

2671 - FAMILY MEDICAID MEDICALLY NEEDY BUDGETING

POLICY STATEMENT	Family Medicaid Medically Needy (FM-MN) Class of Assistance (COA) budgeting procedures are used to budget applications and reviews of financial eligibility for the FM-MN COA.
BASIC CONSIDERATIONS	<p>The FM-MN budget group includes the income of all individuals in the Budget Group (BG).</p> <p>FM-MN uses LIM criteria for determining the types of included income and expenses.</p>
PROCEDURES	<p>Determining De Facto Eligibility and One-Month Spenddown Follow the steps below to budget for de facto eligibility or the spenddown for each one-month budget period of the six month review period in a FM-MN case:</p> <p>Step 1 Determine prospective gross countable income of the budget group (BG) for each month of the six-month review period.</p> <p>Step 2 Subtract from the gross countable income the following deductions in the order indicated:</p> <ul style="list-style-type: none"> • \$50 child support deduction using LIM criteria • \$90 earned income deduction for each employed BG member • \$30 earned income deduction, if allowable, for each employed individual • 1/3 of the remaining earned income, if allowable, for each employed individual • dependent care expenses using LIM limits. <p>Refer to Section 2655, Family Medicaid Deductions.</p> <p>Step 3 Deduct any allocated income to determine the net countable income. Refer to Section 2661, Responsibility Budgeting.</p> <p>Step 4 Determine the Medically Needy Income Limit (MNIL) based on the BG size for each one-month budget period in the six-month FM-MN review period. Refer to Appendix A2, Financial Limits for Family Medicaid.</p>

PROCEDURES

De Facto Eligibility and One-Month Spenddown (cont.)

De Facto Eligible

The AU is de facto eligible for FM-MN for each one-month budget period in which the net countable income is less than or equal to the MNIL.

Spenddown

If the net countable income exceeds the MNIL, the excess is the spenddown. The AU is Medicaid eligible when, and only if the spenddown is reduced to zero by subtracting incurred medical expenses.

Refer to Section 2196, Family Medicaid Medically Needy, for information regarding incurred medical expenses and procedures for applying incurred medical expenses to the spenddown.

De Facto Eligibility and Spenddown for a Prior Month

Budget each prior month separately. Each prior month is a one-month budget period.

Follow the procedures below to determine FM-MN de facto or spenddown for a prior month.

Step 1

Determine the gross countable income received by the BG in each prior month for which assistance is requested.

Step 2

Subtract the following deductions from each month's income in the order indicated:

- \$50 child support deduction using LIM criteria
- \$90 earned income deduction for each employed BG member
- \$30 earned income deduction, if allowable, for each employed individual
- 1/3 of the remaining earned income, if allowable, for each employed individual
- Dependent care expenses using LIM limits.

Refer to Section 2655, Family Medicaid Deductions.

PROCEDURES

**De Facto Eligibility
and Spenddown for a
Prior Month (cont.)**

Step 3 Deduct any allocated income to determine net countable income. Refer to Section 2661, Family Medicaid Responsibility Budgeting.

Step 4 Determine the MNIL for the BG size for the prior month. Refer to Appendix A2, Financial Limits for Family Medicaid.

Step 5 Compare the MNIL determined in Step 4 to the net countable income for the prior month.

De Facto Eligible If the net countable income is less than or equal to the MNIL, the AU is de facto eligible for FM-MN.

Spenddown If the net countable income exceeds the MNIL, the excess is the spenddown. The AU is Medicaid eligible when, and only if the spenddown is reduced to zero by subtracting incurred medical expenses.

Refer to Section 2196, Family Medicaid Medically Needy, for information regarding incurred medical expenses and procedures for applying incurred medical expenses to the spenddown.

Use the following chart to determine FM-MN budgeting procedures for special situations.

