

# MISSISSIPPI DIVISION OF MEDICAID

## Eligibility Policy and Procedures Manual

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### 308.01.03 RESOURCE SPENDDOWN (LIBERALIZED POLICY)

For cases subject to liberalized resource policy, effective October 1, 1989, 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 provisions, resources can be reduced within the applicable limit and as long as resources remain within the limit for that month, eligibility can be established.

The following are considered in making the determination:

- 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.
- 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.
- The spenddown provision implies that an individual spends down to the resource limit 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 acceptable level and remained eligible for that month for a true spenddown to have occurred.

**Example:** An individual had \$5,000 in a bank account on the first of the month and spent \$3,000 on a pre-paid burial contract on the 5<sup>th</sup> of the month. However, on the 20<sup>th</sup>, he sold his car, which was excluded as a resource for \$2,500. The \$2,500 then becomes a resource (conversion of a resource) in the same month and unless the individual spends the excess \$2,500 by the end of the month, eligibility cannot be established for that month.

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### Resource Spenddown (Liberalized Policy) (Continued)

#### Resources Earmarked for Private Pay of LTC

Under liberalized resource policy, 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 the 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.

**Example:** A LTC applicant enters a nursing home in June and applies for Medicaid in August. The applicant's bank account is \$6,000, but \$4,500 is earmarked for private pay for June/July. Medicaid is needed for August 1. Since the \$4,500 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.

#### Accumulated Income Earmarked as Medicaid Income

Under liberalized resource policy, 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.

**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 \$1,200 per month. In November when the case is being worked up, the bank balance is \$5,000. Medicaid Income for September and October would be \$2,312 ( $\$1,200 - \$44 = \$1,156 \times 2$ ). November's income of \$1,200 can be backed out of the balance plus the \$2,312 obligated for September and October Medicaid Income, thus leaving \$1,488 as a countable resource for November.