

KANSAS MENTAL HEALTH COALITION

.....Speaking with one voice to meet the critical needs of people with mental illness

Change the Protected Income Level for Medically Needy

Statement/Position: The Coalition supports increasing the Protected Income Limit (PIL) 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 creates an administrative web that results in program eligibility that alternates between eligible and ineligible as spenddown accumulates. It often means that all income received by the individual above \$495 is expected 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 19.

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.

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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-months BEFORE Medicaid will cover 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. The 2023 monthly SSI was \$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).

Drill Deeper into Medically Needy Program Details from the Kansas Department of Health and Environment:

The Medically Needy program or Spenddown offers coverage to people who have income over the maximum allowable income standard. The spenddown amount is your share of your family's medical bills. The spenddown amount is like an insurance deductible. If you have a spenddown amount, you are responsible for that amount and Medicaid would pay any medical bills over that amount.

Who can get Medically Needy coverage?

A spenddown can be set up if you are in any one or more of the following groups:

- Pregnant Women
- Children under the age of 19
- Seniors aged 65 and over
- Persons determined disabled by Social Security rules

Countable Resources

For pregnant women and children, there is no resource test. For seniors and people with disabilities, there is a resource limit of \$2,000 for a single individual and \$3,000 for couples. Examples of resources are bank accounts, cars, property, stocks, etc. that are owned by you or someone in your household.

How much is the spenddown?

The spenddown amount is different for every person or family. The countable income of yourself and your family over the protected income limit becomes the amount of the spenddown.

The Kansas Medically Needy income limit (MNIL) has been frozen at \$475 for a household of one or two for many years. This is because federal law generally links the income limit to the July 16, 1996, Aid to Families and Dependent Children (AFDC) levels.

- As reported at the August 2023 Bethell committee, KDHE engaged with CMS in the spring and learned that states have the option to “disregard” types or amounts of income that are used to determine the protected income limit.
- Kansas is among the states with lower MNIL –currently 29% of the 2023 FPL for a household of two.

KDHE has been studying our Medically Needy population to determine possible options to adjust the MNIL. The Eligibility team has suggested a possible change to disregard income between the current MNIL and 100% of SSI. This would effectively tie the MNIL to SSI, which is adjusted annually.

- There would be a cost to this change because of more MN members meeting their spenddown and gaining Medicaid coverage sooner.
- Costs would be subject to legislative approval via caseloads or the budget process.
- Preliminary estimate is that setting the MNIL at 100% of SSI would cost **\$1.8 million** all funds, including **\$940,000** SGF.