

Policy Recommendations for Meeting monthly deductible requirements in Medicaid Program

(FY2018 Appropriation Act - Public Act 107 of 2017)

March 1, 2018

Sec. 1012. By March 1 of the current fiscal year, the department shall submit a report to the senate and house appropriations subcommittees on the department budget, the senate and house fiscal agencies, the senate and house policy offices, and the state budget office addressing the challenge of meeting monthly deductible requirements in the Medicaid program and establish policy recommendations. The report shall include, but not be limited to, all of the following items:

(a) The average number of individuals who do not meet their monthly Medicaid deductibles in this state each year.

(b) How the reduction in general fund investment to CMHSPs for non-Medicaid services has played a role in the inability of many individuals to meet their spenddown.

(c) What currently counts as the protected income level and countable asset limit and how that compares to other states.

(d) An action plan for implementation of any proposed changes.

(e) An estimate of the costs that may be incurred from adoption of recommendations included in the report.



**Michigan Department of
Health & Human Services**

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**Michigan Department of Health & Human Services
Behavioral Health and Developmental Disabilities Administration
Fiscal Year 2018 Appropriation Bill
Section 1012 Boilerplate Report**

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(a) The average number of individuals who do not meet their monthly Medicaid deductibles in this state each year.

On average, 44,868 individuals did not meet their monthly spenddown during FY2017. Of these, an average of 2,575 individuals were receiving behavioral health services.

(b) How the reduction in general fund investment to CMHSPs for non-Medicaid services has played a role in the inability of many individuals to meet their spenddown.

Community Mental Health Service Providers (CMHSPs) reported the reduction in general fund investment they experienced in 2014 impacted their ability to cover the costs of CMHSP services that would have allowed individuals to meet their monthly Medicaid deductible.

(c) What currently counts as the protected income level and countable asset limit and how that compares to other states.

The Protected Income Limit or Medically Needy Income Limit (MNIL) as well as the asset limit vary amongst states with medically needy programs. Federal rules require MNILs to be no higher than 133 percent of the maximum state Aid to Families and Dependent Children (AFDC) level in effect as of July 16, 1996. Even though AFDC was replaced in 1996 by the Temporary Assistance to Needy Families (TANF) Program, Medicaid MNILs are still linked to these historical AFDC standards.

The MNILs are low nationally because of this statutory requirement. In Michigan, the MNIL is approximately 30 percent of the Federal Poverty Limit (FPL). Attached is the most recent publication available comparing state MNIL's, however it should be noted this document was published in 2012.

(d) An action plan for implementation of any proposed changes.

Section 1902(r)(2) of the Social Security Act allows states to disregard income used to establish the protected income level (PIL). The most straightforward approach to addressing the spenddown issue would be to apply an income disregard to the PIL to establish the medically needy income level at a higher percentage of the Federal Poverty Level. Any increase to the income disregard would:

- Allow medically needy individuals on spend down to qualify for Medicaid sooner during each month;
- Facilitate access to coverage for some beneficiaries who otherwise would not have qualified for Medicaid in a given month;
- Improve beneficiary access to services; and
- Decrease the amount of general fund dollars that CMHSPs put towards covering spend down costs, thus freeing up these funds for critical services.

(e) An estimate of the costs that may be incurred from adoption of recommendations included in the report.

A recent analysis estimated the cost of implementing the change outlined in (d) to be somewhere between \$41.5M and \$90.4M gross. A breakdown of the potential costs can be found below:

Estimated Cost to Increasing Income Disregard Level (in millions)	Gross	GF
Increase to 50%	\$41.5	\$14.3
Increase to 75%	\$66.0	\$22.7
Increase to 100%	\$90.4	\$31.1

