north dakota department of human services

Fact Sheet

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North Dakota Department of Human Services
600 E Boulevard Avenue, Bismarck, ND 58505-0250 www.nd.gov/dhs

Medicaid Medically Needy Coverage

Medically needy coverage is available for Medicaid recipients whose incomes are too high to qualify for Supplemental Security Income (SSI) from Social Security, or Temporary Assistance for Needy Families (TANF), but who do not have enough income to meet their medical expenses. It is also available for recipients with lower incomes who do not meet technical requirements (such as age, or because they are not living with a caretaker, are not deprived of a parent's care, or if disabled – have a disability but have not applied for SSI).

Medically needy coverage requires recipients to spend down their excess income on medical expenses; then Medicaid pays the remainder of the recipient's medical costs for the future month. This spend down is known as "recipient liability." The amount of recipient liability that recipients are responsible to pay before they receive Medicaid assistance leaves these recipients with minimal income to meet their other needs. Concerns over this issue have been raised the past two interims during the Department of Human Services' Stakeholder meetings. In addition, providers have expressed concerns about the income levels, as clients are often unable to pay their recipient liability to the providers.

History

Medically needy coverage has been available in North Dakota for aged, blind, and disabled individuals, and families with deprived children since 1966. It was expanded to include children (under age 21) from intact families in January 1978.

The medically needy income level was last changed effective January 2003.

Medically Needy Income Levels

The medically needy income levels are intended to allow an individual, couple, or family enough money to meet their expenses for shelter, food, utilities, and clothing, as well as other maintenance needs (such as gas, auto maintenance, auto or property insurance, etc.). Some recipients may also receive Supplemental Nutrition Assistance (formally known as Food Stamps) or Low-Income Home Energy assistance benefits to help with these costs.

The following chart compares the medically needy income levels (up to a family size of four) with the SSI, the Supplemental Nutrition Assistance, and the Low-Income Home Energy Assistance programs. The income levels identify the amounts each program allows to meet basic maintenance needs.

INCOME LEVELS
Effective April 2008 through March 2009

Family Size	Medically Needy	SSI	Food Assistance (SNAP) *	Fuel Assistance (LIHEAP) **
1	$500	$637	$ 867	$1,757
2	$516	$956	$1,167	$2,297
3	$666		$1,467	$2,838
4	$800		$1,767	$3,378

*The Supplemental Nutrition Assistance program has a gross and a net income test. This is the net income level.
** The Fuel Assistance Income Levels are in effect from October 1, 2008 thru September 30, 2009.

The next chart identifies what the medically needy income level amounts would be if the levels were increased to 83% of the poverty level, which would allow the levels to be at least as high as the SSI income levels. By establishing the medically needy levels as a percentage of the poverty level, it allows for a minor increase each year as the poverty level increases. This should prevent the medically needy income levels from falling behind the SSI levels and will allow annual adjustments for inflation.

OPTIONAL MEDICALLY NEEDY INCOME LEVEL INCREASE

Family Size	83% of Poverty*
1	$ 720
2	$ 969
3	$1,218
4	$1,467

*Based on 2008 Federal Poverty Level

A July 1, 2009 increase in the medically needy income level to 83% of poverty, and the corresponding decrease in recipient liability, is estimated to increase Medicaid expenditures by $5.5 million, of which $2.0 million would be state general funds for the 2009 -2011 biennium.

Impacts on Recipients

The requirement to spend down to the current medically needy income levels makes medically needy recipients the very poorest to qualify for Medicaid, and affects approximately 3,200 recipients. Many of these recipients cannot afford to pay their full recipient liability each month, which results in medical providers not being able to collect for services they provide, or recipients not receiving the services they need. These losses to providers also affect access to services.
In comparison:

Aged and disabled individuals who have worked and paid enough into Social Security to receive retirement or disability benefits are currently allowed a medically needy income level of $500 per month for a single person, and $516 per month for a couple. Any income above these amounts becomes recipient liability that must be applied toward medical expenses before the individual or couple can become eligible for Medicaid coverage.

