



## SNAP 602-3 Deductions (Medical)

<b>References:</b>	7 CFR 273.9(d)(1) through (6), 7 CFR 273.10(d)
<b>Overview:</b>	<p><b>GENERAL RULE</b> -- Household members who are elderly or disabled are eligible for a medical deduction for their total medical expenses minus any amount payable by a third party, such as health insurance, exceeding \$35 <u>per</u> month per household.</p> <p><b>NOTE:</b> An elderly or disabled household member who is an ineligible alien or SSN disqualified is not eligible to receive the medical expense deduction. The medical deduction for an elderly individual begins the month of the individual's 60th birthday.</p>
<b>Policy:</b>	<p><b>HOUSEHOLDS ELIGIBLE FOR THE DEDUCTION</b></p> <p><b>Elderly</b> - households with an elderly (age 60 or older) member. An individual is considered elderly the month of the individual's 60th birthday.</p> <p><b>Disabled</b> - households with a disabled member (SNAP 0-4).</p> <p><b>Deceased</b> - households with a <u>legal</u> obligation to pay medical expenses for deceased individuals who met the definition of elderly or disabled prior to dying and were members of the household <i>at the time of death or time they entered a medical facility prior to death in the facility.</i></p> <p><b>Recent Absence</b> - households with a legal obligation to pay medical expenses for an elderly or a disabled individual who was a household member immediately prior to entering a hospital or nursing home.</p>
	<p><b>INDIVIDUALS NOT ELIGIBLE FOR DEDUCTION</b></p> <p>A spouse or other persons receiving benefits as a dependent of the SSI or SSDI recipient are <u>not</u> eligible for the medical expense deduction.</p>
	<p><b>APPLICATION/ RECERTIFICATION</b></p> <p>Households are required to report and verify the amount of medical expenses (including the amount of reimbursements) at application and recertification.</p>
	<p><b>CHANGES IN MEDICAL EXPENSES</b></p> <p>A household may report changes in medical expenses during its certification period.</p> <p><b>Change Reporting - cash option not paid for six months.</b></p> <ul style="list-style-type: none"> <li>If Medicaid closes anytime during the certification/recertification period because the household did not pay cash option for six months, the cash option expense is removed because the expense is no longer being incurred, the information is verified upon receipt, and does not require verification from the household. The medical expense deduction is the medical expenses previously reported and verified.</li> </ul> <p><b>Six Month Reporting - cash option not paid for six months.</b></p> <ul style="list-style-type: none"> <li>If Medicaid closes in the middle of the six month report period because the household did not pay cash option for six months, the cash option expense is removed because the expense is no longer being incurred, the information is verified upon receipt, and does not require verification from the household.</li> <li>If Medicaid closes in month six of the six month report period because the household did not pay cash option for six months, the cash option expense is removed because the expense is no longer being incurred, the</li> </ul>

