

Bulletin Number: MSA 15-47

Distribution: Bridges Eligibility Manual (BEM) Holders

Issued: December 1, 2015

Subject: Health Insurance Premiums and Repayment Schedule for Promissory Notes

Effective: January 1, 2016

Programs Affected: Supplemental Security Income (SSI) Related Medicaid

The purpose of this bulletin is to provide specific guidelines for the treatment of health insurance premiums and repayment schedules for promissory notes. The changes outlined below are effective January 1, 2016.

Health Insurance Premiums

Current policy allows for the deduction of health insurance premiums as a need item (in the calculation of the Post Eligibility Patient Pay Amount) when they are paid by the beneficiary, even when the coverage is for another person. The new policy quantifies the deduction as only for the beneficiary and any other member of the beneficiary's fiscal group, which always consists of the beneficiary and the community spouse but may include minor children. This change brings the policy in line with the fiscal group policy in federal regulations.

Promissory Notes

The repayment schedule for promissory notes and other informal written loans has been slightly modified. Extensive changes to the treatment of promissory notes between private parties were enacted in the Deficit Reduction Act of 2005 (Public Law 109-171). These changes were made to prevent improper use of these promissory notes to artificially gain Medicaid eligibility. While the law requires that, at a minimum, payments on a promissory note are made in equal amounts with no deferral of payments and no balloon payments, the new policy will specifically require monthly payments for promissory notes, bringing these notes in line with commercial loans and contracts.

Manual Maintenance

Retain this bulletin until the information is incorporated into the Bridges Eligibility Manual
<http://www.mfia.state.mi.us/olmweb/ex/html/>.

Questions

Any questions regarding this bulletin should be directed to Provider Inquiry, Department of Health and Human Services, P.O. Box 30731, Lansing, Michigan 48909-8231, or e-mail at ProviderSupport@michigan.gov. When you submit an e-mail be sure to include your name, affiliation, and phone number so you may be contacted if necessary. Providers may phone toll-free 1-800-292-2550.

Approved



Chris Priest, Director
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