eligibility for SSI.

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#### **5. How much income can I have when I apply?**

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There is no restriction on how much income you can have when you apply for the MN program. However, the more income you have, the more medical expense you will have to incur before coverage will start. In

other words, the higher your income, the higher your spenddown amount will be.

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#### **6. What is a “spenddown” amount?**

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If you are eligible for the MN program, you can get Medicaid coverage once you incur a certain amount of medical expense during a specific period. This is called a “spenddown amount” or just a “spenddown.” These terms sometimes cause confusion. It is important to understand that a medical bill does *not* need to be *paid* before the expense it represents can count toward the spenddown amount; it only needs to be *incurred*. An expense is incurred as soon as legal responsibility for the expense arises.

**Example:** If you visit a doctor and receive a \$100 bill, you *have* incurred a medical expense. If you receive a statement for a product or service that has not yet been provided to you, then you *have not* incurred a medical expense.

To understand how DSHS will calculate your spenddown amount, it is important to understand the following:

- your “countable income”
- an amount that you can keep for nonmedical expenses
- your “excess income”
- your “base period”

These terms and the calculations used to determine them are described in Questions 7-11 and in the attached worksheet.

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#### **7. What is “countable income”?**

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When DSHS calculates your spenddown amount, it does not count every dollar of your income. It is important to know what income is not counted.

- \$20 disregard – DSHS disregards \$20 of income for each individual or married couple. (Even if both spouses apply, there is only one \$20 disregard.)
- Earned income – Certain amounts of “earned income” are not counted. If an individual applicant, or an applicant’s spouse, has income from work, DSHS will *not* count the first \$65 and will *not* count half of any earned income above the first \$65.

**Example:** If you earn \$265 of monthly income from work, only \$100 will be counted. (\$265 minus the first \$65 is \$200. Half of \$200 is \$100.)

- Health insurance premiums – Income needed to pay certain health insurance premiums is not part of your countable income. (Note: This rule does *not* apply to income that you need to pay your Medicare premiums. Such income is considered part of your countable income. However, if you are eligible for the MN program, DSHS can pay your Medicare premiums. See Question 20.)

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### **8. How much of my countable income can be set aside for non-medical expenses?**

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You can keep a certain amount of your countable income to pay for non-medical expenses such as food and clothing. The amount is determined by a standard called the “Medically Needy Income Level” (MNIL). The MNIL standard corresponds

roughly to what you would have if you received SSI.

- Single individual – \$914
- Married, both spouses apply – \$914 *total for the couple*
- Married, one spouse applies and the applying spouse has income of \$914 per month or less
- Married, one spouse applies and both spouses’ incomes together are \$1,828 per month or less

**Example:** Joe applies for the Medically Needy program. His income is \$900 per month from Social Security disability. His wife, Mary, has a part-time job. She earns \$500 per month. Joe is eligible because the state will allocate or “deem” \$414 of his income to Mary.

Note: If you live in an adult family home or an assisted living or adult residential care facility, you can have the amount of income necessary to pay for care in the facility, plus a small personal needs allowance set by DSHS.

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### **9. What is “excess income”?**

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“Excess income” is the amount of your countable income that exceeds the amount of your income set aside for non-medical expenses. The amount of monthly excess income you have will be used to determine your spenddown amount.

**Example:** Jane is an unmarried applicant with no medical insurance and a total monthly income of \$1000 from Social Security. Jane can subtract \$20 from her monthly income (see Question 7). This leaves \$980 of countable income. From the \$980, Jane can subtract \$914 to be set aside for non-

medical expenses (see Question 8). The result is \$66 of excess income.

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### 10. What is a "base period"?

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A "base period" is the time period used to calculate your spenddown amount. The base period usually begins the first day of the month in which you apply for MN benefits.

You can choose a base period of either three or six months. DSHS will calculate your spenddown amount by multiplying the number of months in your base period by the amount of your monthly excess income. For more information on base periods, see Questions 14-15.

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### 11. How does DSHS determine my spenddown amount?

