



Waiver Wise

Technical Assistance for Medicaid Waiver Programs

Wisconsin Department of Health & Family Services
Bureau of Long Term Support

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Medical/Remedial Expenses and the three Waiver Groups.

Definition

Medical/Remedial expenses are monthly costs that directly relate to the person's care needs, and/or costs incurred while treating, preventing or minimizing the effects of illness, injury or other impairments due to the individual's physical or mental health.

Medical expenses include costs the person incurs for items or services that are prescribed or recommended by a medical practitioner licensed to practice in Wisconsin or another state. Medical expenses also include costs incurred for items or services that are prescribed or recommended by a practitioner of the healing arts who engages in the practice of his/her profession within the scope of his/her license, permit or certification in the state of Wisconsin or another state.

Medical expenses may include over the counter remedies, medical or therapeutic supplies, as well as deductibles or co-payments for Medicaid, Medicare or other health insurance premiums. Allowable expenses may also include bills for medical equipment, items or services that are not covered by Medicaid or by another payer; or bills for such medical costs that were incurred prior to Medicaid eligibility and which are currently being paid by the participant.

Remedial expenses include services or items that are identified in the individual's assessment, deemed necessary to assist the person in community living and may be included in the service plan, but will not be covered by Medicaid, a community waiver program or by COP or another payer.

Note that "Room and board" costs may not be counted as a medical or remedial expense, regardless of who is paying for them.

Medical/Remedial Expenses for Group A

Medical/Remedial Expenses have no significance for Group A waiver applicants/participants, since Group A individuals have no cost-share obligation, **except** when a Group A is a resident of a substitute care facility (see question/answer # 3).

Medical/Remedial Expenses for Group B

Under the waivers, medical/remedial expenses are treated differently for Group B and for Group C. Medical and remedial expenses for **Group B** participants are used to *offset* the cost share obligation. A cost share obligation is the amount the participant must contribute towards his/her waiver services each month. Only *out-of-pocket* medical/remedial expenses can be used in this calculation (for Group B participants, medical/remedial expenses funded by Medicaid, the waiver program or COP **cannot** be counted to reduce a cost-share). Group B participants with enough medical/remedial expenses may end up with no cost share liability.

Medical/Remedial expenses are compiled at initial application. Care managers or support and service coordinators (CM/SSC), and the participant, should use the most accurate Medical/Remedial information available. Bills and receipts for these expenses should be used for verification.

At times, it may be difficult to know the exact monthly dollar amount for certain items. This is most likely to occur with over the counter (OTC) items needed for a medical condition. For example, the participant may state that s/he purchases analgesics for arthritis every three months, but the amount and cost varies. In these cases, it would be appropriate for CM/SSC to use the previous year's total cost, divided by 12, to obtain a monthly average (please see also question/answer # 17 relating to Medicaid covered OTC items).

Best practice suggests that, three months following the application, CM/SSC and the participant meet again to review expenses and ensure accuracy. In addition, Medical/Remedial expenses must be reviewed **at least annually**.

At application, and at each review, waiver participants should be reminded, preferably in writing, that changes that may affect eligibility, including changes in Medical/Remedial expenses which may impact a cost-share (up or down), must be reported within ten days. If the changes are reported to the CM/SCC, s/he must relay them to the Income Maintenance Worker (IMW) right away. The IMW will run the information in CARES and will provide updated ECSC screens for the CM/SCC. These updated screens will be filed in the participant's case file. Reduction in cost-shares will be effective the month in which the change occurred, or the month the change is reported to the agency, whichever is later.

Medical/Remedial Expenses for Group C

Medical/Remedial expenses of a Group C individual are used **to establish and to maintain month to month eligibility**. Medical/Remedial expenses for Group C must be incurred monthly by the individual as part of the "spenddown." The spenddown is the amount a Group C individual must incur **monthly to maintain eligibility**.

A "single" Group C waiver participant must both incur and be held responsible for his/her spenddown amount on a monthly basis; a married Group C individual must incur the spenddown amount on a monthly basis for eligibility purposes, but may not have to pay it when income is allocated to the community spouse. The definition of "single" includes member(s) of a couple, when the husband or wife is "institutionalized" or is also a waiver participant.

