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 | ADMINISTRATIVE DIRECTIVE |  
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TRANSMITTAL: 91 ADM-17

TO: Commissioners of  
 Social Services

DIVISION: Medical  
 Assistance

DATE: June 7, 1991

SUBJECT: Treatment of Medical Assistance Applications When There are  
 Excess Resources and Outstanding Medical Bills

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SUGGESTED DISTRIBUTION:	Medical Assistance Staff Fair Hearing Staff Staff Development Coordinators
CONTACT PERSON:	MA Eligibility County Representative 1-800-342-3715 ext. 3-7581 New York City Representative 212-417-4853
ATTACHMENTS:	I -Examples (Available On-line) II -Provider/Recipient Letter (Not Available On-line) III-Explanation of the Excess Resources Program (Available On-Line) IV -Notice of Decision on your Medical Assistance Application (Excess Income/Resources) (Not Available On-Line)

FILING REFERENCES

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
90 ADM-46		360-4.4(e)	P.L. 100-	<u>MARG</u> 223-	GIS 89MA006
90 ADM-28		360-4.8b	360 (MCCA)	229	DCL 7/10/86
89 ADM-47					
89 ADM-45			P.L. 101-		
89 ADM-38			508 (OBRA		
88 INF-75			'90)		
88 ADM-31					
87 ADM-4					
84 ADM-26					

I. PURPOSE

This Administrative Directive provides social services districts with procedures for the treatment of Medical Assistance applications in cases where an applicant has resources in excess of the applicable resource standard and unpaid medical bills that exceed the amount of the excess resources.

II. BACKGROUND

Until July, 1986, the Department permitted MA applicants/recipients (A/Rs) to become eligible for MA by offsetting excess resources with outstanding medical bills. This spenddown of resource policy was rescinded in a July 10, 1986 "Dear Commissioner" letter. Thereafter, eligibility could not be provided in any month in which an A/R had excess resources, regardless of the amount of outstanding medical bills in that month.

The Medicare Catastrophic Coverage Act of 1988 (Public Law 100-360) amended the Social Security Act to permit states to adopt MA eligibility requirements were less restrictive than those of the comparable cash assistance programs, i.e. Aid to Dependent Children (ADC) or Supplemental Security Income (SSI). This change permitted a more liberal treatment of income and resources and permitted the Department to reinstitute a policy which provides MA eligibility in months for which medical bills are equal to or greater than the amount of an applicant's excess resources.

MA eligibility regulations at 18 NYCRR Section 360-4.8(b) were revised effective March 1, 1989 to specify that an A/R may be eligible for assistance for months in which outstanding medical expenses are equal to or greater than the amount of an applicant's excess resources.

In GIS message 89MA006, effective March 1, 1989, districts were instructed to reinstate the spenddown of resources policy in effect before the July 10, 1986 "Dear Commissioner" letter. In September, 1990, the Department issued 90 ADM-28 which provided instructions to social services districts concerning actions to take as a result of the Westmiller v. Sullivan court decision and instructed districts in procedures to follow for applications before March 1, 1989.

III. PROGRAM IMPLICATIONS

An A/R may be eligible for MA if he or she has both unpaid medical bills and excess resources. This policy applies only to individuals who are otherwise eligible for federal participation, e.g. under 21 years of age, pregnant women, ADC-related or SSI-related. There has been no change in the treatment of excess resources for Home Relief (HR) -related A/Rs. HR-related individuals who have

excess resources are not eligible for MA and are not permitted to spenddown their excess resources. Also, A/Rs not categorically eligible for ADC or SSI who are living with dependent children, as described in 89 ADM-38, are not permitted to spenddown excess resources. However, districts are reminded that children in such households are permitted to spenddown.

A. Definitions:

1. Snapshot - The determination of the amount of resources and medical bills at a given time. A resources snapshot will be made to compare the value of resources with medical bills as of the first of the month for which coverage is sought, including the retroactive period. No resources snapshot comparison is needed before the retroactive period since MA coverage can not be authorized.
2. Excess Resources - The amount by which the A/R's total resources on the first of the month exceed the resource standard after such resources have been offset by allowable burial-related expenses.
3. Incurred Bills - Medical bills received for any date of service that are not covered by Third-Party Health Insurance. Incurred bills include both those paid from excess resources during the month of the snapshot and those received but not yet paid.
4. Excess Income - The amount by which the A/R's net income exceeds the MA income standard for the household.
5. Viable Bill - Unpaid medical bills where the provider is still seeking payment.
6. Client Liability - An amount of money equal to the sum of excess resources and/or excess income.

