

To: Members of the Robert G. (Bob) Bethell Joint Committee on Home and Community Based Services and KanCare Oversight

Date: October 11, 2023

RE: A continued need to raise the protected income limit for Medically Needy recipients.

Thank you Madam Chair Gossage and members of the committee for allowing me to speak with you again about this important topic of raising the protected income limit, or PIL, for Medically Needy recipients.

My name is Emily Tallman, I am a resident of Topeka and an advocate for better access to healthcare. I last spoke to this committee about this at the hearing in April and I am so happy to be here again to have this discussion.

WHO is affected:

Kansans who are aged 19-64 AND disabled OR Kansans who are over age 65 but NOT receiving Long Term Care. This is roughly 25% of those receiving coverage from KanCare (*Kansas Medicaid, 2022*).

WHAT is needed:

The PIL for the Medically Needy program must be raised. The current PIL for Medically Needy is \$475.00 a month (K.A.R. 129-6-103); with an additional \$20.00 “disregard” for personal expenses the total PIL is \$495.00. This means that any income beyond \$495.00 is expected to be used for medical expenses. There are no adjustments for living expenses such as housing, utilities, groceries, etc. \$495.00 is 46% of the Federal Poverty Level (FPL).

What is a spenddown? A spenddown is the total household’s income, minus the PIL, multiplied by 6. The multiplier of 6 comes from the “base period,” or how long a spenddown lasts. For example, the monthly average Social Security Disability Insurance (SSDI) payment is \$1,483.11. A spenddown for 6 months would be calculated as $\$1,483.11 - \$495.00 = \$988.11$. $\$988.11 \times 6 = \$5,928.66$.

So what does this actually mean? Let’s use an example base period of 01/01/2023-06/30/2023 with our spenddown amount above, \$5,928.66. Before Medicaid would cover *anything*, including doctor’s visits, procedures, medications, etc., the consumer would need to incur medical expenses of \$5,928.66. Once the spenddown has been reached, or met, the consumer receives full Medicaid benefits for the remainder of the base period. Once the base period ends, the spenddown amount is reset. In the case of someone needing insulin (the average monthly cost of insulin being \$1,033.60) the spenddown would become met in the middle of 06/2023, giving them maybe a few weeks of coverage before the spenddown is started over again. Because the spenddown amount must only be incurred, there is nothing to assist the consumer in actually

paying off this medical expense (MKEESM 7532 and subsections). Should the consumer incur a substantial expense such as in the event of an emergency surgery, even if the spenddown would be met several times over, the spenddown would still be reset at the end of the 6 month base period.

A FEW THINGS TO KEEP IN MIND:

- Recipients of Supplemental Security Income (SSI) receive Medicaid automatically. The monthly SSI payment for 2023 is \$914.00; \$419.00 **MORE** than the PIL allotted to Medically Needy recipients.
- Family Medical programs are also based on income. Coverage for children and pregnant women is available at no cost for those with income as high as 171% of the FPL; income at 255% would *still* qualify for coverage with a monthly premium of only \$50.00.
- Long Term Care is split into two groups, both income based:
 - Nursing Facility: These consumers have a PIL of \$62.00 and the remaining income is paid to the nursing facility. Typically all needs of these consumers are covered with this coverage and the PIL is used for personal needs.
 - Home and Community Based Services: The PIL for these consumers are based on the FPL. Consumers qualify for HCBS at no cost if their income is below 300% of the FPL.
 - There is a clear advantage to receiving HCBS over Medically Needy due to the difference in PIL. Additionally, certain dental services for adults are only covered under HCBS waivers (*Health Plan Highlights for 2023, 2023*). The HCBS waiting lists have been a hot topic for several sessions in a row. Increasing the Medically Needy PIL might help to alleviate some of the waitlist issues if the two plans were more equal.
- Medically Needy/Spenddown is not based on the FPL, but is based off of a specific amount that has not seen an increase since 1994 (*Kansas Medicaid, 2022*).
- During the COVID Public Health Emergency (PHE), there have been 2 special provisions made:
 - Once a spenddown is met, the spenddown must remain met until the PHE is declared over.
 - If a recipient's only coverage is Medically Needy, the spenddown coverage cannot be ended even if the spenddown has not been met.
 - This has allowed many Kansans to have full Medicaid coverage without having to incur thousands of dollars of expenses first.
 - Having an unmet spenddown can still be beneficial to Kansans. There are countless incidences where a doctor will not schedule an appointment/procedure unless the consumer has active Medically Needy coverage. With the PHE ending, Medically Needy coverage will be discontinued again when the spenddown is not met, Kansans will once again be unable to see their doctors for needed appointments.

What You Should Know From the Last Meeting:

- In August, KDHE gave a presentation on this topic too. Here are some key points that you should know:
 - There was some confusion after the example of a \$1,800.00 spenddown was given. This was a great way to show how the calculation of a spenddown is reached, but this was an outdated example. The example used an income of \$795.00, which is *lower* than the current SSI benefit. The example I have listed on page 1 is more realistic.
 - There was a question asked, shouldn't these people with spenddowns have coverage already? This is a common misconception. The spenddown *is* the coverage, but the coverage can be discontinued for not meeting the spenddown every 6 months.
 - Another common question is about an income limit. There actually isn't a limit for a spenddown. Hypothetically, someone with a monthly income of \$5,000.00 could have a spenddown of \$27,030.00. If the person has enough expenses to meet the spenddown, then they would be eligible for the spenddown.
 - During the presentation, it was also mentioned that people have difficulties seeing their doctors without this spenddown coverage. This is very true, and a very real problem for many people. Someone who is like a second father to me has this same issue. He has had scheduled surgeries canceled and doctors refuse to see him when his spenddown isn't active.

References

- Health Plan Highlights for 2023*. (2023, February 20). KanCare. Retrieved March 6, 2023, from <https://kancare.ks.gov/docs/default-source/consumers/choosing-a-plan/2023-value-added-benefits-information-updated/2023-vab-english-updated-version.pdf>
- Kansas Medicaid*. (2022, January 3). Kansas Health Institute. Retrieved March 6, 2023, from https://www.khi.org/wp-content/uploads/2022/01/2022_medicaid_primer_web.pdf
- K.A.R. (n.d.). *Home*. Retrieved March 6, 2023, from https://sos.ks.gov/publications/pubs_kar_Regs.aspx?KAR=129-6-103