Table 1: Medically Needy Eligibility, 2009

State	Medically Needy or Comparable	Monthly Income Limit		Monthly Income Limit as a Percentage of Federal Poverty Level ¹		Asset Limit	
		Single	Couple	Single	Couple	Single	Couple
Alabama	No program	NA	NA	NA	NA	NA	NA
Alaska	No program	NA	NA	NA	NA	NA	NA
Arizona ²	Comparable	\$360	\$485	40%	40%	May not exceed total of \$100,000 including home, & no more than \$5,000 can be liquid	May not exceed total of \$100,000 including home, & no more than \$5,000 can be liquid
Arkansas	Medically Needy	\$108	\$217	12%	18%	\$2,000	\$3,000
California	Medically Needy	\$600	\$750	66%	62%	\$2,000	\$3,000
Colorado	No program	NA	NA	NA	NA	NA	NA
Connecticut ³	Medically Needy	Depending on region \$476 or \$576	Ranges from \$633 to \$734	53% or 64%	52% to 60%	\$1,600	\$2,000
Delaware	No program	NA	NA	NA	NA	NA	NA
District of Columbia	Medically Needy	\$577	\$607	64%	50%	\$4,000	\$6,000
Florida	Medically Needy	\$180	\$241	20%	20%	\$5,000	\$6,000
Georgia	Medically Needy	\$317	\$375	35%	31%	\$2,000	\$4,000
Hawaii*	Medically Needy	\$469	\$632	45%	45%	\$2,000	\$3,000
Idaho	No program	NA	NA	NA	NA	NA	NA
Illinois*	Medically Needy	\$903	\$1,215	100%	100%	\$2,000	\$3,000
Indiana*	No program	NA	NA	NA	NA	NA	NA
Iowa	Medically Needy	\$483	\$483	54%	40%	\$10,000	\$10,000
Kansas	Medically Needy	\$495	\$495	55%	41%	\$2,000	\$3,000
Kentucky	Medically Needy	\$217	\$267	24%	22%	\$2,000	\$4,000
Louisiana ³	Medically Needy	Urban counties: \$100 Rural counties: \$92	Urban counties: \$192 Rural counties: \$167	10% to 11%	14% to 16%	\$2,000	\$3,000
Maine	Medically Needy	\$903	\$1,215	100%	100%	\$2,000	\$3,000
Maryland	Medically Needy	\$350	\$392	39%	32%	\$2,500	\$3,000
Massachusetts	Medically Needy	\$903; \$1,200 those with Professional Care Assistance	\$1,215; \$1,615 for those with Professional Care Assistance	100% or 133%	100% or 179%	\$2,000	\$3,000
Michigan ³	Medically Needy	Ranges from \$341 to \$408	Ranges from \$458 to \$541	38% to 45%	38% to 45%	\$2,000	\$3,000
Minnesota*	Medically Needy	\$677	\$911	75%	75%	\$3,000	\$6,000
Mississippi	No program	NA	NA	NA	NA	NA	NA
Missouri*	No program	NA	NA	NA	NA	NA	NA
Montana	Medically Needy	\$625	\$625	69%	51%	\$2,000	\$3,000
Nebraska	Medically Needy	\$392	\$392	43%	32%	\$4,000	\$6,000
Nevada	No program	NA	NA	NA	NA	NA	NA
New Hampshire*	Medically Needy	\$591	\$675	65%	56%	\$2,500	\$4,000
New Jersey	Medically Needy	\$367	\$434	41%	36%	\$4,000	\$6,000
New Mexico	No program	NA	NA	NA	NA	NA	NA
New York	Medically Needy	\$767	\$1,117	85%	92%	\$2,000	\$3,000
North Carolina	Medically Needy	\$242	\$317	27%	26%	\$2,000	\$3,000
North Dakota*	Medically Needy	\$750	\$1,008	83%	83%	\$3,000	\$6,000
Ohio*	No program	NA	NA	NA	NA	NA	NA
Oklahoma*	No program	NA	NA	NA	NA	NA	NA
Oregon	No program	NA	NA	NA	NA	NA	NA
Pennsylvania	Medically Needy	\$425	\$442	47%	36%	\$2,400	\$3,200
Rhode Island	Medically Needy	\$800	\$842	89%	69%	\$4,000	\$6,000
South Carolina	No program	NA	NA	NA	NA	NA	NA
South Dakota	No program	NA	NA	NA	NA	NA	NA
Tennessee	Medically Needy	\$241	\$258	27%	21%	\$2,000	\$3,000
Texas	Medically Needy for Pregnant Women and Children	NA	NA	NA	NA	NA	NA
Utah	Medically Needy	\$370	\$498	41%	41%	\$2,000	\$3,000
Vermont ⁴	Medically Needy	\$916 (\$991 for Chittenden)	\$916 (\$991 for Chittenden)	101% or 110%	75% or 82%	\$2,000	\$3,000
Virginia ³	Medically Needy	Ranges from \$281 to \$421	Ranges from \$358 to \$508	31% to 47%	29% to 42%	\$2,000	\$3,000
Washington	Medically Needy	\$674	\$674	75%	56%	\$2,000	\$3,000
West Virginia	Medically Needy	\$200	\$275	22%	23%	\$2,000	\$3,000
Wisconsin	Medically Needy	\$592	\$592	66%	49%	\$2,000	\$3,000
Wyoming	No program	NA	NA	NA	NA	NA	NA

Source: Medicaid Financial Eligibility: Primary Pathways for the Elderly and People with Disabilities, Kaiser Commission on Medicaid and the Uninsured analysis of data collected by Medicare Rights Center, 2009, February 2010.

* 209(b) eligibility states: Connecticut, Hawaii, Illinois, Indiana, Minnesota, Missouri, New Hampshire, North Dakota, Ohio, Oklahoma, and Virginia.

1. In 2009 the federal poverty level (FPL) equaled \$10,830 for 1-person families and \$14,570 for 2-person families in the 48 contiguous states and D.C. It equaled \$12,460 for 1-person families and \$16,760 for 2-person families in Hawaii.
2. Comparable program - Arizona's Medical Expense Deduction program allows for an individual whose income exceeds 100% FPL and who does not qualify for any other category of Medicaid, to qualify for Medicaid if they have a family income that does not exceed 40% FPL after deducting for allowable medical expenses. Please see <http://law.justia.com/arizona/codes/title36/02901-04.html>.
3. Income standards are based on the region in which the individual is living.
4. Vermont uses a higher income standard for Chittenden County only.