

# public benefits

for low-income individuals and families  
applying for and using  
public benefit programs

medicaid: excess income  
program

Center for  
**B**enefits and  
Services

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# Medicaid Excess Income Program

Center for Benefits and Services

A PROGRAM OF THE COMMUNITY SERVICE SOCIETY

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## Medicaid's Excess Income Program

### What is Medicaid's Excess Income Program?

You may not be eligible for Medicaid because your income is over the Medicaid income limit. If you are not eligible for this reason, you may still get Medicaid through a program called the Excess Income Program. Medicaid calls the income that is more than Medicaid allows your "excess income" amount. You may have also heard it called "surplus income" or your "spenddown". They are all the same thing.



*How does Medicaid figure out what my excess income is?*

Medicaid compares your income to the Medicaid income limits for your family size. If your income falls below the income limit, you are eligible for regular Medicaid. If your income is higher than Medicaid allows, Medicaid will subtract Medicaid's income limit from your household's income to figure out exactly how much you are over the limit.

For example, Mary and Joe are both disabled. Combined they have a net income of \$1,167 per month. The Medicaid income limit for a disabled family of two is \$1,067 per month. When you subtract \$1,067 from \$1,167 you realize Mary and Joe are over the income limit by \$100. Thus, their combined excess income amount is \$100 per month.

### Who Can Get the Excess Income Program?

You must pass all the eligibility tests called eligibility criteria of Medicaid's regular program. You must meet the resource test, the citizenship test and the residency test. See the brochure on *Community Medicaid* for more information on these tests.

Also, you must be either:

- 65 and over
- disabled
- blind
- a child under 21, or
- a single parent with children under 21

*Can I be eligible if I am a single, or a couple without children, or a two-parent household?*

Unfortunately not. If you are a single or a couple without children under 21 you do not qualify for the excess income program. If both you and your spouse are living with your minor children, and neither of you are disabled, it is likely that only your children would be eligible for the excess income program, and not you or your spouse.

### **How Does the Excess Income Program Work?**

You must spend your excess income amount on medical expenses. Think of your excess income as you would an insurance deductible. An insurance deductible is the amount you would have to pay before an insurance plan would start paying out benefits.

For example, if you have automobile insurance with a \$500 deductible for an accident, the insurance policy would only pay for any repairs on your car if you were in an accident and if the repairs are more than \$500. You would be responsible for paying the first \$500, the insurance plan would pay for any expenses over \$500.

The Medicaid excess income works the same way. You must spend your excess income amount (your deductible) on medical expenses before Medicaid will pay any of your medical expenses. Medicaid will not cover any medical expenses until you have met your excess income amount.

For example, if you have an excess income amount of \$60 and you have medical expenses of \$60 in a particular month, Medicaid will not pay that \$60. You will have to pay that \$60. Medicaid, however, will cover any of your medical expenses that are above \$60 in that month.

*Do I have to spend my excess income amount every month?*

The excess income amount is based on the amount of your monthly income. In order for Medicaid to pay for any medical expenses you would have to spend your excess amount every month in order to get Medicaid for that month. If you do not spend it, you do not lose the benefit, you just don't get coverage that month.



*Can I use other expenses, such as shelter, food or personal items to meet my excess income amount?*

No, only your medical expenses can be used to meet your excess income amount.

*Does each person in my family have to meet the excess income amount?*

No. When Medicaid informs you of your excess income amount, that amount is for your whole family.

For example, Joe and Mary, in the above example, have a \$100 excess income. If Joe has a medical expense that equals \$100 in a month, both he and Mary would be able to use Medicaid to pay for any additional medical expenses in that month.

*Once I have met my excess income amount, do I have to use a Medicaid provider?*

Yes. After you have met your excess income amount, Medicaid will only cover you if you go to a Medicaid doctor or service.

*If I haven't met my excess income amount yet, do I have to use a Medicaid provider?*

No, you don't. You can see a non-Medicaid provider to meet your excess income amount.