Commonly Asked Questions

Question 1 – A participant receives services from a chiropractor, and the chiropractor has recommended that the participant take a regimen of vitamins and herbal treatments. The participant would like to take the recommended supplements and use the cost as a medical/remedial expense to decrease his/her cost share obligation. Is the cost of the supplements recommended by the chiropractor an allowable medical/remedial expense?

Maybe. If the county's Long Term Support Committee has approved this type of "remedial" expense under their county plan, then the remedial expense could count to reduce the cost-share. The CM/SCC should familiarize themselves with the items/expenses allowable under their county's COP Plan: items/expenses that are listed there can be counted as remedial expenses. Note that when counties add remedial expenses to their county COP Plan, these must be submitted to the State for review and approval (generally when they update their COP plans yearly).

Note also that whenever alternative medicine supplements are used, the CM/SSC should advise the waiver participant to share the information with their medical practitioner, to prevent potential adverse effects that may occur when certain supplements are taken in conjunction with prescribed medication.

Question 2 – A participant has a cost share obligation of \$50/month and receives representative payee services (\$20/month). Can the participant pay for the representative payee services and use that cost as a medical/remedial expense?

Maybe. If the county's Long Term Support Committee has approved this type of expense under the county plan, then the remedial expense could count to reduce the cost-share. Remember also that there are certain specific expenses (*other than representative payee fees*) that can be deducted from income to establish a cost-share liability. These are listed in Section 4.1.3.2 of the Medicaid Handbook, under "Special Exempt Income," and include:

- Income used for supporting others
- Court-ordered attorney fees
- Court-ordered guardian and guardian ad litem fees
- Expenses associated with establishing and maintaining a guardianship
- Expenses associated with a Self-Support Plan
- Impairment Related Work Expenses (IRWE)
- Maintaining a home or apartment
- Costs associated with real estate property listed for sale

Consult with the IMW in your county if you have any questions about Special Exempt Income.

Question 3 – A participant is residing in a substitute care setting and does not need medical/remedial expenses to offset a cost share obligation. Does the care manager still need to document the amount of any medical/remedial expenses?

Yes. Even though the medical/remedial expenses are not needed to reduce or eliminate a cost share obligation, these costs need to be tabulated in order to determine what

income the participant has available to pay toward the facility's room/board costs. This would include medical/remedial expenses for Group A waiver applicants/participants.

To determine the amount of income a participant has available to pay towards the cost of room and board, use form DDE-920 - available at:

<http://dhfs.wisconsin.gov/forms/DDEnum.asp>

The DDE-920 form has a line item for medical/remedial expenses. Note that medical/remedial expenses for Group C "single" waiver applicants/participants need not be listed, since they are part of the spenddown. Entering the out-of-pocket medical/remedial expenses in this formula allows the participant to retain income to fund the medical/remedial expenses, before contributing to the cost of room/board services. If the cost of these allowable deductions were not factored into the formula, the participant might not have enough income remaining to pay for necessary medical/remedial expenses. The DDE-920 form gives line by line instructions about which items to enter on each line.

Question 4 – Can a waiver participant's payment for a life insurance policy be used as a remedial expense?

No. Life insurance policies benefit the estate and/or any surviving family members. They do not help to keep the individual in the community.

Question 5 – If a participant wants to supplement the wages of his/her supportive home care worker (who is funded by the waiver), can the supplementation be counted as a medical/remedial expense?

No. Supplementing the worker's wage **cannot** be used as a medical/remedial expense because it is prohibited under Medicaid rules. An option for the county is to increase the worker's hourly wage.

Question 6 – Can remedial expenses, over and above what has been authorized in the ISP as part of a "safe" plan, and which are being paid for by the participant, be counted as remedial expenses to reduce the cost-share obligation?