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DSHS will first determine your "countable income" (see Question 7) and subtract an amount that you can keep for nonmedical expenses (see Question 8). The result is your "excess income" (see Question 9). DSHS will then multiply your monthly excess income by the number of months in your "base period" (see Question 10) to determine your spenddown amount.

**Example:** Jill's monthly excess income is \$70. If Jill chooses a 3-month base period, her spenddown amount will be \$210 ( $70 \times 3 = 210$ ). If Jill chooses a 6-month base period, her spenddown amount will be \$420 ( $70 \times 6 = 420$ ). Therefore, in order to become eligible for MN benefits, Jill must incur either \$210 of medical expenses during a 3-month base period, or \$420 of medical expenses during a 6-month base period.

For an approximate calculation of your spenddown amount, you can use the attached budget worksheet.

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### 12. When does MN coverage begin?

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MN coverage begins when you meet your spenddown amount. The period of time you are covered by the MN program is called the "certification period." The certification period starts when you meet your spenddown amount and continues through the last day of the base period. (Remember, the "base period" is either 3 or 6 months and is used to calculate the amount of your spenddown. See Question 10.)

**Example:** Sue has a 3-month base period and a \$300 spenddown amount. Her base period lasts from January 1 through March 31. She incurs a \$150 doctor bill on January 1 and another \$150 doctor bill on January 5. With the second doctor bill, Sue reaches her spenddown amount, which starts the certification period (period of MN coverage). The certification period lasts from January 5 through March 31.

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### 13. Who is responsible for expenses incurred on the first day of the certification period?

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The answer depends on whether the expenses were used to meet the spenddown amount. An expense *used to reach the spenddown amount* is the responsibility of the individual. An expense incurred *after the spenddown amount is reached* should be covered by the MN program.

When a provider submits a bill to DSHS for payment, the provider must report which part of that bill, if any, was used to reach the spenddown amount. A provider can determine this by asking for a copy of the

client’s MN approval letter, by calling the MN customer service line, or by checking “ProviderOne,” the DSHS billing system.

If a provider fails to report which part of a bill was used toward spenddown, DSHS will not pay any part of the bill. To be paid, the provider must re-submit the bill and indicate which part was used to meet spenddown.

**Example:** Trudy has a \$90 spenddown for a 3-month base period. The first medical expense she incurs is \$200. With the first \$90 of that bill, Trudy reaches her spenddown amount and the certification period begins. Trudy is responsible for her spenddown (\$90). The MN program should cover the rest (\$110). When seeking payment from DSHS, Trudy’s provider must indicate that Trudy used \$90 to meet spenddown and ask DSHS to pay \$110.

Note: If an individual paid a provider for an expense *not needed* to reach the spenddown and the expense was incurred within the MN certification period, then the provider must reimburse the individual.

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#### **14. How do I choose between a 3-month and a 6-month base period?**

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First, figure out what your spenddown amount would be for both a 3-month base period and a 6-month base period. (Remember: base periods ordinarily begin on the first day of the month of application.) Next, estimate what your medical expenses are likely to be for the next three to six months. In general, it is more convenient to have a longer base period, but sometimes a shorter period will result in more coverage. The DSHS staff should help you decide which base period is best for you.

**Example:** John’s monthly excess income is \$30. This means his spenddown amount would be \$90 for a 3-month base period, or \$180 for a 6-month period. John plans to apply for the MN program next month, and he expects to have a \$100 doctor visit early in the month.

If John chooses a 3-month base period, he will reach the spenddown amount (\$90) on the day of the \$100 doctor visit. He will be responsible for his spenddown amount and the MN program should cover the remainder of the bill (\$10) along with any other bills (for MN-covered services) incurred during the rest of the 3-month period.

But, if John chooses a 6-month base period and the \$100 doctor bill is the first medical expense during the period, that bill alone will not be enough to reach the 6-month spenddown amount (\$180) and no part of it will be covered.