B. Policy Summary - The following statements summarize policy regarding eligibility when excess resources exist:

1. An A/R may be eligible for MA in any month in which medical bills incurred through the end of the month are greater than the A/R's excess resources as of the first of that month, plus any excess income for the month. (See Attachment I, Example A.)
2. Excess resources must be offset by medical bills. The order used should be that most beneficial to the A/R. The following order is suggested:
  - a. medical bills paid in the month;
  - b. non-covered unpaid medical bills;

- c. non-participating provider's unpaid medical bills;
  - d. viable bills in oldest service date order; and,
  - e. medical expenses payable by MA. (See Attachment I, Example B.)
3. Excess resources must be offset by viable bills before such bills are used to offset excess income.
  4. An A/R does not have to spend excess resources and/or income before MA will be authorized to pay the bills above the amount of the A/R's liability.
  5. A viable bill (or portion thereof) may be used in more than one month to offset excess resources and establish eligibility. The same bill (or portion) used to offset excess resources may not also be used to offset excess income and vice versa. (See Attachment I, Examples C & D.)
  6. An A/R may be eligible for up to three months of retroactive coverage. Viable bills with service dates before the retroactive period will not be paid by MA, but may be used to reduce excess resources or income. (See Attachment I, Examples A & B.)
  7. An A/R will be given ten days from the date the A/R is advised of the excess resource amount to reduce these excess resources by establishing either a burial fund for SSI-related A/Rs or funeral arrangement for all other A/Rs. A/Rs will also be advised that they may spend excess resources on exempt burial space items during this ten day period. The offsetting of excess resources by these burial-related exemptions will be allowed as if they had been purchased during the retroactive period for new applications.
  8. Retroactive eligibility exists only in months in which all excess resources have been offset by medical bills or allowable expenditures for burial-related items. A snapshot comparison of resources to bills must be performed for each of the retroactive months for which coverage is sought. Eligibility can only be established when viable bills have offset the entire excess resource amount. (See Attachment I, Example B - May snapshot.)
  9. Medical bills paid by public programs will be used to reduce excess resources and will be considered viable for a maximum of six consecutive months from the month MA coverage is first sought.
  10. When an A/R's liability for an inpatient claim exceeds the MA rate but is less than the private rate, procedures as

described in 90 ADM-46 apply in determining the amount of MA payment.

11. When an A/R's liability for Residential Health Care Facility (RHCF) services exceeds the MA rate but is less than the private rate, no additional payment for the month will be made by MA. As required in the Omnibus Budget Reconciliation Act of 1990, an RHCF may not impose additional charges for services included in its rate for MA-eligible individuals.
12. If an A/R requiring high cost medical care, such as RHCF care, has real property or other non-liquid resources with equity value above the allowable limit, districts may take an assignment of proceeds from the sale of such non-exempt property and provide MA during the interim.
13. Resources transferred in a month for which coverage is sought are considered available in the month and must be included in determining the total resource amount\*. For an A/R to be eligible in such a month, viable bills must be more than the amount of excess resources including the amount transferred in that month. A new snapshot of resources and viable bills will be needed for coverage in subsequent months. (See Attachment I, Example E.)

\*NOTE: This does not include an allowable transfer, up to the maximum community spouse resource allowance, transferred by an institutionalized spouse to his/her community spouse, as described in 89 ADM-47. The amount of excess resources must be determined after the amount of such allowable transfer has been determined.

#### IV. REQUIRED ACTION

Potential MA eligibility for all A/Rs who have resources above the applicable resource standard must be investigated when applicants have outstanding medical bills. Eligibility determinations must include a snapshot comparison of excess resources as of the first of the month to viable bills. This comparison must be done for each month in which eligibility is sought, including each of the retroactive months. The client is not eligible until the amount of viable bills is equal to or greater than the amount of excess resources remaining after the purchase of burial-related items. Eligibility will be authorized after excess resources and any excess income are fully offset by viable bills.

##### A. Comparison of Resources to Medical Bills

The following procedures must be used to determine resource eligibility for A/Rs seeking payment for previously incurred medical bills. These procedures must be followed for all months for which eligibility is sought, including each month of the three-month retroactive period.

