

# Medically Needy “spenddown” program

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❖ You can find all the fact sheets we link to here at [WashingtonLawHelp.org](https://www.washingtonlawhelp.org).

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## What is Medicaid?

Medicaid is a government program that pays for medical services. Washington uses the term “Apple Health” to refer to Medicaid programs.

## What is the Medically Needy program?

It’s a Medicaid insurance program for certain groups of people, including people who have disabilities, or are 65 or older and don’t get financial assistance, such as supplemental security income (SSI).

## What does the Medically Needy program cover?

It covers medical expenses, including medical visits, medical services, copays, health insurance premiums, and transportation to medical care. You can find a list of covered services here: [Washington Administrative Code \(WAC\) 182-501-0060](#).

## How do I get Medically Needy program coverage?

You can apply online through the Department of Social and Health Services (DSHS) website at [washingtonconnection.org/home](https://www.washingtonconnection.org/home) or go to a DSHS office. Use the office locator at [dshs.wa.gov/office-locations](https://dshs.wa.gov/office-locations) to find an office near you. You can ask DSHS for help applying for the program. Read [DSHS Help for People with Disabilities: Necessary Supplemental Accommodations](#) to learn more.

## What is the resource limit for the Medically Needy program?

Some resources, like your house, car, and personal items don’t get counted for the resource limit. Read [What can I buy and still be eligible for SSI and/or Medicaid?](#) to learn more.

- The resource limit is **\$2,000** for you.
- If you’re married, the resource limit is **\$3,000** for you and your spouse.

## How much income can I have when I apply for the Medically Needy program?

There's no income limit for the Medically Needy program. But the more income you have, the more you must pay toward your medical expenses.

## What is a “spenddown” amount?

It's the amount you must “spend” on your medical expenses before DSHS will start covering the expenses. See the chart on the last page for a list of expenses that can be used to meet your spenddown amount.

**Important!** Your medical expenses only need to be “incurred” to count toward your spenddown. For example, if you visit your doctor and get a bill for \$100, you've “incurred” a medical expense even though you haven't paid it yet.

## How will DSHS calculate my “spenddown” amount?

DSHS uses this equation:

$$\text{Countable Income} - \text{Income Allowance} = \text{Excess Income} \times \text{Base Period} = \text{Spenddown}$$

We'll explain more below and provide examples.

## What is my “countable income?”

DSHS generally counts your income from work, Social Security benefits, disability payments, pensions, and retirement accounts. It might also count food or housing support you get from friends and family and some of your spouse's income if they live with you.

DSHS won't count the first \$65 of income from work, the first \$20 of most other income, food stamps, tax refunds, scholarships, loans, and irregular or infrequent payments to you.

- **Countable income, example 1:** Jane gets \$1,053/month from Social Security. DSHS will deduct \$20, so her countable income is \$1,033/month.
- **Countable income, example 2:** Beth gets \$465/month from work. DSHS will deduct \$65 and only count half of the remaining income. So, her countable income is \$200/month.

## What is my “income allowance” for non-medical expenses?

- Single Person: \$943/month.
- Married couple, both on Medically Needy program: \$943/month.
- Married couple, only one on Medically Needy program: \$1,886/month.

## What is “excess income?”

It’s the amount of income you get above the “income allowance.”

**Example:** Jane’s countable income is \$1,033/month. She subtracts her income allowance of \$943/month, which leaves her with \$90/month of “excess income.”

## What is a “base period?”

It’s the period of time used to calculate your spenddown amount. You can choose a base period of either 3 months or 6 months. See tips below for guidance about which base period to choose.

## What happens at the end of my base period?

You must re-apply. Toward the end of your base period, you should get notice from DSHS to reapply. You’ll then get a letter from DSHS about your spenddown amount for the next period.

## How will DSHS calculate my spenddown amount?

DSHS will calculate your spenddown amount by multiplying the number of months in the base period by the amount of your monthly excess income.

**Spenddown example:** Jane’s excess income is \$90. If her base period is 3 months, her spenddown amount will be \$270 (3 x \$90). If her base period is 6 months, her spenddown amount will be \$540 (6 x \$90).

Using the equation above, here’s how Jane’s spenddown is calculated:

$$\begin{array}{r}
 \$1,033 \text{ Countable Income} \\
 - \$943 \text{ Income Allowance} \\
 \hline
 \$90 \text{ Excess Income} \\
 \times \text{ 3-month base period} \\
 \hline
 \mathbf{\$270 \text{ Spenddown}}
 \end{array}$$

$$\begin{array}{r}
 \$1,033 \text{ Countable Income} \\
 - \$943 \text{ Income Allowance} \\
 \hline
 \$90 \text{ Excess Income} \\
 \times \text{ 6-month base period} \\
 \hline
 \mathbf{\$540 \text{ Spenddown}}
 \end{array}$$

## When will my Medically Needy program coverage begin?

Medically Needy program coverage begins when you incur medical expenses equal to or greater than your spenddown amount. The coverage lasts as long as your base period.

