



## P R O V I D E R   B U L L E T I N

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**To: All Providers****Subject: Medicaid Eligibility Change for Spenddown****Overview**

Beginning July 1, 2003, the Division of Family and Children (DFC) will allow medical expenses to meet spenddown if the allowable expenses are not subject to payment by a third party, such as Medicare or other insurance. This eligibility determination will not affect the way medical providers submit claims for payment. However, it does impact the statements of incurred expenses that many providers fax or otherwise submit on a monthly basis to the local DFC office for spenddown.

**Spenddown and Third Party Payments**

Before allowing an expense to meet spenddown, the amount that will be paid by a third party will be verified by the local DFC office spenddown clerk or caseworker. The member's out-of-pocket expense is the amount that will be used to meet spenddown. Under previous policy, many providers have given statements of charges to the DFC offices without regard to any amount that will be paid by a third party. Beginning July 1, 2003, these statements will not be sufficient if the medical service or any portion of the service is subject to reimbursement by Medicare or other health insurance. To be used for spenddown, statements from providers must document, at minimum, whether Medicare or other insurance covers the service. For routine or ongoing medical services, members will be encouraged to save the Medicare Summary Notices and other explanation of benefits (EOB) summaries. However, if a member does not have the statements, local DFC offices will ask the providers for this information.\*

*\*Note: This is a disclosure that is permitted without patient authorization under the regulations being implemented by the Health Insurance Portability and Accountability Act (HIPAA) of 1996 because it is a disclosure from a covered entity (health care provider) to a covered entity (Medicaid) for purposes of Medicaid's payment activities. See 45 CFR 164.506(c)(3).*

**Additional Information**

The DFC will update the *Indiana Client Eligibility System (ICES) Program Policy Manual* in the future. Providers interested in learning about the Medicaid spenddown eligibility determination process can access the manual on the Family and Social Services Administration Web site at [www.in.gov/fssa/families/manual.html](http://www.in.gov/fssa/families/manual.html). The monthly spenddown process is detailed in Chapter 3600.