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#### **15. Is retroactive coverage available?**

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The MN program offers retroactive coverage for expenses incurred during the 3-month period *before* the month in which you apply, but *only if* you were eligible during that time. To determine retroactive eligibility, DSHS will treat the retroactive period as a separate base period and will calculate a separate spenddown amount for it. The “retroactive base period” can be one, two, or three months.

**Example:** Lyuda incurs medical expenses of \$500 from January through March. Lyuda estimates that her spenddown amount for that period is \$300. On April 1st, she applies for MN coverage.

In her application, Lyuda should include her bills from January through March and ask for retroactive coverage for that period. Lyuda would be responsible for the retroactive spenddown amount (\$300) but the MN program would provide retroactive coverage for the rest (\$200). Lyuda would still have to meet her spenddown amount for the current base period (April through June) for MN coverage to begin.

If you incurred medical expenses during any part of the three-month period prior to the month you apply, you should carefully consider your options under the MN program. In certain situations, it is better to use expenses from the prior three-month period to meet your spenddown for your *current* base period. This would be the case if:

- (1) You were *not eligible* for the MN program during the three-month period immediately prior to application; or
- (2) Your expenses during the prior three-month period *did not exceed* what your spenddown amount would be for that period.

**Example:** Lyuda incurs medical expenses of \$300 from January through March. Lyuda estimates that her spenddown amount for that period is \$300 (the same amount as her total expenses). On April 1st, she applies for MN coverage.

In her application, Lyuda should not ask for retroactive coverage. Instead, she should ask that her bills from January through March be used to meet her spenddown amount for her current base period (April through May).

For expenses incurred *before* the retroactive base period (i.e., expenses incurred more

than 3 months before the date of application), see Question 18, Part B, 4-5.

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## **16. What will the MN program cover?**

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The Medically Needy program will cover the following medical services:

- physician services
- inpatient and outpatient hospital services
- rural health clinic services
- emergency adult dental care
- clinic services
- home health care
- prosthetic devices
- laboratory and x-ray services
- eyeglasses

The Medically Needy program also covers prescription drugs. However, individuals eligible for Medicare Part D must use that program for most prescription drugs.

The MN program may also pay the cost of transportation needed to get covered services.

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## **17. How do I apply for the MN program?**

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If you want to use the MN program, you should take the following steps:

- A. Fill out the DSHS application form.** You may apply for the MN program in writing or online. You can pick up an application at a local DSHS office, or call to ask to have an application sent to you. Once you submit an application, you should get a response within 45 days. If you have “excess income,” the

response should tell you the amount of your spenddown for the three- or six-month period you have chosen.

The website for filing an application with DSHS for the Medically Needy (MN) Spenddown Program is Washington Connection [www.washingtonconnection.org/home](http://www.washingtonconnection.org/home)

Note: If your income is below 138% of the federal poverty level for an individual (currently \$1,677, with increases based on the number of household members), you may be eligible for full Medicaid coverage through Washington Apple Health (Medicaid). If your income is above that amount, you may be eligible for a Qualified Health Plan with reduced premiums and cost-sharing. To find more information about these programs, go to [www.wahbexchange.org](http://www.wahbexchange.org) and [www.hca.wa.gov/medicaid/](http://www.hca.wa.gov/medicaid/). To apply for a QHP, please go to [www.wahealthplanfinder.org](http://www.wahealthplanfinder.org).<sup>1</sup> For Medicaid, you should be considered for this program when you apply to the MN program, but you can also apply at [www.wahealthplanfinder.org](http://www.wahealthplanfinder.org).

- B. Collect copies of all medical bills and submit them to DSHS.** When you incur medical expenses equal to your spenddown amount, you should show the bills, as well as any payments made by Medicare or other insurance, to the financial worker at the local DSHS

office. The DSHS office will issue you a medical services card. It will not show the date on which coverage began (which will likely be *before* the date the card is issued). You can then use the card to pay for medical expenses incurred during the certification period (i.e., after you met your spenddown amount). If you already paid a bill for an expense the MN program would cover *and* you have already met your spenddown amount, you should ask the provider to reimburse you and bill DSHS instead. (Remember: If the bill was used to meet your spenddown amount, it will not be covered and you will not be reimbursed by the provider.)