*What services will Medicaid cover after I qualify for the Excess Income Program?*

Medicaid will cover all the same kind of medical expenses that they would cover if you were on regular Medicaid. See the brochure on *Community Medicaid* to find out what Medicaid covers.

*Will the Excess Income Program cover me if I have a hospital stay?*

Yes. You can qualify for inpatient hospital services if you become hospitalized or need help to pay your hospital bills. However, you must spenddown 6 times your monthly excess income. In the above example with Mary and Joe, the amount would be \$600 (\$100 x 6).



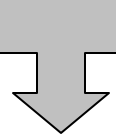
*How can I show Medicaid that I have spent my excess income amount on medical expenses?*

There are two ways you can show Medicaid you have spent your excess income amount. One way is the medical bills system; the other way is the pay-in system.

### **What is the Medical Bills System?**

When you have medical bills that equal your excess income amount, you have met your excess income for that month. Medicaid calls this meeting your “spend down”. You must submit these medical bills by mail or bring them in person to the Medicaid office to prove you have met your excess income amount.

**SPEND  
DOWN**



*What kind of medical bills can I use?*

You can use:

- your own medical bills, even if your doctor doesn't accept Medicaid
- your spouse's medical bills
- parent's medical bills for their children's spenddown
- medical bills of a child living with you
- that part of the medical bill not covered by Medicare or private insurance, that is, your deductibles and co-payments
- medical expenses (including insurance premiums) paid for you by certain public programs, for example, the Elderly Pharmaceutical Insurance Program (EPIC).



*Can I use non-prescription bills from a drug store?*

Yes, but they must be prescribed from your doctor. You cannot submit bills for cosmetics and other non-medical services, but you can submit bills for vitamins or non-prescription drugs, if your doctor prescribes them for you.

*Can I use my bills more than once?*

No, you can only use your medical bills once. Medicaid will not allow you to keep using the same bills over and over again.

*Must my medical bills be paid bills?*

No, you can use paid or unpaid medical bills toward your excess amount.

*Must my medical bills be current?*

Yes, your medical bills must be current. That is, your medical bill must have the current month's date on it before Medicaid will use it toward your spend down for that month.

For example, let's say the current month is April and your excess income is \$75 per month. You have a medical bill from March that is \$45. Thus, you did not meet your excess income for March. You now have a medical bill in April that is \$30. The two medical bills add to \$75, the amount of your excess income. Medicaid, however, will not allow you to use the March bill toward April's excess income. You will have to have another medical bill from April that equals \$45.

*Are there any exceptions to this rule?*

Yes, there are exceptions. When you first apply for Medicaid, if you have any old unpaid bills in the past three months, you can use these unpaid bills toward your excess income amount during the month of application.

For example, you just applied for Medicaid, and Medicaid says your excess income amount is \$80 a month. You have an unpaid medical bill from three months ago that is \$25, an unpaid medical bill from two months ago that is \$35, and an unpaid medical bill from one month ago that is \$20. These old bills are equal to \$80. You can bring these unpaid medical bills to Medicaid and receive Medicaid for the first month. You can only do this when you first apply.

*Are there any other exceptions?*

Yes, if you have an old unpaid bill, ask your doctor to rebill you and date it with the current month's date. You can now use it toward your excess income amount. Medicaid calls this a viable bill. For example, it is now October and you have an unpaid medical bill from September. Get your

doctor to rebill your September bill and date it for October, it has become a viable bill. You can now use it in October to meet your excess income amount for October.



*Must it be an old unpaid bill? Can I use an old paid bill?*

The only way a doctor can rebill you for any medical treatment he or she gave you in the past, is when you have not paid your bill. If you have paid the medical bill, he cannot rebill you since the bill has been paid. Thus, only unpaid medical bills can be rebilled and used toward the current month's excess income amount.

*What if I have medical bills for more than my excess income amount? Will I get more than one month of Medicaid?*

That depends on whether your bills are unpaid bills, paid bills and whether the bills are from a Medicaid provider or not.

*What if my medical bills were paid bills, could I get more than one month of Medicaid?*

Yes, you could.

