

What is a Medicaid Spenddown?

A spenddown is for individuals or families who meet all other requirements but their current income is too high to qualify for Medicaid. The amount of income a person or household reports (earned or received) that is above the Medicaid income limit is called the “spenddown liability.” A person will qualify for Medicaid if they spend or owe this extra amount over the Medicaid income limit on medical bills. Individuals may become eligible if they report a decrease or loss of income or resources. The term for this requirement is a “spenddown” since the person is “spending down” to the Medicaid limit.

Individuals eligible for a spenddown will receive a letter telling them the amount of their spenddown liability. The letter also explains the period of time covered by the spenddown. This is called a spenddown period. Individuals who owe or have paid medical bills that equal the amount of the spenddown liability will be eligible for Medicaid until the end of the spenddown period.

The types of medical bills that count toward a spenddown liability are:

- Doctor or hospital bills
- Dentist bills
- Cost of prescription drugs and certain medical supplies
- Health insurance premiums

Medical expenses incurred before the spenddown period do not count unless they have not been paid. Medical expenses for services DURING the spenddown period do count, whether paid or still owed. Any bills incurred prior to the date you meet your spenddown are still your responsibility to pay.

Use the Medicaid Spenddown Record form (on the back of this page) to track any old or current medical expenses. Track these expenses for yourself, your spouse or your children under age 18 who live in your home. Write down the date of service, the name of the provider and the amount of money owed after any insurance payments or the amount of money paid. Give **copies** of the proof of the expenses to the local Department of Social Services (DSS). Below is a list of items that are proof of the expenses:

- Copies of medical bills
- Copies of payment receipts for prescription drugs, medical supplies or medical services
- Proof of payments of health insurance premiums

Note: Report any changes in the household. These changes include things like income, resources (like money in bank accounts, cars, or life insurance policies), or household members. The local DSS will review the proof of medical expenses and any changes reported. You will get a letter letting you know if you are now eligible for Medicaid. If you are eligible for Medicaid, the letter will also tell you when the Medicaid coverage will end.