**C. Reapply every three or six months.**

Toward the end of your base period, you should receive an eligibility review form in the mail. You may re-apply by completing and returning that form. (Each time you apply, you must choose a three or six-month base period.) If you have a large bill, you may want to ask for a six-month period. If you don't receive a form in the mail at least a month before your eligibility runs out, you should call DSHS and ask to have one sent to you. You should not have to go to the DSHS office for an in-person interview. After you re-apply, the DSHS office will notify you of your new spenddown amount. Once you have met it, DSHS will notify you of your new certification period.

<sup>1</sup> Coverage under a QHP may begin starting the month after you apply or the following month, but it is not available for past months. Therefore, you may also want to apply to DSHS for MN Spenddown coverage, which can be used for past months. If you qualify for both,

your MN benefit may cover costs for services not provided through your QHP, or help to reduce the share you pay after you meet your spenddown amount.

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**18. What expenses count toward my spenddown amount?**

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A. The following expenses can be used to reach your spenddown amount:

1. Medicare and other health insurance deductibles, co-insurance charges, fees or co-payments, as well as Medicare premiums (Other health-insurance premiums approved by DSHS are used to determine the spenddown amount; they are not used to reach it.)
2. Medical expenses that the MN program does not cover, as long as they were incurred for items or services provided or prescribed by a licensed health care provider.
3. Medical expenses incurred within the base period, potentially payable by the MN program, whether or not paid by the applicant, as well as the cost of transportation for medical services (mileage is calculated at 58 cents a mile if you must drive to obtain services).
4. Medical expenses incurred in the 3-month period before the current base period whether paid or unpaid, if eligibility was *not* established for that period.
5. Unpaid medical expenses from any period before the beginning of the base period that are still owed by the applicant and that have not previously been counted toward a spenddown amount.
6. Medical expenses in the categories listed above of a family member

(legally or blood-related) living in the same household as the applicant for whom the applicant is financially responsible or who is financially responsible for the applicant.

B. When considering how you will reach your spenddown amount, here are some useful things to remember:

1. For a medical bill to be considered an expense, you must only show that you have incurred it and that it is not covered by Medicare or other insurance. The bill can be unpaid. However, if you have simply been given a statement for a product or service that has not yet been provided (so you don't yet have any legal responsibility to pay for it), then the statement does not represent an incurred medical expense.
2. Before you reach your spenddown amount, first try to purchase needed medical services that the Medically Needy program will *not* cover. These expenses will still count toward your spenddown amount if they are provided or prescribed by a licensed health-care provider. When possible, put off incurring expenses that may be covered by the MN program until after you reach your spenddown amount.
3. If you incurred medical bills in any of the 3 months *before* the month in which you apply (the "retroactive base period") but you were *not* eligible for the MN program during that retroactive base period, you can still apply those bills, whether paid or unpaid, toward your spenddown



amount for the *current* base period. (If, however, you *were* eligible for the MN program during that prior period, you should decide whether to apply for retroactive coverage. See question 15.)

4. *Unpaid* medical bills that were incurred *before the retroactive period* (i.e., they were incurred *before* the three-month period that immediately precedes the month of application) can be used to reach your current spenddown amount if they weren't used to reach an expense amount in an earlier base period. If only part of an old bill is used to reach your spenddown amount in one period, the rest of the bill can be used for another period, if you can show that the bill is still owed. Since these bills are for expenses incurred before the retroactive base period, the MN program will not pay them. But, they *will* help you meet your spenddown amount and get MN coverage for other bills.
5. *Paid* medical bills that were incurred *before the retroactive period* (i.e., they were incurred *before* the three-month period that immediately precedes the month of application) generally *cannot* be used to meet a spenddown amount for the current base period.
6. You should keep copies of all papers showing medical expenses and insurance reimbursements. This includes bills for doctor visits, prescription medication, and hospital and nursing care. It also includes expenses that are not usually covered by private medical

insurance, such as medically necessary transportation.