If you had an excess income amount of \$20 per month and you have a current paid medical bill that equals \$60 you would receive three months of Medicaid; the current month, plus the following two months. You would not have to bring in any more medical bills during those three months. Your benefit card would be active for three months. If you had a current medical bill that equals \$80 you would receive four months of Medicaid.

*Does it matter if the paid medical bill is from a Medicaid or non-Medicaid provider?*

No. The paid bill can be from a Medicaid or non-Medicaid provider.

*Up to how many months of Medicaid could I get this way?*

You would only be able to get up to 6 months of Medicaid.

*What if they were unpaid bills, could I get more than one month of Medicaid?*

That depends on whether your bills were from a Medicaid provider or non-Medicaid provider.

*What if my unpaid medical bills were from a non-Medicaid provider?*

It would work the same way as a paid medical bill works.

*What if my unpaid medical bills were from a Medicaid provider?*

If you had an unpaid medical bill from a Medicaid provider you would only be able to get one month of Medicaid coverage. Medicaid would pay your provider the difference between your excess income and what your doctor charged you. For example, your excess income is \$20 and your doctor charges you \$60 for treatment that you are unable to pay. You can bring this unpaid bill to Medicaid. You are responsible for paying your doctor \$20, and Medicaid will pay your doctor the difference between what your doctor charges and your excess income amount.

### **What is the Pay-in System?**

The pay-in system allows you to pay Medicaid directly for the amount of your excess income.



*Can I give the money to a caseworker at a local Medicaid office?*

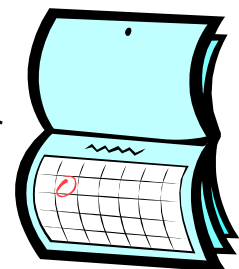
No, you should never give cash to a caseworker or anyone else at a local office. When you are notified that you are eligible for Medicaid through the excess income program you should receive a form that allows you to sign up for the pay-in program. Complete this form and mail it back to Medicaid. You will receive instructions and postage-paid envelopes for making pay-in payments. You should mail your check or money order to the Division of Accounts Receivable and Billing (DARB). Never send cash.

*How will Medicaid know what month I want to use Medicaid?*

When you receive your instructions you will also receive a form that you must complete and mail to DARB at the same time you mail your check/money order. On this form you will indicate which month you want to use Medicaid. Medicaid will only allow you to send in payment for a calendar month, not for a 30 day period.

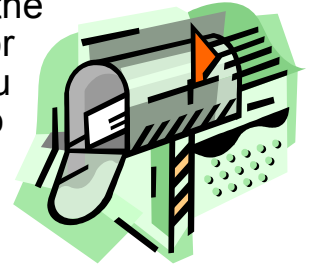
*Can I send payment for more than one month?*

Yes, you can. You can send up to six months of your excess income amount. If you send in payment for six months, you will also be able to receive hospital services.



### *When should I mail my payment?*

You should mail your payment no later than 2 weeks before the first of the month that you are planning to use Medicaid. For example, you are planning to use Medicaid in June. You should mail your completed form and check/money order no later than May 15<sup>th</sup>. Do not, however, mail the check too early. If you mail it too early, Medicaid will be unable to handle your request.



### *What happens if I mail my payment late?*

If you mail your payment late, Medicaid make sure that your coverage will begin from the first of the month that you planned on using Medicaid. For example, you wanted coverage for June and you mailed your check/money order May 31<sup>st</sup>. Your Medicaid coverage will still be from June 1<sup>st</sup> through June 30<sup>th</sup> and Medicaid will pay your doctor for any service he gave you during that time period.

Do I have to mail my excess income amount every month even if I do not plan to use Medicaid in that month?

No, you should only mail your excess amount when you plan to use Medicaid in that month.

### *What if I sent my payment but never used Medicaid that month?*

If you made a payment and you did not use Medicaid during the month in which you requested coverage, you may receive a credit or a refund for your payment. However, it may take up to one year to receive reimbursement.

