



Policy Directive 2020-10-01

Title: Processing Instruction for Medically Needy Spenddown and MediKan Coverage During COVID-19 Public Health Emergency

Date: October 16, 2020

From: Erin Kelley, Senior Manager of Medicaid Eligibility Policy

Program(s) impacted: Elderly & Disabled Medical Programs

The purpose of this document is to provide guidance to eligibility staff for processing changes to Medically Needy spenddown and MediKan coverage both during and after the COVID-19 Public Health Emergency (PHE) has ended. The issuance of this directive formalizes instruction given to eligibility staff on September 30, 2020. This directive supersedes guidance provided in [PD2020-03-01](#) where applicable.

A. Background

Policy was issued with the implementation of [PD2020-03-01](#) that prevents eligibility staff from taking adverse action, including discontinuing eligibility, during the scope of the COVID-19 PHE. Effective with the release of this directive, the following actions shall be considered appropriate when processing changes in eligibility for the Medically Needy spenddown and MediKan programs.

B. Medically Needy Spenddown

a. Met Spenddown

When processing a review or case maintenance action, if the current spenddown base period has been met or is anticipated to be met, staff shall establish a new unmet spenddown base period beginning the month after the current base period ends. The new spenddown shall be based on current income. It is also necessary to review any medical expenses that have been allowed to ensure the spenddown amount is determined correctly.

Please note that when establishing a new spenddown, the new base period must be authorized and sent to the MMIS prior to the MMIS monthly run each month. See the KDHE Processing Deadlines Code Card on the KEES Repository for more information about when this occurs. Actions to establish a new spenddown taken after the monthly MMIS run must include a ticket to the KEES HelpDesk to have the Medically Needy spenddown coverage sent to the MMIS. Refer to the KEES User Manual for more information.

b. Unmet Spenddown

If the previous spenddown base period is unmet, staff shall discontinue the spenddown allowing timely notice and determine eligibility for Medicare Savings Programs (MSP) only, when appropriate.

While changes to Medically Needy spenddown coverage are allowed, it is not appropriate to make changes in the level of MSP coverage a consumer is receiving as a result of a change in income and/or resources. This means that if a consumer receiving QMB coverage experiences an income change that would make them eligible for LMB, QMB coverage must continue until the PHE has ended.

C. MediKan

The MediKan program is funded entirely with state monies and therefore not subject to increased FMAP as a result of COVID-19 policies and processes. Effective with the release of this directive, adverse action may be taken when processing case maintenance actions for MediKan and MediKan Reintegration. This includes termination of MediKan coverage when the twelve (12) month lifetime limit has been reached and termination of MediKan Reintegration coverage after the month of discharge or release and two following months, when a new application has not been received. Timely notice must be allowed for all adverse actions, including discontinuing eligibility.

For questions or concerns related to this document, please contact one of the KDHE Medical Policy Staff below.

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