CHART 2671.1 - MEDICALLY NEEDY BUDGETING FOR SPECIAL SITUATIONS	
NOTE: The “If” column assumes that all potentially eligible individuals are requesting Medicaid.	
IF family consists of	THEN complete budgeting as follows:
<p>minor parent, his/her child and his/her parent(s)</p>	<p>Treat both the minor parent and his/her child as dependent children and include them in his/her parent(s)’ BG. Budget for FM-MN using all BG income and medical bills.</p> <p>Treat the minor parent as caretaker. Include only the minor parent and his/her child in the BG.</p> <p>If the minor caretaker is treated as a caretaker, use one of the following options to budget.</p> <p style="text-align: center;">Option 1</p> <p>Complete a minor caretaker responsibility budget using the minor’s parent(s)’ income. Meet needs in the responsibility budget using the MNIL for one (or MNIL for two if there are two parents).</p> <p>Deem all income remaining at the end of the responsibility budget in the minor parent’s FM-MN budget.</p> <p>Include the medical bills of the minor, minor’s child, and the parent(s) of the minor to meet spenddown.</p> <p>Approve only the minor’s child when spenddown is met.</p> <p style="text-align: center;">Option 2</p> <p>Complete a minor caretaker responsibility budget using the minor’s parents’ income. Meet needs in the responsibility budget using the MNIL for one (or MNIL for two if there are two parents).</p> <p>Include in the minor parent’s MN budget the amount (not to exceed the MNIL for one) from the income remaining at the end of the responsibility budget.</p> <p>Use only medical bills of the minor parent and her child to meet spenddown.</p> <p>Approve only the minor’s child for Medicaid when spenddown is met.</p>

**CHART 2671.1 – MEDICALLY NEEDY BUDGETING FOR SPECIAL SITUATIONS
(CONT.)**

NOTE: The “If” column assumes that all potentially eligible individuals are requesting Medicaid.

IF family consists of	THEN complete budgeting as follows:
<p>pregnant minor and her parent(s)</p>	<p>Treat the pregnant minor as a dependent child and include her in a BG with her parents. Budget for MN using all BG income and medical bills.</p> <p style="text-align: center;">OR</p> <p>Include only the minor parent and her unborn child in the BG.</p> <p>Use the following steps to budget if only the minor parent and her unborn child are included in the BG.</p> <p>Step 1 Complete a minor caretaker responsibility budget using the pregnant minor’s parent(s)’ income. Meet the needs of the minor’s parent(s) using the MNIL for one (or MNIL for two if two parents).</p> <p>Step 2 Deem to the pregnant minor’s MN budget the amount of income remaining at the end of the responsibility budget, not to exceed the MNIL for one.</p> <p>Step 3 Add to this any countable income of the pregnant minor with appropriate deductions.</p> <p>Step 4 Complete MN budgeting.</p> <ul style="list-style-type: none"> • Approve if de facto eligible. • Place in spenddown status if excess exists. <p>Step 5 Use only medical bills of the minor parent to meet spenddown.</p> <p>Step 6 Approve the pregnant minor for Medicaid when spenddown is met.</p>

**CHART 2671.1 - MEDICALLY NEEDY BUDGETING FOR SPECIAL SITUATIONS
(CONT.)**

NOTE: The “If” column assumes that all potentially eligible individuals are requesting Medicaid.

IF family consists of	THEN complete budgeting as follows:
<p>pregnant minor with an existing child and her parent(s)</p>	<p>Treat the pregnant minor as a dependent child and include her, her child if Medicaid is requested, and her parents in the BG. Budget for FM-MN using all BG income and medical bills.</p> <p style="text-align: center;">OR</p> <p>Treat the pregnant minor parent as a caretaker. Include the pregnant minor parent, her unborn child and her existing child in the BG. Use the following steps to complete the budget.</p> <p>Step 1 Complete a minor caretaker responsibility budget using the pregnant minor’s parent(s) income. Meet the needs of the minor’s parent(s) using the MNIL for one (or MNIL for two if there are two parents). The remainder is used in the pregnant minor’s budget.</p> <p>Step 2 Deem to the pregnant minor’s BG up to the MNIL for one from the remainder in Step 1.</p> <p>Step 3 Add to Step 2 any income of the pregnant minor and her existing children, allowing appropriate exclusions and deductions.</p> <p>Step 4 Compare the total in Step 3 to the MNIL for the BG size.</p> <ul style="list-style-type: none"> • If the total is less than or equals the MNIL, approve the minor’s existing child(ren) as de facto eligible. • If the total exceeds the MNIL, the excess is the spenddown for the minor’s existing child(ren). Medical expenses for the pregnant minor and child(ren) can be used to meet this spenddown. <p>Step 5 To determine the pregnant minor’s eligibility, complete these calculations.</p> <ul style="list-style-type: none"> • Deem to the pregnant minor the remainder of Step 1 minus Step 2. The result is the spenddown for the pregnant minor. • Apply allowable medical expenses incurred by the pregnant minor and her existing child to the spenddown. <p>Repeat these steps for each budget period month in the six-month review period.</p>