Implementation Guide:
Medicaid State Plan Eligibility
Medically Needy Resource Level

Contents

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POLICY CITATION

Statute: 1902(a)(10)(C), 1902(a)(17), 1903(f)

Regulations: 42 C.F.R. §§435.811 and 436.811

BACKGROUND

Overview
This reviewable unit (RU) describes the resource standard used by states to determine medically needy eligibility. It includes the basis for the medically needy resource level, the resource standard itself, and any variations on the standard.

The medically needy option allows states to provide Medicaid to individuals and families who have income and/or countable resources exceeding the categorically needy eligibility standards (i.e., standard in a mandatory eligibility group or an option for coverage group other than the medically needy). States have significant flexibility regarding the medically needy eligibility groups covered, the income and resource levels applied, and the coverage offered to medically needy individuals. A unique feature of medically needy eligibility is that individuals who would be Medicaid eligible, but for income in excess of the eligibility standard for a specific medically needy group, may reduce their countable income using incurred medical and remedial care expenses. This process is known as "spending down" excess income, or just as "spenddown." Additional information on the spenddown can be found in the implementation guide that accompanies the **Handling of Excess Income (Spenddown)** RU.

Resource Level
Section 1902(a)(10)(C) of the Social Security Act (the Act), as codified at 42 C.F.R. §§435.811 and 436.811, requires the use of a single resource level, which is applied to all medically needy groups. This resource level must be no lower than the lowest resource standard used under the most closely related cash assistance program. When determining eligibility based on age, blindness, or disability, the most closely related cash assistance program is the Supplemental Security Income (SSI) program. For all others, it is the state's July 16, 1996 AFDC resource standard.

As described at 42 C.F.R. §§435.811(b) and 436.811(b), the medically needy resource level must take into account the number of individuals in the applicant or beneficiary's household. This means that states may increase (but not decrease) the resource level incrementally as the number of household members increases.

Option: 209(b) States Only. While generally, states must apply the same standard to all medically needy individuals, 209(b) states have flexibility to establish a more restrictive resource level for individuals who are age 65 or older, or who have blindness or a disability. Section 1902(f) of the Act provides the authority for 209(b) states to use more restrictive criteria for

individuals who are age 65 or older, or who have blindness or a disability. This authority also allows 209(b) states to use a more restrictive income and/or resource standard for this population of medically needy individuals than for other medically needy individuals.

REVIEWABLE UNIT DEPENDENCIES

Many RUs in MACPro are dependent upon other RUs. Each time a primary RU is changed, there could be an effect on other, secondary RUs which are dependent on the primary. For example, in the **Mandatory Eligibility Groups** RU, there is a question as to whether the state covers the Adult Group. If *Yes* is selected, and if a box is checked to include the Adult Group in the submission package, then the **Adult Group** RU will be included by the system in the package and the user can navigate to it to complete it. If *No* is selected, the **Adult Group** RU will not be included in the package. In this example, the **Mandatory Eligibility Groups** RU is the *Primary RU* and the **Adult Group** RU is the *Secondary RU*. The **Adult Group** RU is considered to be dependent on selections made in the **Mandatory Eligibility Groups** RU.

Whenever a change in a primary RU may affect a secondary RU, you either need to revise the secondary RU (if it is already in the package) or add the secondary RU to the package so that it can be updated in the same submission package as the primary RU.

The following table explains the dependent relationships for the **Medically Needy Resource Level** RU:

Primary RU	Secondary RU	Nature of Dependency	Actions Needed
Eligibility Determinations of Individuals Age 65 or Older or Who Have Blindness or a Disability	Medically Needy Resource Level	Unless the **Eligibility Determinations for Individuals Age 65 or Older or Who Have Blindness or a Disability** RU (primary) has either been approved in MACPro or is included, completed and validated in the submission package, the **Medically Needy Resource Level** RU (secondary) cannot be displayed.	If the secondary RU will not display because the primary RU is neither approved in MACPro nor included in the package: • Add the primary RU to the package, complete it and validate it. • Alternatively, remove the secondary RU from the package.
Eligibility Determinations of Individuals Age 65 or Older or Who Have Blindness or a Disability	Medically Needy Resource Level	If *209(b) State* is selected in section A of the **Eligibility Determinations of Individuals Age 65 or Older or Who Have Blindness or a Disability** RU (primary), the state has an option to have a separate resource level for individuals who are 65 years old or older, have blindness or a disability in the **Medically Needy Resource Level** RU (secondary).	• You must complete, save and validate the primary RU before you can complete the secondary RU. • Once the primary RU is approved in MACPro, it does not have to be included again in a submission package unless the basis changes, in which case the secondary RU also has to be included again.

