
RESOURCES

RESOURCE COMPUTATIONS

**B. RESOURCE
SPENDDOWN
(LIBERALIZED
POLICY)**

For cases subject to liberalized resource policy, effective 10-01-89, eligibility can exist for an entire month when an individual or couple meets the resource test during the month. This allows an applicant to "spenddown" resources in a month to become eligible for that month. Under the liberalized spenddown provision, resources can be reduced within the applicable limit and as long as resources remain within the limit for that month, eligibility can be established.

Do not allow payment of expenses that will be returned, refunded or reimbursed as legitimate spenddown expenses when calculating resources for a given month. Client owned resources spent for reimbursable expenses count as an available resource in the month paid. Do allow outstanding checks/payments as an expense if proof is provided that the payment was authorized during the spenddown month and the expense is non-reimbursable.

Note: The spenddown provision implies that an individual spends down to the resource limit or below during a month and remains at or below the limit for the remainder of the month. When determining eligibility for a prior period and reviewing the resource situation for a full month, the individual or couple must have depleted resources to an acceptable level and remained eligible for that month for a true spenddown to have occurred. For example: An individual had \$5000 in a bank account on the first of the month and spent \$3000 on a pre-paid burial contract on the 5th of the month. However, on the 20th, he sold his car, which was excluded as a resource for \$2500. The \$2500 then becomes a resource (conversion of a resource) in the same month and unless the individual spends the excess \$2500 by the end of the month, eligibility cannot be established for that month.

RESOURCES

RESOURCE COMPUTATIONS

1. **Resources
Earmarked
for Private
Pay of LTC**

Under liberalized resource policy, effective 10-01-89, if excess liquid resources are earmarked for payment of private pay expenses for month(s) prior to a month of Medicaid Eligibility, these excess resources can be excluded as a resource for any potential Medicaid months since these funds are obligated.

If Medicaid will cover any months that have been paid as private pay by the client, the amount subject to reimbursement is a resource in the month paid.

For example: A LTC applicant enters a nursing home in June and applies for Medicaid in August. The applicant's bank account is \$6000, but \$4500 is earmarked for private pay for June/July. Medicaid is needed for August 1. Since the \$4500 is obligated for months prior to Medicaid eligibility, it can be excluded as a resource in determining eligibility for August forward provided the earmarked funds are used to pay for the intended private pay expenses.

2. **Accumulated
Income
Earmarked
as Medicaid
Income**

Under liberalized resource policy, effective 10-01-89, income that accumulates while a Medicaid application is in process and that is obligated for payment of Medicaid Income for months that will be covered by Medicaid can be excluded as a resource if excess resources result from accumulating income.

For example: A LTC applicant enters a nursing home in August and applies for Medicaid in October requesting benefits retroactive to August. The client's income is \$1200 per month. In November when the case is being worked up, the bank balance is \$5000. Medicaid Income for September and October would be \$2312 ($\$1200 - \$44 = \1156×2). November's income of \$1200 can be backed out of the balance plus the \$2312 obligated for September/October Medicaid Income, thus leaving \$1488 as a countable resource for November.