Example: The participant wants a scooter. There is no documentation or recommendation from any health care professional that supports the need or benefit of having a scooter. Therefore the CM/SSC cannot use waiver funds to purchase one. The participant decides to purchase the scooter him/herself. The participant is paying \$50 per month to the DME vendor. Can the \$50 be used as a remedial expense?

Yes. While the extra service is not going to be covered under the waiver because it is not an identified need for purposes of a safe ISP, its cost can be counted as a remedial expense.

Question 7– Can the extra monthly utility expenses that a waiver participant has due to running an air conditioner, ventilator, oxygen machine, etc. be counted as a medical/remedial expense?

Example: A participant's electrical bill is around \$75/month. The average, without using her oxygen machine, would be around \$35/month. Can the participant use the difference of \$40/month as a medical/remedial expense?

No, because extra utility costs are not allowable as a medical/remedial expense. These high utility expenses are taken into account by the IMW as part of the special housing deduction, which is a component of the personal maintenance allowance. However, when housing costs exceed the personal maintenance maximum, the difference may be counted as a medical/remedial expense for Group B or Group C individuals.

Question 8 – What expenses may be counted as remedial expenses when a participant has a live-in attendant?

In most cases, the cost of housing for a live-in attendant is not considered a medical/remedial expense. Generally housing costs are considered part of the special housing amount, which is a component of the personal maintenance allowance. However, there are some exceptions.

In the case of Group B waiver participants, when housing costs exceed the personal maintenance maximum, and the waiver participant is paying **for all** of their own room and board costs and **for all** of the room and board costs of their living attendant, the difference between the special housing amount and the maximum personal maintenance allowance may be counted as a remedial expense. Similarly, costs for the live-in attendant's living supplies (e.g., toilet paper, Kleenex, laundry soap, etc.) which are paid by the Group B waiver participant, can be counted as remedial expenses.

For a Group B participant, these expenses should be recorded on the medical/remedial line of the ECSC screen. Note that the wages for a live-in attendant are waiver-allowable and should be funded by the waiver program.

For a Group C participant, the food and living expenses of an attendant can be considered "remedial" expenses and can be used to meet the spenddown, as long as the Group C participant is paying for these expenses.

In addition, for a Group C participant, certain housing costs paid by the Group C participant, when necessitated by having a live-in attendant (e.g., the difference in cost between a one-bedroom and a two-bedroom apartment, half of the basic monthly phone and utility bills) can be counted as medical and remedial expenses. All of these are recorded as medical/remedial expenses on the ECED screen because there is no other area to count these costs on the ECED.

Example: Group C Waiver participant Mary Brown has a live-in attendant. The cost of a one-bedroom apartment is \$500 per month and the cost of a two-bedroom apartment is \$800. Mary needs a two-bedroom apartment to accommodate her live-in attendant. Mary pays the full \$800 rent with her funds alone. In addition, the monthly basic phone is \$28.00/month, and the utility bill averages \$60/month, and Mrs. Brown pays for all of these costs also. What can the care manager count as "remedial" expense for Mrs. Brown?

Because Mrs. Brown pays these costs in full with her funds alone, the care manager can use the expenses necessitated by a live-in attendant, as follows:

- \$300 (the rent cost difference between a one-bedroom apartment and a two-bedroom apartment).
- \$14 for the telephone costs (half of \$28)
- \$30 for utilities (half of \$60).

As a result, the care manager would be able to use \$344 as a remedial expense for Mrs. Brown.

Question 9 – Can credit card payments, cash advances, bank loans, reverse or second mortgages that have been used to pay past medical bills qualify for a medical/remedial expense deduction?

Yes. Effective December 2002, monthly payments to a credit card company or bank may be considered a medical expense if certain criteria have been met. These criteria include: 1) the service/item purchased was a legitimate medical/remedial expense for the waiver applicant/participant, 2) the charges were for services/items that would qualify as an allowable medical/remedial expense or as an waiver allowable item or service and, 3) the original invoice/receipt or a copy of the original invoice/receipt can be obtained to confirm the date and that the service/item was obtained. See additional information on this topic in WaiverWise (Volume 02, Issue 07), available at: http://www.dhfs.state.wi.us/lrc_cop/waiverwise.htm.