Primary RU	Secondary RU	Nature of Dependency	Actions Needed
Medically Needy Resource Level	Medically Needy Pregnant Women	Unless the **Medically Needy Resource Level** RU (primary) has either been approved in MACPro or is included, completed and validated in the submission package, the **Medically Needy Pregnant Women** RU (secondary) cannot be displayed.	If the secondary RU will not display because the primary RU is neither approved in MACPro nor included in the package: • Add the primary RU to the package, complete it and validate it. • Alternatively, remove the secondary RU from the package.
Medically Needy Resource Level	Medically Needy Pregnant Women	The **Medically Needy Resource Level** RU (primary) must be approved or included in the same package in order for the user to view the medically needy resource level for the **Medically Needy Pregnant Women** RU (secondary).	Click on the *View…* link to see the most current version of the medically needy resource level. • If the primary RU has been included in the package, that version will display. • If the primary RU has not been included in the package, the latest approved version will display.
Medically Needy Resource Level	Medically Needy Children under Age 18	Unless the **Medically Needy Resource Level** RU (primary) has either been approved in MACPro or is included, completed and validated in the submission package, the **Medically Needy Children under Age 18** RU (secondary) cannot be displayed.	If the secondary RU will not display because the primary RU is neither approved in MACPro nor included in the package: • Add the primary RU to the package, complete it and validate it. • Alternatively, remove the secondary RU from the package.
Medically Needy Resource Level	Medically Needy Children under Age 18	The **Medically Needy Resource Level** RU (primary) must be approved or included in the same package in order for the user to view the resource level for the **Medically Needy Children under Age 18** RU (secondary).	Click on the *View…* link to see the most current version of the medically needy resource level. • If the primary RU has been included in the package, that version will display. • If the primary RU has not been included in the package, the latest approved version will display.

Primary RU	Secondary RU	Nature of Dependency	Actions Needed
Medically Needy Resource Level	Medically Needy Reasonable Classifications of Individuals under Age 21	Unless the **Medically Needy Resource Level** RU (primary) has either been approved in MACPro or is included, completed and validated in the submission package, the **Medically Needy Reasonable Classifications of Individuals under Age 21** RU (secondary) cannot be displayed.	If the secondary RU will not display because the primary RU is neither approved in MACPro nor included in the package: • Add the primary RU to the package, complete it and validate it. • Alternatively, remove the secondary RU from the package.
Medically Needy Resource Level	Medically Needy Reasonable Classifications of Individuals under Age 21	The **Medically Needy Resource Level** RU (primary) must be approved or included in the same package in order for the user to view the resource level for the **Medically Needy Reasonable Classifications of Individuals under Age 21** RU (secondary).	Click on the *View…* link to see the most current version of the medically needy resource level. • If the primary RU has been included in the package, that version will display. • If the primary RU has not been included in the package, the latest approved version will display.
Medically Needy Resource Level	Medically Needy Parents and Other Caretaker Relatives	Unless the **Medically Needy Resource Level** RU (primary) has either been approved in MACPro or is included, completed and validated in the submission package, the **Medically Needy Parents and Other Caretaker Relatives** RU (secondary) cannot be displayed.	If the secondary RU will not display because the primary RU is neither approved in MACPro nor included in the package: • Add the primary RU to the package, complete it and validate it. • Alternatively, remove the secondary RU from the package.
Medically Needy Resource Level	Medically Needy Parents and Other Caretaker Relatives	The **Medically Needy Resource Level** RU (primary) must be approved or included in the same package in order for the user to view the resource level for the **Medically Needy Parents and Other Caretaker Relatives** RU (secondary).	Click on the *View…* link to see the most current version of the medically needy resource level. • If the primary RU has been included in the package, that version will display. • If the primary RU has not been included in the package, the latest approved version will display.

Primary RU	Secondary RU	Nature of Dependency	Actions Needed
Medically Needy Resource Level	Medically Needy Populations Based on Age, Blindness or Disability	Unless the **Medically Needy Resource Level** RU (primary) has either been approved in MACPro or is included, completed and validated in the submission package, the **Medically Needy Populations Based on Age, Blindness or Disability** RU (secondary) cannot be displayed.	If the secondary RU will not display because the primary RU is neither approved in MACPro nor included in the package: • Add the primary RU to the package, complete it and validate it. • Alternatively, remove the secondary RU from the package.
Medically Needy Resource Level	Medically Needy Populations Based on Age, Blindness or Disability	The **Medically Needy Resource Level** RU (primary) must be approved or included in the same package in order for the user to view the resource level for the **Medically Needy Populations Based on Age, Blindness or Disability** RU (secondary).	Click on the *View…* link to see the most current version of the medically needy resource level. • If the primary RU has been included in the package, that version will display. • If the primary RU has not been included in the package, the latest approved version will display.

