



Medicaid Spenddown Changes Coming Streamline or setback?

On August 1, Ohio's Medicaid system will undergo multiple changes, including the elimination of the "spenddown" provision. This means that individuals will no longer be able to deduct healthcare costs from their incomes in order to qualify for the program. Instead, those who qualify for Supplemental Security Income (SSI) will be automatically enrolled, while other populations will face new requirements and rules. Many may lose Medicaid coverage altogether.

"While eliminating spenddown seems like a way to simplify the eligibility process for some, what the state is putting in place instead is far more complicated for many more individuals," said the Ohio Association of Area Agency on Aging (o4a)'s Chief Policy Officer, Beth Kowalczyk. "Especially for those receiving home and community-based services, maintaining eligibility will require going through a lot more hoops."



The change affects those who are over 60, blind or determined disabled, and whose income exceeds the income limit to make them eligible for Medicaid. For those who are in nursing facilities or who are receiving waiver services such as PASSPORT, Assisted Living, Ohio Home Care or through other waivers, if an individual's income exceeds the cost of care, they will need to deposit their income into a "Qualified Income Trust," which is a special bank account. The money can go toward medical expenses only.

The state has estimated that approximately 8,900 individuals in nursing facilities or receiving waiver services will need the qualified income trust. Automated Health Systems, a vendor that also handles the [Ohio Medicaid Hotline](#), has been hired by the state to help individuals set up qualified income trusts.

Many more Ohioans currently receiving Medicaid will be affected as well.



“Many individuals who are currently using spenddown for Medicaid eligibility will simply lose Medicaid and will have to seek coverage on the federal health exchange,” said Kowalczyk. “Although they are likely eligible for subsidies, they are still subject to premiums, high deductibles and copayments, not to mention narrow networks that limit access to providers.”

Certain **individuals eligible for both Medicare and Medicaid** will lose Medicaid coverage as well if they qualify under the spenddown provision. Depending on their income, they may be eligible for some premium assistance from the state.

A limited number of individuals may be eligible under a new program called Specialized Recovery Services. Certain individuals with **behavioral health** concerns may be able to access these services, but it remains to be seen whether a substantial number will be able to maintain benefits.

Aging Network advocates are particularly concerned that Marketplace and Medicare coverage rarely provide the dental, vision, or behavioral health care that is covered by Medicaid. Many consumers are understandably confused by the changes.

The final terms of the transition are still awaiting federal approval, but the state is expecting approval to come through. The state has proposed to give individuals currently on Medicaid spenddown a minimum five-month grace period where they will be able to obtain full Medicaid (with no spenddown) from August through December 31, 2016. Eligibility would be assessed under the new requirements at the individual’s Medicaid redetermination date starting in January 2017.

“Things keep changing,” said Kowalczyk, “But now we are hopeful that CMS will approve the state’s current plan. This would give the state more time to ensure that the transition is the least disruptive to Medicaid beneficiaries.”

She said it is important to note that this “grace period” only applies to current Medicaid consumers, not those who may apply after August 1. “After August 1, the new requirements kick in for people who are new to the system.”

After August 1, what will become of people left in the lurch? “They’ll stop going to their



doctors and getting their medications. It won't be good," [said](#) Linda Gillespie of the Central Ohio Area Agency on Aging. **Putting off preventative and regular care means common health issues become dangerous crises that wind up costing taxpayers.**

Medicaid changes affect a wide swath of Ohio's population—from low-income families to older adults to younger people with physical disabilities or those with behavioral health issues. We at o4a work with a diverse range of organizations that support better care for all Ohioans, and we'll keep you updated on all of the most important changes to Ohio's Medicaid program. The state has posted information about the transition, including videos and sample notices, on [its Medicaid website](#).

Join o4a on [Facebook](#) for the latest and share your thoughts on the elimination of Medicaid spenddown with other advocates and experts.