	<p>information is verified upon receipt, and does not require verification from the household. The medical expense deduction is the medical expenses previously reported and verified.</p> <p><b>Medical expenses submitted to meet an incurment are treated as a reported change. The OPA Case Manager must evaluate the medical expense each time new bills or co-payments are provided that were not previously averaged.</b></p>
	<p><b>ALLOWABLE MEDICAL EXPENSE</b></p> <p>A medical expense can only be allowed once as a medical deduction. Medical expenses are allowed when they become due. Past due expenses are not allowed. Medical expenses carried forward from past billing periods are not allowed even if they are included with the most recent billing and actually paid by the household. Once an expense becomes past due, it remains past due. The OPA Case Manager can use the expense for the next regular issuance as long as the household reported the change within 30 days of being billed. If the expense was not reported within 30 days of billing, it is not allowed unless it meets one of the exceptions (e.g., installments, averaged over period of intended use, averaged over period until next recertification). <b>NOTE:</b> An expense is considered 'past due' 30 days after the <u>billing date</u>. 'Past due' means the payment is overdue to the provider not overdue at the time of application or recertification. Medical expenses pending verification of third party reimbursement are not considered 'past due' until 30 days after the household's receipt of verification of their obligated portion after third party payment. The following expenses are not considered 'past due':</p> <ol style="list-style-type: none"> <li>1. One-time medical expenses averaged over the period until the next recertification (e.g., bill for gall bladder surgery);</li> <li>2. Expenses paid on an installment plan; and,</li> <li>3. Expenses averaged over the period of intended use (e.g., bill for quarterly health insurance).</li> </ol> <p>Intent to pay is not considered when allowing a medical expense. If a household states it will not be paying a medical expense, it is used as a medical deduction. If the household states an intention for someone else to pay the medical expense, the expense is being reimbursed and is not allowed as a deduction. Third party payments, such as health insurance payment to providers, are also known as reimbursements. Any medical expense covered by a third party cannot be allowed as a deduction. The non-reimbursable portion of the expense is allowed as a deduction at the time the amount of the reimbursement is received or can be verified. A deduction cannot be allowed until it is <u>verified</u> (e.g., a health insurance policy and a collateral contact confirm the exact obligated amount is the \$100 deductible) regardless of the time it takes for the reimbursement. If a household has a deductible before the insurance pays any expenses, the household is allowed the deductible as an expense regardless of whether or not it has been paid or met. In addition, if it is <u>verified</u> the insurance company only pays a certain percentage of further expenses, the OPA Case Manager anticipates expenses and allows the percentage the household is responsible for paying. A household choosing the 'Medically Needy Cash Option' to meet its incurment is considered to have incurred and paid that amount of medical expenses. Fiscal authorization is not required prior to allowing the deduction. <b>NOTE:</b> The amount of the cash option expense anticipated to be incurred after all recurring monthly medical expenses are</p>

	averaged continues as long as the household anticipates paying the expense.	
	<p><b>BUDGETING THE EXPENSE</b></p> <p>Households reporting <b>one-time</b> only medical expenses may choose to:</p> <ol style="list-style-type: none"> <li>1. Have a one-time expense; or,</li> <li>2. Average the expense over the remaining months until recertification. <b>NOTE:</b> Households certified for 24 months and report a one time medical expense during the first 12 months have the following options: <ol style="list-style-type: none"> <li>a. deducting the expense for one month;</li> <li>b. averaging it over the remainder of the first 12 months of the certification period; or,</li> <li>c. averaging the expense over the remaining months in the certification period.</li> </ol> </li> </ol> <p>Households certified for 24 months and report a one-time expense after the 12th month of the certification period have the following options:</p> <ol style="list-style-type: none"> <li>a. deducting the expense for one month; or,</li> <li>b. averaging it over the remaining months in the certification period.</li> </ol> <p><b>Recurring monthly</b> medical expenses are <b>averaged</b> when the household anticipates the expenses to continue monthly. Prescriptions and Medicaid co-payments are examples of recurring medical expenses. Each prescription and co-pay must be evaluated to determine if it recurs monthly to be allowed as a monthly recurring medical expense. <b>Non-monthly recurring</b> expenses can be averaged over the period of intended use or allowed when the bill becomes due.</p> <ol style="list-style-type: none"> <li>1. A prescription for a three-month supply of medication can be averaged over three months or used once every three months.</li> <li>2. An annual health insurance premium can be averaged over 12 months or allowed once annually. <b>NOTE:</b> It is not an option to average expenses for the number of months until the next recertification.</li> </ol> <p>If the household has an <b>installment payment agreement</b> with a provider, the specific agreed upon monthly payment is allowed even if a payment is not being made during the period of the agreement. Once the period of agreement is past, any unpaid amount is a past due expense and is not allowable. If the installment agreement is renegotiated with a collection agency, only the terms negotiated with the provider are allowed. The payment agreement does not have to be a formal contract. A mutually recognized verbal or written agreement with the provider and the household is sufficient (e.g., \$25 monthly payments until paid in full).</p>	
	<b>Allowable Medical Expenses</b>	
	<b>Medical Bill</b>	<b>Allowable for Snap Expenses</b>
	Past Due Obligations	No
	Special Diets	No, items that can be purchased with SNAP benefits cannot be allowed as a medical expense. There is no exception for tube feeding.
	Dental and medical care including psychotherapy and rehabilitation services.	Yes, if provided by a licensed practitioner authorized by State Law or other qualified health professional.
	Costs reimbursable or paid by a	No, Medicaid paid travel and premiums paid by