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1. Determine the amount of countable resources the individual had on the first day of the month.
  2. Compare the individual's total countable resources to the applicable MA resource standard. If no excess resources exist, continue the usual eligibility determination procedures.
  3. If excess resources exist:
    - a. Allow the A/R ten days to establish a burial fund if SSI-related or a funeral agreement if ADC, and purchase burial space items such as a casket and headstone if the A/R does not already have these items. 88 INF-75, "Burial Spaces/Plots", contains a description of burial space items. The ten day period begins the date written notice is given to the A/R.
    - b. Determine the total amount of:
      1. viable bills for which the A/R is responsible on the first of the month; and
      2. viable bills incurred for medical services during that month for which the A/R already has bills; and
      3. medical bills paid during that month.

Note: When third-party health insurance is available, the amount of third-party payment toward the cost of care must be determined before the cost to the A/R can be determined.

4. Compare the total of viable bills to the amount of excess resources:
  - a. If viable bills are equal to or greater than the amount of excess resources, the A/R is resource eligible for the month. Determine client liability as described in paragraph B of this section.
  - b. If viable bills are less than the amount of excess resources, the A/R is ineligible for MA for the month. If medical coverage is sought in the next month, begin a new snapshot comparison of resources to viable bills for the next month as indicated in subparagraph 1 of this paragraph.

B. Client's Liability

When the medical bills are equal to or greater than the amount of excess resources, the excess resource amount becomes the client's liability. In addition, any excess income continues to be the client's liability. When the client has both excess income and resources, the client's liability is the sum of the two.

The procedures to calculate the client's liability depend upon the source of the client's liability (excess resources only or both excess resources and income) and the type of medical bills for which eligibility is sought. The coverage period varies according to these factors as well. A description of procedures and examples follows:

1. When only excess resources form the client's liability, coverage (including the retroactive period) will be authorized as follows:

a. Coverage sought for Outpatient and/or Inpatient Care -

Up to six consecutive months of full (inpatient and outpatient) coverage will be authorized.

Example:

Mr. Diamond applies August 12, 1991, has had excess resources of \$1,200 since June, no excess income, and an inpatient bill for June 20-25 for \$2000. Mr. Diamond's bills as of June 1 include the \$2000 bill incurred in June when excess resources equalled \$1,200. He is liable to the hospital for \$1200 for June only and MA will pay the remainder at the MA rate. The July and August snapshots repeat June income and resource figures so Mr. Diamond is eligible. For the remaining months of July through November, no liability exists; full coverage is authorized. If Mr. Diamond's resources increased after the June snapshot, the additional resource amount would become his liability and must be offset by medical bills before coverage will be authorized in subsequent months.

b. Coverage is sought for RHCf Care -  
Up to 12 consecutive months coverage

Example:

Mr. Lapis applies for RHCf care on September 20, 1991. He has no excess income but has excess resources of \$200. As of September 1, 1991, he has outstanding bills for September RHCf care of \$1000.

Mr. Lapis' outstanding bills of \$1000 are more than his excess resources of \$200. He is resource eligible as of September.

Coverage is authorized with a \$200 liability to the RHCf noted for September. No retroactive coverage is

sought. For October through August, 1992, he is fully eligible with no resource liability.

2. When a combination of excess resources and excess income exist, coverage will be authorized when medical bills equal or exceed the sum of excess resources and excess income as described below:

- a. Coverage is sought for Inpatient care

MA coverage will be for up to six months.

Example

Mr. Opal applies August 7, 1991, has had excess resources of \$500 for June 1, July 1 and August 1, excess income of \$100 per month and an inpatient bill incurred in June for \$2000 as of August 1, 1991.

His liability for inpatient care is \$500 from resources plus \$600 from income, or \$1100. The July and August snapshots of resources continue to show the \$500 excess. His spenddown has been met for the five remaining months of July through November. Full coverage is authorized for June 1, 1991-November 30, 1991. MA will pay the remaining \$900 of the June inpatient bill.

If resources had increased in July or August, coverage for that month and thereafter would not be authorized until medical bills offset the additional excess resources.

- b. Coverage is sought for Outpatient bills

The authorization will be for one month unless bills are large enough to meet income spenddown in subsequent months. If that is the case, excess income procedures as described in 87 ADM-4 apply.

Example

Ms. Pearl applies September 12, 1991, has excess resources of \$300, regular recurring excess income of \$50 and dental bills of \$500 incurred in May as of September 1, 1991. She has no other bills and does not want retroactive coverage.

