

Department of Public Health
and Human Services

Section:
MEDICALLY NEEDED

FAMILY RELATED MEDICAID

Subject:
Overview

Supersedes: FMA 700; 01/01/08

References: 42 CFR 435.320, .322, .324, .403, .811, .831, .845; ARM 37.82.101, 37.82.1101 - .1111

GENERAL RULE--Medically Needy applicants/recipients who are reasonably certain to incur medical expenses, or make a cash payment equal to the amount of their incurment obligation will have eligibility determined. Medically Needy coverage will be provided to applicants who:

1. Meet the nonfinancial requirements of the Family-Related Medicaid Programs of:
 - a. Family (FM);
 - b. Qualified Pregnant Woman (QP);
 - c. Child-Medically Needy (RK); or
 - d. Non IV-E Foster Care (FW).
2. Have countable resources within the \$3,000 resource limitation (FMA 001); and

If an applicant has excessive resources at time of application, but verifies those resources are no longer available by month end, Medicaid eligibility may be established for the month.

3. Either:
 - a. Choose cash option and pay the required amount (see FMA 702-1); or
 - b. Incur medical expenses equal to the difference between their total countable income and the Medically Needy Income Level (MNIL) for the filing unit (see FMA 703-1).

DEFINITIONS

Medically Needy A case is considered **Medically Needy** if countable income exceeds the countable monthly income standard (FMA 002, pg. 3).

A case may be medically needy without an incurment. This happens when the countable monthly income standard is exceeded, but the Medically Needy Income Level (MNIL - FMA 003, pg. 2) is not exceeded.

A case is medically needy with an incurment when both the countable monthly income standard and MNIL are exceeded.

If a case is medically needy, the parent/specified caretaker relative **cannot** be included in coverage whether or not there is an incurment.

MAO

MAO (*Medical Assistance Only*) refers to situations when the countable monthly income standard is **not** exceeded. The specified caretaker relative **can** be included in MAO MA-FM cases.

EXAMPLES:

Filing unit is a household of three, mom and two children under age 19. The same filing unit is used in all examples.

1. Total countable income is \$454 per month. \$454 is below the countable monthly income standard of \$491 for a household of three, so this case is **MAO**. Mom can be included in coverage.
2. Total countable income is \$498 per month. \$498 exceeds the countable monthly income standard (\$491), but is below the MNIL of \$658. This case is **medically needy without an incurment**. Mom cannot be included in coverage.
3. Total countable income is \$789 per month. \$789 exceeds both the countable monthly income standard (\$491) and the MNIL (\$658). This case is **medically needy with an incurment** (\$789 - \$658 = \$131 incurment – the incurment will be reduced to \$81 when the \$50.00 medically needy income deduction is applied (see FMA 602-1)). Mom cannot be included.

► DISREGARDS

Deduct appropriate income disregards if GMI is passed. The \$100.00 medically needy income deduction is subtracted after the case is determined to be medically needy. See FMA 602-1 for more information.

HOUSEHOLD COMPOSITION

The needs of the parent(s) or other specified caretaker relative cannot be included in the medically needy assistance unit, unless that person is the pregnant woman in a medically needy Qualified Pregnant Woman case. For all other family-related medically needy cases, only the needs of the children can be covered. However, if the specified caretaker relative is a natural or adoptive parent living in the same household, they must be considered in the filing unit. Therefore total countable income and resources of the parent(s) are counted in full. Medical expenses of the

parent(s) may be used to meet the incurment. The natural/adoptive parent's participation code is 'SR' (specified relative).

A stepparent must be coded 'DP' on SEPA and their income must be deemed to the filing unit. See FMA 603-1 for more information on deeming.

MEDICALLY NEEDY ELIGIBLE

An applicant is eligible for medically needy coverage after meeting:

1. All non-financial eligibility criteria;
2. The resource criteria; and
3. The incurment obligation has been established.

BENEFIT AUTHORIZATION

Medically needy benefits must be authorized (i.e., Medicaid eligibility sent to MMIS) after:

1. The recipient has incurred medical expenses equal to the incurment obligation amount; or
2. Fiscal Bureau has received a check or money order for the recipient's payment due (incurment) amount.

Fiscal Bureau will complete the Medicaid authorization process in the eligibility system after the recipient's payment is received in that office.

DATE MEDICAID COVERAGE BEGINS

Medicaid-covered expenses will be paid:

1. Medical Expense Incurment: from date the incurment obligation is met through month end; or
2. Cash Option: after s/he pays amount due, for the full month.

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