7. If you have health insurance, other than Medicare, and *you* pay the premiums, the expected cost of your premiums will be counted in calculating your excess income (and will lower your spenddown amount). Deductibles and coinsurance are counted as medical expenses. If your spenddown amount is less than the cost of your private health insurance premiums, you should seek advice from a Senior Information and Assistance program, or from the Statewide Health Insurance Benefits Advisor (SHIBA) program of the State Insurance Commissioner (1-800-562-6900). They should be able to help you analyze the cost and coverage of your present policy and the potential advantages and disadvantages of dropping your present health coverage.
8. If you paid a Medicaid provider for an item or service covered by the MN program and the expense was incurred after you met your spenddown amount, then reimbursement is required. You should ask the provider to verify your eligibility, reimburse you for any part of the bill you paid that exceeded your spenddown amount, and bill DSHS instead.

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### **19. How do I use my medical services card?**

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To use the Medically Needy program you must go to a medical care provider who accepts Medicaid. Check with your doctor,

pharmacist, and other health care providers to make sure they accept Medicaid before you receive any care.

To use the medical services card, just show it to your doctor, nurse, pharmacist, or other provider each time you need medical care. The provider can check your eligibility in the ProviderOne system and see whether you have met your spenddown amount. If you have met the spenddown amount, the provider will bill DSHS directly for the cost of the post-spenddown services. When you use your card for MN-covered medical services or medications, you should not have to pay any part of the cost.

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## **20. If I qualify for MN coverage, will DSHS pay my Medicare premiums?**

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Yes. If you qualify for MN coverage, you will be eligible to have your Medicare premiums paid under the State Funded Buy-In program as described below.

- QMB – If you have Medicare coverage and your monthly countable income is below \$1,215 for a single person or \$1,643 for a couple, then you are eligible for the Qualified Medicare Beneficiary (QMB) program. Under QMB, DSHS pays your Medicare premiums, co-payments, and deductibles for Medicare-covered services. The Medically Needy program would still cover any services not covered by Medicare, such as some prescription drugs (those not covered by Medicare under any Part D plan), after you reach your spenddown amount.
- SLMB – If you have Medicare coverage and your monthly countable income is too high to qualify for QMB but is below

\$1,458 for a single person or \$1,972 for a couple, then you are eligible for the Specified Low-Income Medicare Beneficiary (SLMB) program. Under SLMB, DSHS pays your Medicare Part B premiums.

- QI-1 – If your countable income is too high for SLMB but is below \$1,640 for a single person or \$2,219 for a couple, and you receive no other Medicaid, then you are eligible for the Qualified Individual program (QI-1). Under QI-1, DSHS pays your Part B premiums.
- State-Funded Buy-In program – If you don’t qualify for QMB, SLMB or QI-1, but you are eligible for MN or other Medicaid coverage and are eligible for Medicare Part A coverage, then you may be eligible for the State-Funded Buy-In program. That program pays your Part B premium, and any Part A or Part B coinsurance, deductibles or co-payments.

If you are eligible for a Medicare Savings Program, the Medically Needy program will still cover services not covered by Medicare, and co-payments for Medicare services, after you reach your MN amount.

For more information about Medicare Savings Programs, see [Medicare Savings Programs: Help Paying for Medicare Costs](#) which is available on the website: [www.washingtonlawhelp.org](http://www.washingtonlawhelp.org).

