

**DEPARTMENT
POLICY****MA Only**

Use this item to determine post-eligibility patient-pay amounts (PPAs). A post-eligibility PPA is the L/H patient's share of their cost of LTC or hospital services. First determine MA eligibility. Then determine the post-eligibility PPA when MA eligibility exists for **L/H patients** eligible under:

- A Healthy Kids category, or
- A FIP-related Group 2 category, or
- An SSI-related Group 1 or 2 category **except**:
 - QDWI, or
 - SSI recipients, or
 - Only Medicare Savings Program (with **no** other MA coverage).

MA income eligibility and post-eligibility PPA determinations are **not** the same. Countable income and deductions from income often differ. Medical expenses, such as the cost of LTC, are never used to determine a post-eligibility PPA. Do not recalculate a PPA for the month of death.

**PATIENT-PAY
AMOUNT**

The post-eligibility PPA is total income minus total need.

Total income is the client's countable unearned income plus his remaining earned income. See "[COUNTABLE INCOME](#)" below.

Total need is the sum of the following when allowed by later sections of this item:

- Patient Allowance.
- Community Spouse Income Allowance.
- Family Allowance.
- Children's Allowance.
- Health Insurance Premiums.
- Guardianship/Conservator Expenses.

**COUNTABLE
INCOME**

For all persons in this item, determine countable income as follows:

- RSDI, Railroad Retirement and U.S. Civil Service and Federal Employee Retirement System.

Use countable income per PEM 500 and 530. Deduct Medicare premiums actually withheld by:

- Including the L/H patient's premium along with other health insurance premiums, and

- Subtracting the premium for others (example, the community spouse) from their unearned income.

Exception: Do **not** use the following special exclusion policies regarding RSDI. These policies only apply to eligibility, **not** post-eligibility patient-pay amounts.

- PEM 155, “**503 COUNTABLE RSDI**”.
- PEM 156, “**COUNTABLE RSDI**”.
- PEM 157, “**COUNTABLE RSDI**”.
- PEM 158, “**COUNTABLE RSDI**”.

Note: The checks of clients on Buy-In increase about 3 months after Buy-In is initiated. Recompute the PPA when the client’s check actually changes. PAM 810 has information about Buy-In.

- **Earned and Other Unearned Income**

Use PEM 500 and 530. For clients, use FIP- or SSI-related policy as appropriate. Use SSI-related policies for all other persons.

For the **client only**, disregard \$65 + 1/2 of his countable earned income. Use RFT 295 to determine the disregard. Earned income minus the disregard is **remaining earned income**.

PATIENT ALLOWANCE

The patient allowance for clients who are in, or are expected to be in, LTC and/or a hospital the entire L/H month is:

- \$60 if the month being tested is November 1999 or later, and
- \$30 if the month being tested is before November 1999.

Exception: Use \$90 for any month a patient’s VA pension is reduced to \$90 per month. See [“EXHIBIT.”](#)

Use the appropriate protected income level for one from RFT 240 for clients who were **not** in, or are **not** expected to be in, LTC and/or a hospital the entire L/H month.

COMMUNITY SPOUSE INCOME ALLOWANCE

L/H patients can divert income to meet the needs of their community spouse. The **community spouse income allowance** is the maximum amount they can divert. However, L/H patients can choose to contribute less. Divert the **lower** of:

- The community spouse income allowance, or
- The L/H patient's intended contribution (see [“Intent to Contribute”](#) below).

Compute the community spouse income allowance using steps one (1) through five (5) below.

1. Shelter Expenses

Allow shelter expenses for the couple's principal residence as long as the obligation to pay them exists in either the L/H patient's or community spouse's name.

Include expenses for that residence even when the community spouse is away (e.g., in an AFC home). An AFC home or home for the aged is **not** considered a principal residence.

Shelter expenses are the total of the following monthly costs:

- Land contract or mortgage payment, including principal and interest.
- Home equity line of credit (HELOC) or second mortgage.
- Rent.
- Property taxes.
- Assessments.
- Homeowner's insurance.
- Renter's insurance.
- Maintenance charge for condominium or cooperative.