INSTRUCTIONS

Where there are unique instructions for a 1634, SSI criteria, or 209(b) state, the reader will be directed to the appropriate instructions.

A. **Medically Needy Resource Level Structure**
   For Territories, 1634 States and SSI Criteria States
   - At **A.1.**, there is a statement regarding the requirement to have a single resource level for the medically needy.
   - At **A.2.**, there is a statement that the medically needy resource level must be equal to or higher than the most closely related cash assistance program.

   For 209(b) States
   - At **A.1.**, there is a statement regarding the requirement to have a single resource level for the medically needy, subject to the answer to **A.3**.
   - At **A.2.**, there is a statement that the medically needy resource level must be equal to or higher than the most closely related cash assistance program.
   - At **A.3.**, indicate, *Yes* or *No*, if there is a separate resource level for individuals who are age 65 or older, or who have blindness or a disability.
     - If *No*, continue to section **B.** to enter the resource level.
     - If **Yes**,
       - At **A.3.a.**, there are statements that the separate level must be equal to or higher than the higher of (i) the lowest categorically needy resource standard or (ii) the medically needy resource standard in effect on January 1, 1972.
       - At **A.3.b.**, select one or more populations for whom the separate resource level is used.

B. **Resource Level Used**
   For all States and Territories, except 209(b) States which use separate medically needy resource levels for individuals who are age 65 or older, or who have blindness or a disability:
   - A table will be displayed with the ***Household Size*** of "1" already filled in.
   - Next to ***Household Size***, under the column heading ***Standard***:
     - Enter the resource standard amount for the household size of 1.
     - Select the +***Add a household size*** link to add additional household sizes. Each time this is selected, the household size will increase by 1.
     - Enter the resource standard amount for each household size, up to as large a household as is defined in your state's policy.
   - To delete a household size row, select the *X* to the right of the amount. When you do this, any rows below the row you removed will move up one household size. You may need to correct the dollar amounts for these rows.
   - Select *Yes* or *No* to indicate whether an additional incremental amount for larger household sizes is used.
     - If *Yes* is selected**,** enter the incremental amount in the text box.

For 209(b) States which use separate medically needy resource levels for individuals who are age 65 or older, or who have blindness or a disability:

- At **B.1.**, a table is displayed with the ***Household Size*** of "1" already filled in.
  - Next to ***Household Size***, under the column heading ***Standard***:
    - Enter the resource level amount for the household size of 1.
    - Select the +***Add a household size*** link to add additional household sizes. Each time this is selected, the household size will increase by 1.
    - Enter the resource level amount for each household size, up to as large a household as is defined in your state's policy.
  - To delete a household size row, select the *X* to the right of the amount. When you do this, any rows below the row you removed will move up one household size. You may need to correct the dollar amounts for these rows.
  - Select *Yes* or *No* to indicate whether an additional incremental amount for larger household sizes is used.
  - If *Yes* is selected, enter the incremental amount in the text box.
- At **B.2.**, a table is displayed with the ***Household Size*** of "1" already filled in.
  - Next to ***Household Size***, under the column heading ***Standard***:
    - Enter the separate resource level amount for individuals who are age 65 or older or who have blindness or a disability in a household size of 1.
    - Select the +***Add a household size*** link to add additional household sizes. Each time this is selected, the household size will increase by 1.
    - Enter the resource level amount for each household size, up to as large a household as is defined in your state's policy.
  - To delete a household size row, select the *X* to the right of the amount. When you do this, any rows below the row you removed will move up one household size. You may need to correct the dollar amounts for these rows.
  - Select *Yes* or *No* to indicate whether an additional incremental amount for larger household sizes is used.
  - If *Yes* is selected, enter the incremental amount in the text box.

C. Additional Information (Optional)
Except in limited circumstances, this field remains blank. Please consult with CMS before adding any additional information concerning this RU.

REVIEW CRITERIA

The resource level(s) entered must be equal to or higher than the lowest resource standard used for the most closely-related cash assistance program.