Question 10 – If a lump sum payment was made to pay off a medical bill before a person became waiver eligible, can this be used to reduce the cost share?

No. If, for example, an applicant paid off a \$3,000 medical bill one month before starting on the waivers, the amount of the payment *cannot* be applied toward the cost share deduction because the debt was eliminated before the cost share obligation was established. However, note that this medical/remedial expense may be used by the IMW to establish Medicaid eligibility under the Medicaid deductible program.

Question 11 – Can you count a widow’s payment on her deceased husband’s medical debt as a medical/remedial expense for the waiver program? This expense is allowable when meeting a deductible.

No. This is not allowable for the Medicaid Waivers program. This is a personal debt. It is not *her* medical debt. Unlike the Medicaid deductible program, under the waiver program we consider the “individual”, not the fiscal group when determining medical/remedial expenses. Moreover, under the waiver program, any paid bill cannot be counted even if it is in the applicant’s name. However, it is possible for the IMW to simultaneously screen an applicant under the Medicaid deductible program to see if a medical bill for a member of the fiscal group can be considered under that program.

Question 12 – If a participant has made arrangements with a neighbor, friend, family member (not a spouse), etc. for transportation, and privately pays for this service, can this be counted as a remedial expense?

Example: Waiver applicant/participant, Mrs. Virginia Green, informs the CM/SSC that she gives her daughter, Carol, \$20.00/month for transporting her to the bank, to the nursing home so she can visit with her sister, to church, general errands, etc. Mrs. Green says – “I am so appreciative that she does it – and the money I

give her is the least I can do". The CM/SSC talks to the daughter, Carol, and Carol confirms Mrs. Green gives her this money. Carol said, "I have told her a thousand times she does not have to give me anything but she insists, so I have stopped arguing with her. If it makes her feel good to do that, that's fine with me." When Carol is asked if she would like to be paid by the waiver program for the transportation she provides to Mrs. Green, Carol says "No." Can the \$20 be counted as a "remedial" expense?

Yes. This is one of those *rare* instances where it would be allowable for the waiver participant to count as a remedial expense a service that would ordinarily be paid by waiver funds. In order for a CM/SSC to use a dollar amount as a remedial expense under these circumstances, they should confirm with the person who is providing the transportation that he/she does not wish to be employed by an agency, or be paid with waiver funds through a fiscal agent. In this example, the \$20.00 would be allowable as a monthly remedial expense.

If it is determined that the neighbor, friend, family member (not a spouse) is providing **medical transportation**, the CM/SSC must calculate the appropriate dollar amount and subtract that amount from the dollar amount the waiver participant indicates he/she is paying the person for this transportation. Reason: persons providing medical transportation can be reimbursed by Medicaid through the county's IM unit. Check with the IM Worker about Medicaid criteria for coverage of medical transportation.

Question 13 - If a participant provides his/her own transportation in his/her own vehicle, can this be counted as a remedial expense?

Yes. While the waiver participant cannot be reimbursed for this expense, mileage costs can be counted as remedial expenses, regardless of whether the waiver participant is driving his own vehicle, or a friend/neighbor, etc. is driving the waiver participant's vehicle. In order to determine the appropriate remedial expense, the care manager should estimate the number of miles per month the participant is transported for medical**, or community purposes and multiply this figure by the federal reimbursement rate. Effective **2/1/07** the amount is 48.5 cents/mile. This figure changes yearly according to the standard mileage reimbursement rate for a privately owned automobile established by the Internal Revenue Service (IRS). As a point of information, unlike transportation reimbursement under the Medicaid card, under the Waiver program it is a requirement to use the federal transportation reimbursement rate when determining eligibility. To maintain consistency, the Bureau of Long-Term Support (BLTS) made a decision to use the same amount when determining a participant's cost share.

For **accessible** vans, BLTS allows 60 cents/mile. The participant may be either a driver or a passenger. It is **not** acceptable to calculate the cost of owning and operating the vehicle (e.g. insurance, title, license, registration, gas, repairs, and maintenance) and divide those annual costs by 12 months).