Also add the appropriate heat and utility allowance if there is an obligation to pay for heat and/or utilities. The heat and utility allowance for a month is:

- \$550 starting January, 2009.
- \$529 starting January, 2008.

Convert all expenses to a monthly amount for budgeting purposes.

2. Excess shelter allowance

Subtract the appropriate shelter standard from the shelter expenses determined in step one. The shelter standard for a month is:

- \$547, starting January, 2009.
- \$525, starting January, 2008.

The result is the **excess shelter allowance**.

3. Total allowance

Add the excess shelter allowance to the appropriate basic allowance. The basic allowance for a month is:

- \$1750, starting April 2008.
- \$1822, starting July, 2009.

The result, up to the appropriate maximum, is the **total allowance**. The maximum allowance for a month is:

- \$2610, starting January 2008.
- \$2739, starting January 2009.

Exception: In hearings, Administrative Law Judges can **increase** the total allowance to divert more income to an L/H patient's community spouse. See [PAM 600](#).

4. Countable income

Determine the community spouse's countable income. See ["COUNTABLE INCOME"](#) in this item.

5. Community spouse income allowance

Subtract the community spouse's countable income from the total allowance. The result is the **community spouse income allowance**.

Exception: Use court-ordered support as the community spouse income allowance if:

- The L/H patient was ordered by the court to pay support to the community spouse, **and**
- The court-ordered amount is **greater** than the result of step five (5).

Intent to Contribute

DHS-4592, Intent to Contribute Income:

- Determines the amount of income an L/H patient intends to contribute to his community spouse
- Instructs the L/H patient to report how much income he intends to make available
- Should be returned within 10 days

If the DHS-4592 is **not** returned within 10 days:

- Do **not** delay case actions, and

- Budget the entire community spouse income allowance.

Budget the entire allowance **until** the DHS-4592 is returned indicating the L/H patient intends to contribute **less**.

When the DHS-4592 indicating an intent to contribute **less** income is received:

- **Decrease** the income diverted to the community spouse to the indicated amount.
- Do **not increase** the income diverted to the community spouse without a new DHS-4592.
- **Decrease** the income diverted if:
 - The community spouse's circumstances change, **and**
 - The change reduces the community spouse income allowance **below** the amount indicated on the DHS-4592.
- Use timely negative action procedures to increase the patient-pay amount.

Do **not** use amounts from previous DHS-4592s when diverting income again after stopping a diversion for one of these reasons:

- An L/H patient is discharged to a non-L/H setting for 30 or more days.
- An L/H patient's ongoing MA case (including active deductible) terminates.
- An L/H patient's spouse is hospitalized or in LTC for 30 or more consecutive days.

Start the diversion process from the beginning.

FAMILY ALLOWANCE

An L/H patient's income is diverted to meet the needs of certain family members. The amount diverted is called the **family allowance**.

Family members must:

- Live with the community spouse, **and**
- Be **either** spouse's:
 - Married and unmarried children under age 21.
 - Married and unmarried children age 21 and over if they are claimed as dependents on either spouse's federal tax return.

- Siblings and parents if they are claimed as dependents on either spouse's federal tax return.

The **basic allowance** for each dependent is the monthly amount **minus** the dependent's countable income, divided by 3. The monthly amount is:

- \$1822, starting July, 2009.
- \$1750, starting April, 2008.

The **family allowance** is the sum of the dependents' basic allowances.

CHILDREN'S ALLOWANCE

L/H patients without a community spouse can divert income to their unmarried children at home who:

- Are under age 18, **and**
- Do **not** receive FIP or SSI.

The amount diverted is called the **children's allowance**. It is the children's protected income level from RFT 240 **minus** their net income. **Net income** is:

- 80% of countable earned income per RFT 295, **plus**
- Countable unearned income.

Do **not** divert income if information concerning the children's income is **not** provided.

HEALTH INSURANCE PREMIUMS

Include as a need item the cost of any [health insurance](#) (see PRG) premiums (including vision and dental insurance) the L/H patient pays, regardless of who the coverage is for. This includes Medicare premiums that a client pays.