Since May is before the three-month retroactive period, no snapshot for May is needed. Ms. Pearl's liability for September is \$300 from resources and \$50 from income, or \$350. Because she still owes \$150 for the May dental bill, she is considered to have met her

income spenddown of \$50 per month for the next three months. She is fully eligible for Outpatient (02 coverage) for October, November and December.

c. RHCFC Coverage

The first month in which the A/R will be eligible is the one in which remaining excess resources plus excess income are less than the private RHCFC rate; the amount available for the cost of care for the month must equal the sum of these figures. The available amount for subsequent months must equal the amount of excess income (NAMI). Up to 12 months of coverage will be authorized.

Example

Mr. Onyx is single, aged 75, and lives in a nursing home. He applies August 17, 1991, has excess resources of \$4000, excess income of \$200 per month and owes \$3000 for the months of June and July for a total of \$6,000.

June:

\$4,000 - excess resources  
-3,000 - bills owed in June  
 \$1,000 - excess resources

Mr. Onyx is not MA eligible for June since he still has \$1000 in excess resources and no other bills for June.

July:

\$6,000 - bills owed for June and July  
-4,000 - excess resources  
 \$2,000 - remaining bill  
- 200 - excess income  
 \$1,800 - bill payable at MA rate

The amount available for the cost of care for bills as of the July snapshot is \$4000 from excess resources and \$200 from excess income, or \$4200. The NAMI for the 11 remaining months of August 1, 1991 through June, 1992 is \$200.

C. Resources at Recertification

As described above, MA eligibility must be evaluated for A/Rs whose medical bills are equal to or greater than their excess resources. Initial certification requires that excess resources be offset by viable bills before MA eligibility may be authorized. Portions of a large bill may be used to offset

both excess resources and excess income. The A/R retains liability for medical bills used in this process. However, there is no requirement as a condition of MA eligibility for the A/R to spend excess resources or excess income on these medical bills.

After the initial certification period, another snapshot comparison of resources to medical bills must be made. The viability of incurred bills must be reevaluated. The same viable bills (or portions of bills) used to offset excess resources may again be used to offset these resources if they continue to be available. However, bills (or portions of bills) used to offset excess resources may not be used later to offset excess income. Similarly, bills used to offset excess income may not be used to offset excess resources. Procedures to continue coverage depend upon what has happened to resources and what viable bills remain:

1. No excess resources and no viable bills remain at recertification.

When excess resources have been reduced to allowable levels and the A/R has no outstanding viable bills, usual income eligibility procedures apply, including those for excess income.

2. No excess resources but viable bills remain at recertification.

When excess resources have been reduced to allowable levels but viable bills previously used to offset excess resources remain, such bills can not be used to offset any excess income. If the viable bills at recertification had not been used in offsetting a resource or income liability, they must be evaluated to offset excess income prospectively.

3. Excess resources remain but no viable bills or a smaller amount of viable bills remain at recertification.

As at initial certification, an A/R with excess resources is eligible for MA only if viable bills equal or exceed the amount of the excess resources.

When an A/R has retained or obtained resources so that an excess exists and the viable bills are less than the excess amount, the A/R is ineligible for MA. The initial certification period is not automatically continued when an A/R recertifies early and has excess resources but no viable bills. (See Attachment I, Example A - Recertification.)

If a provider is no longer seeking or expecting payment for a bill that had been previously used to offset excess resources, the bill is not considered viable and may not be used again to offset the excess.

4. Excess resources and viable bills remain at recertification.
  - a. If the same amount of excess resources and the same amount of viable bills used to offset each other remain, both will be used in the recertification snapshot, where they will again offset each other.
  - b. If the A/R has excess resources and the A/R has not paid viable bills that had been used to offset excess income, the bills or portions of those bills previously used may not be used a second time to reduce excess income or to reduce excess resources. (See Example C - Recertification.)
  - c. If the A/R has excess resources and the A/R has not paid viable bills that had been used to offset excess resources, the viable bills previously used will again be used to offset a corresponding amount of excess resources. (See Example C - Recertification.)

V. SYSTEMS IMPLICATIONS

Principal Provider control of spenddown of resources will only apply to inpatient and nursing home recipients. After the appropriate amount of excess resources has been computed, the amount should be entered in the amount field in the Principal Provider Subsystem. If the placement is a nursing facility, the excess resource figure must be entered as a one month amount and changed for the subsequent month. If the bill is for acute hospital care, the excess resources should be entered for the service dates involved.

