

COMBINED MEDICAID 701-1

Cash Option

Supersedes: CMA 701-1 (07/01/17)

Reference: 42 CFR 435.821, .822, .831; ARM 37.82.101, .1107

Overview: Clients must meet their spend down obligation before medically needy Medicaid coverage is established. Clients can choose to meet their spend down by making a cash payment, equal to the exact spend down amount, to the Department. The cash option payment can be reduced with allowable expenses. **NOTE:** Cash option is not available to clients who receive VA A&A payments. VA A&A must be used on medical expenses before other medical expenses are used to reduce the spend down. The medical expense option must be used if any filing unit member receives VA A&A.

PERIOD OF ELIGIBILITY:

Once the cash option payment is processed, Medicaid is issued for the full month.

REDUCTION OF CASH OPTION AMOUNT:

Expenses that can be used to reduce the cash option payment amount include allowable expenses incurred by the client or a financially responsible relative may be used to reduce the cash option payment amount. Allowable expenses are those expenses recognized under State law, and are limited to:

1. Paid or unpaid medical expenses incurred during the three preceding months; **NOTE:** Medicaid co-payments may be used to reduce the cash option payment.
2. Health insurance premiums (including Medicare); or
3. Non-Medicaid covered medical expenses incurred during the covered month that have not been applied toward another month's spend down.
4. Expenses for a medical service not yet received cannot be anticipated.
NOTE: Verified active health insurance and Medicare premiums for the benefit month can be used to reduce the cash option payment.

The following expenses **cannot** be used to reduce the cash option payment amount:

1. Medicaid-covered expenses incurred while the client was Medicaid-eligible;
2. Expenses that are the responsibility of a third party (e.g., health insurance company);
3. Medicare premiums for any month the client was open on a Medicare Savings Program, other than the first month of QMB eligibility, when benefits are not issued; and
4. Health insurance premiums that TPL determines are cost-effective when Medicaid is paying, or will pay or reimburse the premiums.

CASH OPTION FOR RETROACTIVE COVERAGE:

Cash option can be used to meet the spend down in a retroactive month as long as the client incurred medical expenses exceeding the spend down. The cash option payment cannot be reduced by Medicaid payable expenses incurred in the covered retro month. Retroactive coverage cannot be approved if bills incurred in the month are used in full to meet a future month's spend down.

Effective Date: January 01, 2022