

Post-Eligibility Treatment of Institutionalized Individuals' Incomes

The following policy will be applied in considering medical expense deductions for institutionalized medical care cases in the post-eligibility treatment of income pursuant to 42 CFR § 435.725. The State will recognize as an uncovered medical expense and deduct from an institutional resident's income any premium, deductible, or coinsurance charges for health insurance coverage.

The following reasonable limits will be placed on other incurred medical expense deductions for residents of medical institutions in the post-eligibility treatment of income:

1. The service or item claimed as a deduction from the resident's income must:
  - a. be a medical or remedial care service recognized under state law;
  - b. be medically necessary;
  - c. have been incurred no earlier than the 3 months preceding the month of application; and
  - d. have not been paid for under the Medicaid State Plan.
2. For medically necessary care, services and items not paid for under the Medicaid State Plan, the actual billed amount will be used as the deduction, not to exceed the maximum payment or fee recognized by Medicare, commercial payers or any other third party payer for the same or similar item, care, or service.
3. Other resident health insurance policies will be treated as first payer and the beneficiary will have to demonstrate that other insurance has not/will not cover the expense.
4. The deduction for medical and remedial care expenses that were incurred as the result of imposition of a transfer of assets penalty period is limited to zero.