VI. ADDITIONAL INFORMATION

Attachment II, the "Provider/Recipient Letter" is a revision of form (DSS-3183) included with 87 ADM-4, "Excess Income Program Information and Administration Controls". This letter, as revised, must be reproduced locally and sent to providers and recipients to notify them of payment responsibilities of the recipient and MA program. The revisions included on Attachments II and IV will be reflected in the next printing of these forms.

Attachment III, "Explanation of the Excess Resource Program", must be given to the recipient along with Attachment IV. It must be reproduced locally until it is available through the usual forms ordering process. Attachment IV, "Notice of Decision on your Medical Assistance Application (Excess Income/Resources)", must be reproduced locally and used to notify A/Rs of the eligibility determination when the A/R has excess resources.

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VII. EFFECTIVE DATE

The provisions of this Directive are effective June 1, 1991.

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Jo-Ann A. Costantino  
Deputy Commissioner  
Division of Medical Assistance

## ATTACHMENT I - EXAMPLES

Example A

Ms. Ruby, aged 65, lives alone and applies for MA on August 25, 1991 because she has bills related to surgery on June 5, 1991. She has no excess income. The allowable resource level is \$3000. (She has a separate account of \$1500 for a burial fund and has all necessary burial space items).

Is Ms. Ruby eligible for any of the three retroactive months (May, June or July) and prospectively?

Her bills are:

Cat Scan on 4/25/91	- \$ 500
X-ray, testing on 5/30/91	- \$ 300
Inpatient stay 6/4 - 6/15/91	- \$8000
Physician office visit and medicine paid on 6/20	- \$ 200
Medicine 7/5/91	- \$ 100

Her resources are:

(No snapshot  
for 4/1/91 since  
before retro period)  
5/1/91 - \$5000  
6/1/91 - \$5500  
7/1/91 - \$5200  
8/1/91 - \$5200

April:

MA eligibility cannot be granted since April is before the three month retroactive period. Viable bills from April and before will be included in the amount owed for May.

May:

Ms. Ruby's resources of \$5000 exceed the allowable level of \$3000 by \$2000. In May, she owed \$500 for April 25 and \$300 for 5/30 services. Total bills of \$800 are not more than her excess resources. She is not eligible for MA for May 1991.

June:

Ms. Ruby's resources of \$5500 on June 1, 1991 exceed allowable resources by \$2500. In June, she owed bills for \$500, \$300, \$8000 and \$200, or a total of \$9000. Ms. Ruby is eligible for coverage for June, 1991.

Ms. Ruby's liability is the amount of her excess resources, or \$2,500. This \$2,500 liability may be applied in the following order:

- 1) \$200 paid on 6/20 for 6/20 care.
- 2) \$500 owed for 4/25
- 3) \$300 owed for 5/30
- 4) \$1500 owed as part of 6/4-6/15 inpatient stay.

## ATTACHMENT I - EXAMPLES

Example A (cont'd)

July and August:

Ms. Ruby's resources equal \$5200 as of July 1, 1991 and August 1, 1991. Her excess is \$2200. However, more than this amount has already been considered in determining her liability in previous months. She has not increased her available resources since her excess was applied in June. She is fully eligible for July and August. Coverage continues for the remaining 6 month period, i.e., through November 30, 1991.

NOTE: If Ms. Ruby had paid the July 5, 1991 \$100 bill for medicine before applying for MA on August 25, 1991, she could be reimbursed for this payment as per Krieger v. Perales (88 ADM-31). If she had excess income, this bill could be used to satisfy her spenddown requirement.

A new snapshot will be required for coverage beginning December 1, 1991.

Recertification for December 1, 1991.

Ms. Ruby recertifies on November 5, 1991. She has paid all bills used to offset her excess resources.

Her bills now are:  
November 1, 1991 - 0

Her resources are:  
November 1, 1991 \$5800

Ms. Ruby's resources exceed the allowable level of \$3000 by \$2800. She has no incurred medical bills to offset her excess resources. She is ineligible effective November 15, 1991.

If Ms. Ruby had recertified on October 21 and excess resources existed, she would be sent a ten-day letter to close effective October 31 unless she had medical bills to offset excess resources.

## ATTACHMENT I - EXAMPLES

Example B

Ms. Topaz is aged 70, applies August 8, 1991, has the following bills and resources. The allowable resource level is \$3000. Her excess income is \$100/month. She has a separate account for a burial fund and has all necessary burial space items.

