

Post-Eligibility Treatment of Institutionalized Individuals' Incomes

Effective January 1, 2004, the following policy will be applied in considering medical expense deductions for institutional care cases in the post-eligibility treatment of income in accordance with 42 CFR 435.725. The state will recognize as an uncovered 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 be a medical/remedial care service recognized under state law.
2. Only medically necessary services and items will be allowed as deductions.
3. Services and items covered and paid for under the Medicaid State Plan will not be allowed as deductions.
4. Services and items covered by and paid for under the Medicaid nursing or other facility per diem will not be allowed as a medical expense deduction.
5. For medically necessary services and items not covered by the Medicaid State Plan, the actual paid amount will be used as the deduction, subject to the following limit: the highest of a payment/fee recognized by Medicare, commercial payers or any other third party payer for the same or similar item.
6. 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 claimed expense.

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