**Note: Medical transportation is generally covered under Medicaid. When Medicaid reimburses the participant's medical miles for less than the waiver reimbursement rate, the care manager can multiply the number of medical miles by the difference between the two rates and count the calculated dollar amount as a medical/remedial expense.

Question 14 – Can transportation expenses to concerts, dropping off children at school, little league games, etc. be counted as remedial expenses?

Maybe: this would be considered a “remedial” expense. If the county’s Long Term Support Committee has approved this type of remedial expense under the county plan, then the remedial expense could count to reduce the cost-share.

Question 15 – Recognizing that the Waivers do not allow payments to spouses for any services provided to participants, can the value of such services be counted as a remedial expense?

Yes. The value of the services provided to the participant by his/her spouse may be counted as a remedial expense. The decision to allow such expenses must be affirmed by the local Long Term Support/COP Planning Committee, and the value attached must be consistently applied. For example, the committee may determine that a type of service provided is comparable to a similar service provided by a home care agency, and set the hourly rate value at or near the level paid to such agency by the program. For example, if the program pays the agency \$12 per hour for a comparable service, then the same “value” of \$12 can be assigned to the spouse’s hourly service.

The care manager/support and service coordinator would need to determine the amount of hours the spouse provides the services to the participant each month, and the value of those services. If the value of the spouse’s service is \$12, and the spouse provides 30 hours of said service per month, the total amount of monthly remedial expense would be \$360 (12 x 30 = 360).

This amount is then provided to the IMW for both Group B and Group C participants. The CM/SSC is responsible for ongoing monitoring appropriate to the participant’s Group B or C status.

Question 16 – An applicant/participant relays to the CM/SSC that s/he has to follow a special diet. Could the extra expense that may be related to a special diet be taken into account?

Yes, as long as the special diet is prescribed or recommended by the participant’s MD or practitioner of the healing arts (if within the scope of his/her license), the CM/SSC would proceed in one of two ways:

- 1) The CM/SSC could take the cost difference between “regular” food and food that is low sodium/low sugar. For example, a can of “regular” canned corn may cost 40 cents and a can of “no salt/low sodium” may cost 50 cents: the care manager would count 10 cents towards medical/remedial expenses.
- 2) The CM/SSC could count the extra expense of certain required and recommended foods that is above and beyond what a person would ordinarily consume. For example, an individual’s physician recommends that s/he drink six 8-oz glasses of cranberry juice a day to reduce the risk of urinary tract infections (UTI’s). As a result, the participant drinks approximately 10 gallons of cranberry juice per month. The average consumption of cranberry juice is about 3 gallons a month. The CM/SSC would be able to count the full cost of the extra 7 gallons of cranberry juice as a medical/remedial expense.

Question 17 – Medicaid provides coverage for certain Over the Counter (OTC) medications, however the waiver participant’s pharmacy will not bill Medicaid for them. Can their cost be used as a medical/remedial expense?

Best practice is for the waiver participant or the CM/SSC to find a pharmacy that will bill Medicaid covered OTCs to Medicaid. The list of Medicaid covered OTCs can be found under the Over-the-Counter Maximum Allowable cost list at:

http://dhfs.wisconsin.gov/medicaid4/pharmacy/data_tables/index.htm

If the waiver participant cannot find a pharmacy that will bill Medicaid, the cost of the OTCs could be used as a medical/remedial expense, or the county could use COP funds to pay for these OTCs. However, if COP funds are used, the cost of these OTCs cannot be counted as medical/remedial expenses.

NOTE:

Additional information regarding Medical/Remedial expenses can be found in:

- Chapter III of the COP Waiver Manual, accessible at: http://dhfs.wisconsin.gov/LTC_COP/waivermanual/index.htm
- The Waiver Basics Manual, which is available for free to attendants of the Waiver Basics training, or can be ordered for cost through The Management Group (TMG). <http://www.tmg-wis.com/>
- Also, visit http://www.dhfs.state.wi.us/ltc_cop/waiverwise.htm for additional WaiverWise on related topics