Her bills are:

Her resources are:

Chiropractor on 2/7/91 -	\$ 100	
Inpatient stay 3/10 - 13/91	\$2000	
Chiropractor on 5/5/91 -	\$ 150	5/1/91 - \$4500
Dental bills received & paid on 6/1/91 -	\$ 200	6/1/91 - \$5600
Non-MA participating physician on 6/5	\$ 300	7/1/91 - \$5600
Inpatient stay 6/15-17/91	\$1000	8/1/91 - \$5600

Is Ms. Topaz eligible for MA coverage for any of these bills? How should MA coverage be authorized?

May:

Ms. Topaz' resources of \$4500 exceed the allowable level of \$3000 by \$1500. In May, she owed \$250 for the 2 chiropractor bills and the \$2000 March inpatient bill, or \$2250. Bills exceed resources; she is resource eligible for May. The sum of her excess resources and 1 month of excess income is \$1600 (6 months excess income not used since MA can not pay the hospital bill). However, chiropractor services are not covered by MA and the \$2000 inpatient bill is before the retroactive period. The \$100 income spenddown may be applied against the February bill if she would like coverage for any other services received in May. MA coverage is not beneficial to Ms. Topaz since MA can pay none of the bills through May. Coverage may not be authorized using \$100 per month income spenddown for the next 11 months since the June snapshot shows additional excess resources.

June:

Ms. Topaz' resources of \$5600 exceed the allowable level by \$2600. Her outstanding bills as of June 1 are \$100 + \$2000 + \$150 or \$2250. Add in June bills for \$1000 + \$200 + \$300 for a total of \$3750 owed.

Since inpatient coverage is sought for the June inpatient stay, \$600 (for 6 mos) is income liability.

## ATTACHMENT I - EXAMPLES

Example B (cont'd)

Income + resource liability = \$600 + \$2600 = \$3200

Ms. Topaz is eligible for June. Excess resources are applied before excess income.

Excess resources of \$2600 are applied as follows:

\$ 200	dental bill paid on 6/1/91
\$ 250	chiropractor on 2/7 and 5/5
\$ 300	non-MA physician 6/5
<u>\$1850</u>	of \$2000 3/10 - 3/13 inpatient stay
\$2600	Total offset

Excess income of \$600 is applied as follows:

Remaining \$150	of \$2000 3/10 - 3/13 inpatient stay
\$450	of \$1000 inpatient stay for 6/15 -6/17

The \$450 liability to the hospital is noted for June. Full coverage (01) is authorized for the six months of June - November, since resources have not increased between the June snapshot and the August determination. The portion of the June inpatient bill remaining after the client liability has been applied will be paid at the MA rate.

A new snapshot of viable bills vs. excess resources will be required for coverage beyond November.

## ATTACHMENT I - EXAMPLES

Example C

Mr. Garnet is 82 years old, and lives in an RHCf. He applies for MA on September 15, 1991 to pay for RHCf care for August and September. He has excess income of \$200 per month. He has a separate insurance policy to provide his burial fund and needs no additional burial space items.

His bills are:

RHCf cost for 8/1 - 8/31/91 \$3,500  
RHCf cost for 9/1 - 9/30/91 \$3,500

His resources are:

8/1/91 - \$5,000  
9/1/91 - \$4,500

August:

Mr. Garnet's resources of \$5,000 exceed the allowable level of \$3000 by \$2000. In August, he owed \$3,500 in RHCf bills. Because bills are more than excess resources he is resource eligible. His liability for August is \$2000 from resources and \$200 from income, or \$2200. MA will pay the remainder at the MA rate.

September:

Mr. Garnet's resources of \$4,500 exceed the allowable level. However, his excess resources have already been applied to the August bill. He has no additional liability from resources for September.

Mr. Garnet's resources are \$500 less in September than in August. The decrease in his resources in September has no effect on his liability for his August bill. His liability for August is determined at the August 1 snapshot.

Mr. Garnet's liability for September and the 11 subsequent months (September, 1991 - July, 1992) is his \$200 NAMI.

Recertification for August 1, 1992.

Mr. Garnet's recertification for August, 1992 begins on June 17, 1992. Mr. Garnet did not spend his excess resources of \$2000 or his NAMI of \$200 on the August, 1991 RHCf bills. His resources have increased to \$4,900. (We assume the resource level remains \$3000 and excess income remains \$200 per month.)

