

Virginia Department of Social Services
Medicaid Fact Sheet #41
SPENDDOWN

The following information is given as a guideline only. In order to determine Medicaid eligibility, an application must be filed with the local department of social services in the city or county in which you live.

A Medicaid spenddown is for individuals or families who otherwise meet all the Medicaid non-financial and resource eligibility requirements, but whose countable income exceeds the medically needy income limit for their city or county of residence.

A spenddown is similar to an insurance policy deductible. The amount of the “deductible” is called the “spenddown liability.” A spenddown period may cover anywhere from one to six months. Once an individual or family incurs or owes the amount of the spenddown, they may be eligible from the date they met the spenddown until the end of the spenddown period.

When an application for Medical Assistance is evaluated and full coverage is denied for excess income, the applicant will receive notification of their denial. Resources will need to be evaluated to see if the individual or family’s countable resources are below the maximum resource limit for their household. Applications for children or pregnant women that are denied for excess income will require an additional form to be completed by the applicant regarding their household’s resources for a spenddown determination. (Applications for aged, blind, or disabled Medical Assistance already request information on resources.) Verification of resources is required for all spenddown determinations.

If the individual or family’s countable resources are under the resource limit for their household, they are considered eligible for a spenddown and will be sent a “Notice of Action” that will include the spenddown liability amount and the period of time covered by the spenddown. A “Medical Expense Record” will also be sent. This form is used by the applicant to document any old or current medical expenses; detailing the date of service, the name of the provider, and the amounts owed after any insurance payments. They can submit the form, a copy of the medical bills, and verification of insurance payments to the local agency for their case to be evaluated for full coverage.

Allowable medical expense deductions include doctor or dentist bills, hospital bills, prescription medicines, health insurance premiums and certain medical supplies. Medical expenses paid by Medicaid, Medicare or other insurance are not deducted from the spenddown liability. Once an individual or family incurs or owes the amount of the spenddown, they may be eligible from the date they met the spenddown until the end of the spenddown period.

The applicant is responsible to report promptly all changes in income, resources, and living arrangements to the local agency. They may be asked for verification. Medicaid eligibility will be reviewed within 30 days of the notice of change or after receiving verification of medical expenses. A written notice will be sent to the applicant that explains the results of their re-evaluation.

When the spenddown budget period ends or when the spenddown certification period ends, another Medicaid application must be filed if the applicant wishes to be evaluated again for ongoing Medicaid. If an adult recipient has an ongoing Medicare Savings Plan case (QMB, SLMB, QI), their spenddown can be re-evaluated at the time of their annual renewal.

MEDICAID FACT SHEET #41 - SPENDDOWN

FORM NUMBER - 032-03-0836-04-eng (05/16)

PURPOSE OF FORM - To provide information regarding spenddown.

USE OF FORM - The local agency workers may distribute this form to provide customers with basic spenddown information.

NUMBER OF COPIES - One

DISPOSITION OF FORM - One per inquirer

INSTRUCTIONS FOR PREPARATION OF FORM - The form does not require the addition of any information by the eligibility worker.