### **How do I Apply for the Excess Income Program?**

You apply for the Excess Income Program the same way you would apply for regular for Medicaid. You can apply at any of the Medicaid offices. Call the HRA Infoline for the location of Medicaid offices at **(877) HRA-4711**. For more information about the Medicaid application process, see the brochure on *Community Medicaid*.

### *How will I know if I am accepted into the excess income program?*

If you qualify for the Excess Income Program, you will receive a written

*Notice of Decision* and a *Budget Explanation*, and other forms, which will explain how to use Medicaid's Excess Income Program. Medicaid will also include an explanation of how they determined the amount of your excess income.

*What do I do then?*



After you qualify for the Excess Income Program, you must submit medical bills or send in your payment for the amount of your excess income.

If you are using the medical bills system you should bring both notices, the *Notice of Decision* and the *Budget Explanation* to the local Medicaid office the first time you bring them your medical bills. If you are using the pay-in system you should fill out the form they mailed you, mail it and wait until you receive instructions from Medicaid before making any payments.

*Will I get a Medicaid card?*

After you qualify for Medicaid's Excess Income Program by spending-down, you and each qualified member of your family will receive a Medicaid benefit card.



*How long will the Medicaid card be activated?*

Your benefit card will be activated for the number of months that you have met your excess income amount.

For example, if your excess amount is \$35 and you are using the pay-in system and you have sent a \$70 check your Medicaid card will be activated for 2 months.

*How do I get the card if I am using the medical bills system?*

Once you present your bills to Medicaid you will receive your card in the mail (if you brought your bills very late in the month, you may have to wait until the next time that you bring your bills before you get your card.)

*How do I get the card if I am using the pay-in system?*

In the pay-in system, the benefit card is issued as soon as you mail your first payment and Medicaid activates your coverage. This could take two to three weeks.

*What should I do if I need Medicaid before I get my card?*

You can get a temporary benefit card from your local Medicaid Office.

### **How Do I Stay On the Medicaid Excess Income Program?**

After you qualify for Medicaid's Excess Income Program, you must prove that you continue to qualify for it by completing recertification forms they mail you. You will also have to prove with documents anything you state on the recertification form.

*How will I know when to recertify?*

You will receive a recertification notice in the mail.

*How often must I recertify?*

You must recertify for Medicaid at least once a year.

*What must I do during recertification?*

You must complete the recertification form, and include all the documentation that Medicaid requests. If you fail to recertify, Medicaid will close your case and your benefit card will no longer work.

*What if I never used the excess income program during my authorization period?*

If you never used Medicaid while you were on the excess income program, you will not receive a recertification package. You must use the excess income program at least once during your authorization period for you to receive a recertification package in the mail. If you don't receive a package in the mail at the end of your authorization period, reapply for Medicaid.

### **What are My Rights?**

You should know that if your application is denied or if your case is closed, you will receive a written notice in the mail explaining why. You have the right to appeal this decision through a fair hearing. You have 60 days to call, write or fax for a fair hearing.

To request a fair hearing call: **(800) 342-3334**

To write for a fair hearing:  
New York State OTDA  
Office of Administrative Hearings  
P.O. Box 1930  
Albany, New York 12201



To Fax for a fair hearing: **(518) 473-6735**

You also have the right to request an informal conference to get the problem resolved before a fair hearing is necessary. However, to protect your rights to a fair hearing, always request a hearing at the same time you request a conference.

To request a conference call: **(212) 630-0996**

To request a conference by mail, you may write to:

Medical Assistance Programs  
Medicaid Conference Unit  
330 West 34<sup>th</sup> Street  
New York, New York 10001

### Where Can I Turn for Help?

The HRA **Infoline (877) 472-8411** for:

- Applications for Medicaid
- Medicaid Office Locations
- Replacement Medicaid Cards

Managed Care Client Services: **(800) 505-5678**

Legal Aid, check your local yellow pages under “lawyer”, Legal Aid or Legal Services

PBRC’s ACES Entitlement Counselors: **(212) 614-5552**