	third party.	THPL are reimbursements.
	Prescriptions, over-the-counter drugs, medical supplies, sick room equipment (including rental) or other equipment.	Yes, each must be prescribed by a licensed practitioner.
	Postage for mail-prescription drugs.	Yes
	Medicare premiums	Yes, unless paid by a third party (QMB or SLMB). The month after QMB approval the Medicare premium expense cannot be given. The month of SLMB approval the expense is not allowed.
	Health, hospitalization, and ambulance insurance policy premiums.	Yes, only the portion of the premium assigned to the elderly or disabled household member. If the policy does not state the amount of the premium for each insured individual, the premium is prorated among the insured household members. Only the prorated amount for the eligible member is considered a deduction.
	Dentures, hearing aids and prosthetics.	Yes
	Costs of attendant, homemaker, home health aide, child care or housekeeper services necessary because of age, infirmity or illness.	Yes, if the service is provided by someone outside the SNAP household. If the household provides the majority of the attendant's meals, deduct an amount equal to the one-person coupon allotment. If the attendant care costs qualify under the medical and dependent care deduction, allow as a medical deduction.
	Medicaid co-payments	Yes, generally the best estimate for co-payments is to anticipate for initial months and average for ongoing eligibility.
	Cancer or other specialized insurance policy costs.	Yes, if the policy itself states the monies are intended to be used to cover medical expenses. If the policy pays personal debt (car loan, mortgage etc.), the premium is not an allowable expense.
	Prescription for home meal delivery service.	No, generally payable with SNAP benefits.
	Loan payments for medical debt.	Yes, including medical expenses charged to a credit card. The interest or late fees are not allowed as part of the deduction.
	Prescription to buy exercise equipment or get exercise at a health club.	No, club membership or purchase of equipment is not allowed. The services of a medical provider such as a physical therapist would be allowed.

	Acupuncture	Yes
	Chiropractor	Yes
	Reasonable costs of transportation and lodging to obtain medical treatment or services; including, the cost of a trip to a pharmacy or other location to fill a prescription for medicine, dentures, a hearing aid, eye glasses, etc.	Yes, all costs must be verified and <u>not exceed</u> current lodging reimbursement rates for state employees and Medicaid travel costs for transportation. Meals are not an allowable expense. Reminder: expenses being reimbursed are not allowed as a deduction. If Medicaid travel will reimburse the expense, it cannot be allowed for SNAP.
	Prescription eye glasses or contacts	Yes, if prescribed by an ophthalmologist or by an optometrist.
	Securing and maintaining 'service animals' such as seeing eye dogs, hearing guide dogs and monkeys specially trained to provide a service to the disabled.	Yes, in addition to the initial purchase of the animal, animal food and veterinary bills are also allowed as a deduction.
	Hospitalization or outpatient treatment, nursing care, and nursing home care.	Yes, including payments by the household for an individual who was a household member immediately prior to entering a hospital or nursing home. Only medical costs are allowed. The cost of room and board is not allowed.
	Current cash option payments made to meet an incurment obligation of Medicaid recipients	Yes, if the household anticipates paying the cash option.
	Medic Alert System, Life Line or other home monitoring system.	Yes, as follows: The basic fee for the telephone is a utility expense; and, The additional expense for the medic alert system is an allowable medical expense.
	Fee for membership in a mail-order prescription drug company.	No. The fee is not insurance and the fee does not actually pay for the drugs, treatment, or other specified medical expenses.
<b>Date Revised</b>	April 2010	