- **3-Month base period example:** Jane has a 3-month base period starting in January. Her spenddown amount is \$270. Jane visits her doctor on January 2 and has a medical test on January 5. The bill for the doctor's visit is \$170 and the bill for the medical test is \$100. Jane incurred \$270 by January 5, so that's when Medically Needy coverage begins. Coverage lasts through March.
- **6-Month base period example:** Jane has a 6-month based period starting in January. Her spenddown amount is \$540. Jane goes to the emergency room on January 2. The bill for the emergency room is \$1,540. Jane incurred \$540 by January 2, so that's when Medically Needy coverage begins. Coverage lasts through June.

## Who is responsible for medical expenses on the day my Medically Needy coverage begins?

If the expense was used to meet your spenddown, you're responsible. The Medically Needy program should cover any expenses beyond your spenddown amount.

**Example:** Jane meets her \$540 spenddown amount on January 2 with a \$1,540 emergency room visit. Jane is responsible for the \$540 spenddown amount. The hospital should bill DSHS for the other \$1,000.

## Can I get retroactive coverage under the Medically Needy program?

Yes, you can get retroactive coverage during the 3-month period before you apply for the Medically Needy program if you were eligible during that time. DSHS will treat the retroactive period as a separate base period.

**Example:** Jane incurs medical expenses of \$500 on January 2 but she doesn't apply for Medically Needy program until March. DSHS determines she was eligible for the program 3 months before she applied. Jane's 3-month spenddown amount is \$270, so she'll get retroactive coverage from January 2 through March.

## How will DSHS know about my medical expenses before coverage begins?

You must send copies of your medical bills, statements and receipts to your DSHS financial worker for expenses used to reach your spenddown amount.

## Any tips for reaching my spenddown amount?

- You can review the list of allowable expenses to see if you have expenses that would qualify.
- Reaching your spenddown amount as early as possible in your base period will give you the most coverage.
- Try to get medical services that the Medically Needy program doesn't cover and save the services covered by the Medically Needy program until you've reached your spenddown. We've included a chart of allowable expenses at the end of this fact sheet.
- You might be able to use unpaid medical bills you incurred 3 months before you applied for the Medically Needy program (during the retroactive period) to meet your spenddown.
- Keep copies of all papers showing medical expenses and insurance reimbursements, including bills for doctor visits, prescription medication, hospital care, nursing care and transportation.

## Medical expenses you can use to meet your spenddown.

This isn't a complete list. Learn more about what expenses you can and can't use to meet your spenddown at [bit.ly/3ZouRdm](https://bit.ly/3ZouRdm).

### Allowable expenses

- Hospital, emergency room, clinics and nursing facility
- Prescribed in-home nursing care
- Case management for medical care
- Durable medical equipment rental or purchase (such as mobility aids, rehabilitative aids, prosthetic and orthotic devices, emergency response systems).

- Medically necessary service animal’s food and other expenses
- Hearing aids and related supplies
- Insulin and insulin supplies
- Remedial care (for example, dialysis helpers)
- Blood and its derivatives
- Oxygen
- Medical supplies (syringes, adult diapers, and so on) and drugs, including OTC drugs prescribed by an M.D., D.O. or A.R.N.P.
- Medical and dental insurance deductibles and coinsurance charges
- Medically necessary improvements to the home to accommodate a disabled person
- Non-home lodging costs related to medical treatment
- Medical transportation by other means (bus, taxi, rideshare, personal vehicle, and so on)
- Out-of-state medical services allowed in Washington State
- Other services prescribed by an allowable medical practitioner

## **Can the Medically Needy program help with my Medicare premiums?**

Yes. If you’re eligible for the Medically Needy program, you’re also eligible to have Medicare premiums paid under a Medicare Savings Program. Read [Medicare Savings Programs: Help paying for Medicare costs](#) to learn more.

## Get Legal Help

- **Apply online:** [nwjustice.org/apply-online](https://nwjustice.org/apply-online)
- **Facing Eviction?** Call 1-855-657-8387
- **Facing Foreclosure?** Call 1-800-606-4819
- **Facing a legal issue in King County** (other than Eviction or Foreclosure)? Call 211 (or toll-free 1-877-211-9274) weekdays 8:00 am to 6:00 pm. They will refer you to a legal aid provider.
- **Facing a legal issue outside of King County** (other than Eviction or Foreclosure)? Call the CLEAR Hotline at 1-888-201-1014 weekdays between 9:15 am and 12:15 pm or apply online at [nwjustice.org/apply-online](https://nwjustice.org/apply-online).
- **Seniors (age 60 and over)** with a legal issue outside of King County can also call CLEAR\*Sr at 1-888-387-7111

**Deaf, hard of hearing or speech impaired callers** can call any of these numbers using the relay service of your choice.

Interpreters provided.

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