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**INSTITUTIONALIZATION**

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**MEDICAID INCOME COMPUTATION**

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**A. GENERAL**

Once an individual has been determined eligible for Medicaid in a medical institution, the individual must pay toward the cost of his/her care provided his/her income exceeds allowable deductions outlined in this subsection. The payment the client is liable for is referred to as Medicaid Income (MI). It is paid to the medical facility and consists of the client's total income less allowable deductions. The Medicaid Income computation is part of the institutional budgeting process; however, it is a post-eligibility computation used only to determine the client's liability amount for the cost of care. The Medicaid Income computation process differs from the eligibility budgeting process as outlined in this subsection.

**1. Eligible  
Couples  
Treated  
as  
Individuals**

Each eligible individual is treated as an individual in determining the amount of MI payable, even though the individual may be married to another individual who is also in LTC and Medicaid eligible. Each member of a couple is treated as an individual for MI purposes effective with the month of entry.

**2. Medicare  
Covered  
Days -  
No MI  
Payable**

Medicare covers skilled nursing home care for up to 100 days per calendar year provided the facility is Medicare (Title XVIII) certified and the individual is hospitalized at least 3 days before admission to a skilled nursing facility. Medicare covers the first 20 days at 100% of the expense. For the 21st-100th day, there is a co-insurance charge which Medicaid will pay if the individual is Medicaid eligible.

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Medicaid applications for long term care are handled as per ongoing policy for individuals in skilled care where Medicare is the primary payor. Medicaid Income is computed for these individuals and reported to the facility; however, Medicaid Income is not payable until Medicaid begins reimbursement (not co-insurance) for nursing home care. As a result, income for a Medicaid eligible may accumulate during his/her Medicare covered days and excess resources may result. For this reason, explanations should be made to a client or representative regarding income that may accumulate and cause Medicaid ineligibility during this time. The worker should explain allowable means of spending excess resources.

Note: No MI is payable by a Medicaid client during the first 100 days of care as long as Medicare is the primary payer of the nursing care. No MI is payable during co-insurance days. The only instance where MI is payable is if Medicaid becomes primary payer during the 100-day period. This can occur if client is admitted to a hospital and the nursing facility holds the client's bed. In this situation, the nursing facility must "discharge" the client as a Medicare patient and "admit" the client as a Medicaid patient, thus making MI payable.