



Medicaid Spend-Down Program

(a/k/a “Excess Income” or “Surplus Income” Program)

WHAT IS THE MEDICAID SPEND-DOWN PROGRAM?

The Medicaid Spend-down Program is a New York State program that allows individuals who fit within certain categories of Medicaid to qualify for Medicaid coverage even though they receive income in excess of eligibility requirements. The spend-down or excess income is like a deductible; you must pay or incur medical costs that equal or exceed it before Medicaid will provide full coverage.

HOW IS IT CALCULATED?

Medicaid will take the difference between the monthly Medicaid income limit and your countable income. Countable income is your gross monthly income minus certain deductions that Medicaid applies depending upon how you are categorized, e.g., someone who is certified disabled or age 65 or older. The amount that is left over after Medicaid’s calculations becomes your spend-down or excess income amount. Upon acceptance, an applicant will receive a letter indicating Medicaid approval subject to the spend-down or excess income amount. The individual must pay for or incur medical expenses equal to his/her monthly spend-down before Medicaid will cover additional medical costs in the month.

WHO IS ELIGIBLE FOR THE PROGRAM?

To qualify, you must be age 65 or older, certified blind or certified disabled, under age 21, or be a parent or “caretaker relative” of a child under the age of 21. You must also not exceed the resource limit for the above categories of eligibility.

Note: Single adults with no children and childless couples are ineligible for the program.

You must be a citizen of the United States or a lawful permanent resident and a resident of New York State.

HOW IS THE EXCESS INCOME SPENT DOWN?

There are two different ways an individual may spend down the excess income amount. One is through the “Medical Bills” system and the other is through the “Pay-In Program.”

MEDICAL BILLS

Overview: This is similar to the insurance deductible example. In any particular month, once an individual incurs or pays medical bills that are equal to or in excess of his/her spend-down amount, Medicaid will cover any additional medical expenses for that calendar month upon submission of the bill(s).

Process: In New York City, the Medicaid recipient can submit the paid or unpaid medical bills by fax. The Medicaid Program has a fax cover sheet entitled “Surplus Fax Medical Bills” that must be included along with the medical bills. You can contact the HRA Medicaid Helpline at 888-692-6116 to obtain a copy. You can also submit medical bills in person or by mail. You can find a list of local New York City Medicaid offices at <http://www1.nyc.gov/site/hra/locations/medicaid-locations.page>.)

Note: Medicaid will allow a recipient to use older unpaid medical bills to meet the excess income amount so long as they are still “viable,” meaning that the medical provider of the service is still able to bring a legal action to collect them.

At the time of application to the Medicaid program, an applicant can use prior medical bills to count toward the excess income of the current month and any future months. If they are already “paid” bills then the applicant will receive a maximum credit of up to six months. There is no such limit for “unpaid” bills. However, Medicaid only authorizes coverage six months at a time. Therefore after those six months, the Medicaid recipient will have to remind the Medicaid office that there remains additional monthly credit(s) to be exhausted from the prior submitted bills.

Types of Bills: Bills must be for medical expenses and not items like rent or food. Some examples include bills for health insurance premiums, doctors, mental health providers, therapists, prescription drugs, over-the-counter drugs, eyeglasses, dental care and home health care.

PAY-IN PROGRAM

Overview: The Pay-in Program acts like an insurance premium. You pay the spend-down or surplus amount for any month in which Medicaid coverage is needed. A recipient pays in advance of the medical expenditure and Medicaid, in turn, pays for all covered bills for the entire month. Recipients who know that they have recurring monthly medical expenses or require medical services that will exceed the spend-down amount in a particular month should consider utilizing the Pay-in Program.

Process: In order to participate in this Program, the Medicaid recipient must mail a check or money order equal to the surplus amount to the Division of Accounts Receivable and Billing (DARB), not the local Medicaid office. The address is:

HRA - DARB
150 Greenwich Street, 34th Floor
New York, NY 10007

Pay-in recipients also have the option of paying their Medicaid excess income by credit card. Contact 929-221-6054, Monday through Friday, 10:00 am – 4:00 pm. Once DARB receives payment, Medicaid is notified and coverage activated. You can “pay-in” up to six months at a time. It is highly recommended that individuals pay no later than the 15th of the prior month that coverage is desired.

IS THERE A RECERTIFICATION PROCESS?

All spend-down cases are authorized for twelve months. As long as an individual has used the program at least once during that period, he or she will receive a recertification package. If there has been no use, the individual must reapply.

WHO DO I CONTACT FOR ADDITIONAL INFORMATION?

For additional information and for any forms required for the Medical Bills System or Pay-in Program call the HRA Medicaid Helpline at 888-692-6116.

WHO CAN I CONTACT IF I HAVE QUESTIONS?

You may call Mobilization for Justice, Inc.'s Government Benefits Project at 212-417-3732 on Mondays from 10:00 a.m. to 12:00 p.m. If you are a mental health consumer you may call Mobilization for Justice's Mental Health Law Project at 212-417-3830 on Mondays, Tuesdays, and Thursdays from 10:00 a.m. to 5:00 p.m.

DISCLAIMER: This fact sheet gives general information for NYC residents; it is NOT legal advice.