

# Change the Protected Income Level for Medically Needy

## DRAFT PROPOSAL

**Statement/Position:** The Coalition supports increasing the Protected Income Limit for the Medically Needy program. The current limit and spenddown program are unnecessarily complex and deter individuals from accessing needed medical care.

**The Problem:** The current PIL for Medically Needy is \$475.00 per month (K.A.R. 129-6-103; with an additional \$20.00 “disregard” for personal expenses. This policy expects that all income received by the individual above \$495 is to be used for medical expenses. This disregards the individual’s need for housing, utilities, groceries and transportation expenses above \$495. This affects Kansans who are aged 19-64 and disabled by social security rules, Kansans who are over age 65 but not receiving long term care, pregnant women, and children under the age of 19.

More...

**Why this matters:** KanCare PIL requires Medicaid Medically Needy program members to incur a spenddown requirement in order to retain eligibility for KanCare every six months. The spenddown program is complex and repeats on a six month cycle. When a person with limited income and significant medical needs is forced to incur medical debt before they can access coverage, they either create medical debt they cannot pay or avoid medical care.

The spenddown is the total household income, minus the protected income limit, multiplied by 6. For example, the monthly average Social Security Disability Insurance (SSDI) payment is \$1,483.11. A spenddown for 6 months would be calculated as  $\$1,483.11 - \$495.00 = \$988.11$ . Multiplied by 6 months =  $\$5,928.66$ . The individual must incur medical expenses of \$5,928.66 in the six month period BEFORE Medicaid will cover any of the individual’s medical expenses. Once the spenddown has been reached, the individual is eligible for full Medicaid benefits for the rest of that six month period. At the end of the six months, the spenddown is reset – beginning from zero. The medical debt may or may not be paid, but finding providers to continue to care for them is difficult.

Recipients of Supplemental Security Income (SSI) receive Medicaid automatically. The monthly SSI payment for 2023 is \$914.00 which is \$419.00 more than the Protected Income Limit allotted to Medically Needy program members.

**The bottom line:** The Kansas Legislature recognized the problem with spenddown for Home and Community Based Waivers (HCBS) and increased the Protected Income Limit to 300% of the federal poverty limit. The same problems exist for Kansans in the Medically Needy program. Kansas has NO HCBS waiver for adults with mental illness and many are subject to the PIL, creating a complex web of financial restrictions that stand in the way of the right care at the right time unless a provider steps in to manage the benefits on behalf of the individual (and provide significant uncompensated care). The \$495 PIL has not changed since 1994. This must change.

**Drill deeper into this issue on the back of this page:** *More details* include more details from KDHE Kansas Medical Assistance Fact Sheet and Bethell Committee Testimony. (see attached)