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## **21. Is there an alternative to MN coverage for workers with disabilities who are under 65?**

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The “Healthcare for Workers with Disabilities” (HWD) program is an alternative. If you work and have a

disability, you may wish to consider it instead of the Medically Needy program. HWD offers Medicaid coverage for a monthly premium based on your income. In some cases, premiums are lower than the spenddown amount would be. Beginning on January 1, 2020 there are no income or resource limits. Also, a person who is 65 or older may be eligible, if they also meet the disability requirement. HWD covers personal care services (not covered by MN). It may also be used to access home and community-based services if you meet level of care requirements as determined by DSHS. Also, HWD clients who are also Medicare eligible will have their Medicare Part B premiums covered. More information is available from DSHS or on the

[Apple Health eligibility manual web site](#) at the following address:

<https://www.hca.wa.gov/health-care-services-supports/program-administration/apple-health-workers-disabilities>

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| <p><b>Solid Ground - Benefits Legal Assistance</b><br/>1501 N. 45<sup>th</sup> St.<br/>Seattle, WA 98103</p> |
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**Medically Needy Worksheet**

Note: Do not use this worksheet if your spouse has earnings from work and is not applying.

**A. Calculate unearned income:** this includes what *you and your spouse* receive from Social Security, Veterans benefits, other employment pensions, interest from savings, etc.

|   |         |
|---|---------|
| 1. Enter your total unearned monthly income received from all sources.                              |         |
| 2. Subtract \$20.00.  | - 20.00 |
| 3. Enter the result here, and on line C.1 on the next page. This is your countable unearned income. |         |

**B. Calculate earned income:** this includes gross earnings from your work or training and net earnings from your self-employment. (Do not use this worksheet if your spouse has earnings and is not applying.)

|  |         |
|--|---------|
| 1. Enter your gross monthly earnings from work or training (the amount before any withholding).                      |         |
| 2. Enter your net monthly earnings self-employment (the amount received after all business expenses are subtracted). |         |
| 3. Add gross earnings from B.1 and net earnings from B.2, and enter the result.                                      |         |
| 4. Subtract \$65.00.   | - 65.00 |
| 5. Enter the result (all earnings less \$65).  |         |
| 6. Divide the amount on line 5 by 2.   |         |
| 7. Subtract \$20 <i>only if</i> you had no unearned income and did not already subtract \$20 in A.2 above.           |         |
| 8. Enter the result here and on line C.2 on the next page. This is your countable earned income.                     |         |

Please note that if your individual income is below 138% of the federal poverty level for an individual, with increases based on the number of household members, you may be eligible for full Medicaid coverage through Washington Apple Health (Medicaid). The way your income is calculated to determine eligibility for the Medicaid program is different from the methodology on this worksheet for the MN Spenddown program.

**C. Determine Medicaid eligibility**

Note the Medicaid income standard in the table below that applies to you.

| number of persons  | Amount  |
|--|---|
| one person   | 914.00  |
| couple applying together   | 914.00  |
| couple with only one spouse applying (applying spouse's income)                                | 914.00  |
| Couple with only one spouse applying (combined spouses' income) See p. 3 for more information. | 1,828.00 (includes an allocation to the spouse) |

|   |          |
|---|----------|
| 1. Enter your countable unearned income from line A.3.  |          |
| 2. Enter your countable earned income from line B.8.  |          |
| 3. Add the amounts in C.1 and C.2 and enter the total.  |          |
| 4. Enter the total amount you will have to pay for health insurance costs for the base period you choose of 3 or 6 months.  |          |
| 5. Divide the amount in C.4 by 3 or 6, depending on the number of months in the base period you choose and enter the result.  |          |
| 6. Subtract the amount in C.5 from the amount in C.3 and enter the result.  |          |
| 7. Enter the amount of the Medicaid income standard that applies to you from the table above.   |          |
| <b>If the amount in C.7 is as much as, or more than, the amount in C.6, you are eligible for Medicaid with no spenddown and should apply.</b>                                   |          |
| 8. If the amount in C.6 is more than the amount in C.7, then subtract the amount in C.7 from the amount in C.6 and enter the result. This result is your <i>excess income</i> . |          |
| 9. Multiply your excess income from C.8 by 3 if you choose a 3-month base period or by 6 if you choose a 6-month base period.   | x 3 or 6 |
| 10. Enter the result. This is your spenddown amount for the base period.  |          |

**You should apply for MN benefits if you think the medical expenses that can be used to reach your spenddown amount will be more than the amount entered on line C.10.**