His bills are:

RHCf bills owed as of 6/1/92 - \$2,200

His resources are:

6/1/92 - \$4,900

Mr. Garnet's resources of \$4900 exceed allowable resources of \$3000 by \$1900. His incurred bills are \$2200. Because his bills are more than his excess resources, he is resource eligible. However, the entire viable bill of \$2200 was offset by \$2000 of excess resources and \$200 of excess income. The \$1900 now available in excess resources is considered part of the \$2000 originally budgeted from resources to pay this bill. No additional money from excess income or excess resources will be applied to the remaining viable bill for August, 1991.

ATTACHMENT I - EXAMPLES

Example C  
(Cont`d)

If the August, 1991 RHCF bill were not viable, Mr. Garnet would be ineligible until he spent his excess resources or incurred additional bills.

Effective August 1, 1992, Mr. Garnet's liability is only his \$200 NAMI and is applied prospectively to his monthly RHCF bill.

## ATTACHMENT I - EXAMPLES

Example D

Ms. Amethyst applies for MA on September 20, 1991 for her 6-year-old daughter, Crystal's, hospital bill for the period of July 16 - July 24, 1991. Ms. Amethyst also had a \$200 dental bill for June paid in July. Both have \$1500 funeral agreements and all necessary burial space items. Their excess income is \$250 per month. The allowable resource level for 2 is \$4300.

## Medical bills are:

Dental work on 6/5/91 - \$200  
 Crystal's inpatient stay  
 7/16-7/24/91 - \$10,000

## Resources are:

6/1/91 \$5400  
 7/1/91 \$5350  
 8/1/91 \$5000  
 9/1/91 \$5000

## June:

Ms. Amethyst's resources of \$5400 exceed the allowable level of \$4300 by \$1100. Medical bills of \$200 are not more than the excess resources. The family is not resource eligible for June.

## July:

Ms. Amethyst's resources of \$5350 exceed the allowable level by \$1050. Bills for the dental work and inpatient stay total \$10,200. Ms. Amethyst and Crystal are resource eligible for July. Their resource liability is \$1050.

Ms. Amethyst's income liability is \$250 x 6 or \$1500. Total liability is \$1050 from resources and \$1500 from excess income, or \$2550. Since Ms. Amethyst paid \$200 for the dental bill in July, she has offset \$200 of her \$1050 resource liability. The remaining \$850 of resource liability and income liability of \$1500 (6 x \$250) will be applied against the inpatient bill for a total of \$2350. MA will pay the remainder at the MA rate. Coverage is authorized for July with a client liability of \$2350.

## August and September:

Ms. Amethyst's resources have decreased; no new medical bills have been incurred. Coverage with no additional liability is provided since 6 months of excess income was met in July.

## October - December:

Coverage with no additional liability continues.

Recertification for January 1, 1992

At Ms. Amethyst's recertification on November 5 for January 1, 1992, she explains that she has not paid her liability of \$2350 to the hospital for Crystal's July stay. The hospital continues to bill her. (We assume that January 1, 1992 resource level stays \$4300 and her excess income continues).

## ATTACHMENT I - EXAMPLES

Example D

(Cont'd)

Medical bills are:

Resources are:

Inpatient stay for 7/16 - 7/24/91 - \$2350

12/1/91 - \$6300

Ms. Amethyst's resources of \$6300 exceed the allowable level of \$4300 by \$2000.

Her viable bills of \$2350 are more than her excess resources. However, since only \$850 of the excess resources available in July 1991 was applied to this bill, only \$850 of the current excess resources can be applied to the bill. The remaining \$1500 was offset by excess income and may not be offset by excess resources or income a second time. Ms. Amethyst and Crystal are ineligible and are sent a ten-day letter to close as of November 15, 1991 unless excess resources are offset by medical bills. They will remain ineligible until such time as the family incurs additional medical bills to offset excess resources or reduces the resources.

## ATTACHMENT I - EXAMPLES

Example E

Mr. Jade, aged 73, was hospitalized from August 2 to September 10, 1991. His bill for inpatient services is \$45,000. On September 30, he transfers \$100,000 to his nephew. He applies for MA on October 2, 1991. The resource standard is \$3000. He has excess income of \$1000/month and has a \$1500 burial fund and all burial space items.

Mr. Jade's bills are:

August 1 - \$45,000  
 September 1 - \$45,000  
 October 1 - \$45,000

Mr. Jade's resources are:

August 1 - \$130,000  
 September 1 - \$130,000  
 October 1 - \$ 30,000

August and September:

Mr. Jade's resources of \$130,000 exceed the allowable level of \$3000 by \$127,000. Since his viable bills of \$45,000 are less than that amount, he is resource ineligible for August and September.