Aged and disabled individuals who have not paid enough into Social Security to receive retirement or disability benefits can qualify for SSI. Single recipients of SSI receive $637 (2008) per month and couples receive $956 (2008) per month to meet their maintenance needs. SSI recipients are allowed an income level equal to their SSI payment and receive full Medicaid benefits with no recipient liability.

The following scenarios identify the discrepancies between medically needy and SSI recipients, and indicate the extreme financial limitations in which medically needy recipients are placed. The last column shows the results if increased to 83% of the Federal Poverty Level.

Scenario 1	**Single SSI recipient**	**Single medically needy recipient at current level**	**Single medically needy recipient at 83% of poverty**
Monthly Income	SSI benefits $637**	Social Security benefits $728**	Social Security benefits $728**
Rent	$300	$300	$300
Telephone	$ 45	$ 45	$ 45
Recipient Liability	$ 0	$208 *	$ 0
Remaining income for food, clothing, and other expenses	$292	$175	$383

* Recipient liability amount after allowing $20 income disregard.
** Income is low enough to qualify for coverage of Medicare premium by Medicaid.

Scenario 2	**SSI couple**	**Medically needy couple at current level**	**Medically needy couple at 83% of poverty**
Monthly Income	SSI benefits $956	Social Security benefits $725 + $700 = $1425**	Social Security benefits $725 + $700 = $1425**
Rent	$300	$300	$300
Telephone	$ 45	$ 45	$ 45
Medicare Premium(s)	Covered by Medicaid	$ 96.40 $ 96.40	$ 96.40 $ 96.40
Recipient Liability	$ 0	$696.20*	$ 243.20*
Remaining income for food, clothing, and other expenses	$611	$191	$ 624

* Recipient liability amount after allowing $20 income disregard.
** Income is over the limit to qualify for payment of Medicare premium by Medicaid.

Affect on Food and Fuel Assistance Benefits

With the increase in the income level, a Medicaid recipient would pay fewer out of pocket medical expenses, which reduces the medical expense deductions for food and fuel assistance. Medical expense deductions are allowed for any fuel assistance household, but are only allowed for food assistance for individuals who are disabled or over age 60, and who have medical expenses greater than $35 per month.

Individuals: The scenarios show that for each $10 in lower recipient liability, an individual could lose up to $3.80 in food assistance, and $1.50 in fuel assistance benefits, leaving a net gain of $4.70 per month for each $10 in lower recipient liability.

Couples: The scenarios show that for each $10 in lower recipient liability, a couple could lose up to $4 in food assistance, and $.40 in fuel assistance benefits, leaving a net gain of $5.60 per month for each $10 in lower recipient liability.

Scenario 1	**Single medically needy recipient at current level**	**Single medically needy recipient at 83% of poverty**
Monthly Income	Social Security benefits $728	Social Security benefits $728
Rent	$300	$300
Telephone	$ 45	$ 45
Recipient Liability	$208 *	$ 0
Food Assistance Benefits[1]	$ 92	$ 14
Fuel Assistance Benefits[2]	$ 98	$ 80
Income available for food, clothing, heat, and other expenses	$365	$477

* Recipient liability amount after allowing $20 income disregard.

Scenario 2	**Medically needy couple at current level**	**Medically needy couple at 83% of poverty**
Monthly Income	Social Security benefits $725 + $700 = $1425	Social Security benefits $725 + $700 = $1425
Rent	$300	$300
Telephone	$ 45	$ 45
Medicare Premium(s)	$ 96.40 $ 96.40	$ 96.40 $ 96.40
Recipient Liability	$696.20*	$243.20*
Food Assistance Benefits	$232	$ 59
Fuel Assistance Benefits	$ 96	$ 65
Remaining income for food, clothing, and other expenses	$519	$748

* Recipient liability amount after allowing $20 income disregard.

[1] Assumption: Recipient liability was incurred.

[2] Assumptions: Recipient liability was incurred. Based upon Burleigh County matrix for single family, 2 bedroom home with natural gas heat.