Example: L/H patient pays health insurance premiums for two (self and spouse). Allow health insurance premiums for two.

Do **not** include premiums paid by someone other than the L/H patient as a need item.

Convert the cost of all premiums to a monthly amount for budgeting purposes.

Allow the \$5 deduction paid by GM retirees which includes LTC insurance coverage as an insurance expense deduction.

**GUARDIANSHIP/
CONSERVATOR
EXPENSES**

Allow \$60 per month when an L/H patient pays for his court-appointed guardian and/or conservator. Guardianship/conservator expense must be verified and include:

- Basic fee.
- Mileage.
- Other costs of performing guardianship/conservator duties.

**DHS-3227,
TENTATIVE
PATIENT-PAY
AMOUNT NOTICE**

Send a DHS-3227, Tentative Patient-Pay Amount Notice, within 5 working days of application when:

- The applicant is in LTC, **and**
- A final determination will **not** be made within 5 working days from date of application.

Send the DHS-3227 to the client and the LTC facility.

NOTIFICATION

Notify both L/H patients and their community spouses **in writing** of:

- Their hearing rights, **and**
- The amount of and method for computing the:
 - Community spouse income allowance, **and**
 - Family allowance.

Provide notice when:

- First calculating community spouse income or family allowance
- The amount of either allowance changes
- L/H patients, their community spouses, or representatives of either spouse request it

Use the following forms to provide notice:

- DHS-4587, Community Spouse and Family Income Allowance Notice.
- DHS-4584, Community Spouse and Family Income Allowance Record.

Send a DHS-4592, Intent to Contribute Income, when the community spouse income allowance is greater than zero.

OFFSETS

Long-term care (LTC) facilities may deduct the following from a person's PPA:

- The cost of certain medically necessary services **not** covered by MA such as chiropractic, podiatry, dental (other than emergency dental and oral surgery) and hearing aid dealers, and
- The MA co-payments for covered services.

The remainder of the PPA is then applied to the cost of care provided by the LTC facility. Department of Community Health, determines whether an offset is allowable.

PPAs are **not** offset by local office staff.

VERIFICATION REQUIREMENTS

Verify income per [PEM 500](#).

Clients must verify the following before the cost can be used to determine excess shelter:

- Shelter obligation and amount.
- Heat and utility obligation but **not** amount.

These must be verified at application, redetermination or change.

Verify the cost of health insurance premiums before allowing the expense at application, redetermination or change.

Verification Sources

Shelter Obligation and Amount:

- Mortgage or rental contracts.
- Statement from mortgage company, bank or landlord.
- Tax or assessment bill or a collateral contact with the appropriate government department.
- Insurance policy, receipt or bill for premium or collateral contact with the insurance company.

Heat and Utility Obligation:

- Current bill or receipt or a written statement from the heat/utility provider.
- Collateral contact with the heat/utility provider.

Health Insurance Premiums:

- Insurance policy.
- Receipt or bill for premium.
- Contact with insurer.

Guardian/Conservator Expenses:

- Court Documents.

EXHIBIT - VA NOTICE

This is a portion of an April 1991 letter announcing reduced VA benefits. Key wording is highlighted.

You have been a **patient in a Medicaid-approved nursing home and covered by a Medicaid** plan for services since (Date). **Because you have no dependents and are receiving Improved Pension, the law requires that we limit your pension to \$90.00 monthly** while you are receiving this type of care.

For that reason, we propose to reduce your benefits from (Date). No overpayment will be created.

This \$90.00 monthly payment is for your incidental needs, such as toilet articles, snacks, etc. and **no part of this payment should be used by Medicaid to cover your medical expenses**. You should notify your state Medicaid office that your Improved Pension is being reduced.

LEGAL BASE

MA

Social Security Act, Section 1924
42 CFR 435.725, .726 and .832

JOINT POLICY DEVELOPMENT

Medicaid, Adult Medical Program (AMP) also known as Adult Benefit Waiver (ABW), Transitional Medical Assistance (TMA/TMA-Plus), and Maternity Outpatient Medical Services (MOMS) policy has been developed jointly by the Department of Community Health (DCH) and the Department of Human Services (DHS).