October:

Mr. Jade's resources of \$30,000 exceed the allowable level of \$3000 by \$27,000. His medical bills of \$45,000 are more than his excess resources. He is resource eligible for October; his resource liability is \$27,000.

Mr. Jade's income liability for October is \$1000. No six month excess applies since MA is not authorizing eligibility for August or September, the months in which inpatient care was provided.

Mr. Jade's liability for October is \$27,000 from resources plus \$1000 from income, or \$28,000. After his liability of \$28,000 is applied to the \$45,000 bill, \$17,000 remains as outstanding bills. MA will not pay this bill but will apply it against his spenddown.

His liability for November through March is his \$1000/month excess income and is applied to the inpatient bill.

Because Mr. Jade made a prohibited transfer of resources, six months of coverage for all care and services except nursing facility level of care will be authorized for October, 1990, through March, 1991 (Coverage Code 10).

At recertification, the viability of any remaining bill will be determined.

Recertification for April, 1992

At Mr. Jade's recertification interview in March, 1992 for April, 1992, he explains that he did not spend his excess resources of \$27,000 on his August - September, 1991 hospital bill but traveled extensively and reduced his resources to \$3000. The hospital continues to bill him. His excess income remains \$1,000/month

His bills are:

8/2 - 9/10/91 hospital bill - \$45,000

His resources are:

3/1/92 - \$3000

## ATTACHMENT I - EXAMPLES

Example E  
(Cont'd)

Mr. Jade's liability for the \$45,000 bill included \$27,000 from resources as of October 1, 1991 and \$1000/mo. excess income for October, 1991 through March, 1991, or another \$6,000, for a total liability of \$33,000. His viable bills still remaining and not offset by income or resources are \$12,000 (\$45,000 - \$33,000). Eligibility for limited coverage (due to the transfer of \$100,000 in September 1, 1991) continues with a \$1,000/mo. income liability for April - September, 1992. At that point, the maximum remaining bill from the \$45,000 inpatient stay will be \$6000. The district will then have to determine if the bill continues to be viable before allowing additional excess income (or new resources) to be applied.

ATTACHMENT III

EXPLANATION OF THE EXCESS RESOURCE PROGRAM

The following is an explanation of how you may become eligible for Medical Assistance and receive help with your medical bills even though your resources may be over the limit. Please contact your social services worker if you need help understanding this letter.

If you have applied for Medical Assistance, our written notice to you will tell you if you have resources over the Medical Assistance resource limit and the amount by which your resources are over the limit. This amount is also called excess resources. Your income may also be over the allowable limit. If it is, our notice to you will tell you how much excess income you have. There is a separate explanation of the excess income program which your worker will give you if you have excess income.

EXCESS RESOURCES

If your resources are over the Medical Assistance limit for your family size, you may receive Medical Assistance coverage if you have medical bills that are equal to or higher than the amount of your excess resources, or if you spend excess resources on certain expenses set aside for your burial.

We count the amount of resources you had as of the first day of the month for which you want Medical Assistance coverage. Medical bills used to offset the excess resources are those you owed as of the first of the month, bills you get for medical services in that month, and medical bills you paid in that month. Once your excess resources have been entirely applied against these medical bills, you can become eligible for Medical Assistance. When medical bills offset your excess resources, it is your responsibility to pay them. The medical provider is told the amount of the bill that is your responsibility. Medical Assistance will not pay that amount of the bill.

For your resources to be offset by certain prepaid burial expenses or reserves, expenditures related to burial must be made and your worker must be notified within 10 days of the date you are told the amount of your excess resources. If you are certified disabled or certified blind or over the age of 65, you may establish a burial fund of up to \$1500 apart from any other accounts you may have. Other applicants/recipients are able to purchase a burial agreement with a funeral director for up to \$1500. Also, you may purchase burial space items such as a casket and headstone. Your worker will be able to tell you more about the type of burial expenditures you can make to reduce your resources.

**IMPORTANT:** If your resources increase to an amount more than Medical Assistance allows, either because interest is credited to your account or because you deposit other money into your account, you are ineligible for assistance in that month and until the excess resources are offset by medical bills or are used to purchase burial-related items as described above. If you receive Medical Assistance when you are ineligible, your social services district may collect from you the amount that was incorrectly paid on your behalf.

If you have questions, please contact your Medical Assistance eligibility worker.