



Commonwealth of Massachusetts
Executive Office of Health and Human Services
Department of Transitional Assistance
600 Washington Street • Boston, MA 02111



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Commissioner

Field Operations Memo 2008-15
March 21, 2008

To:  **Transitional Assistance Office Staff**
From:  **John Augeri, Assistant Commissioner for Field Operations**
Re: **Standard Medical Deduction for the Food Stamp Program**

Overview

Current food stamp rules allow elderly or disabled clients to claim medical expenses and receive a medical deduction in the calculation of food stamp benefits. Verified allowable medical expenses in excess of \$35 are deducted from the elderly or disabled household's countable income, usually resulting in an increase in food stamp benefits. However, the elderly and disabled food stamp population underutilizes this deduction, primarily due to burdensome verification requirements and uncertainty about allowable medical expenses.

In an effort to increase economic opportunities to the individuals we serve, the Department recently requested and was granted a waiver of the medical deduction rules, allowing us to operate a Standard Medical Deduction demonstration project. Under this project, eligible households that verify allowable medical expenses greater than \$35 per month, but no more than \$125 will be allowed a Standard Medical Deduction of \$90 (the equivalent of verifying \$125 in monthly medical expenses). Households that verify medical expenses greater than \$125 per month will continue to be allowed a medical deduction equal to the verified medical expenses minus \$35.

Implementing a Standard Medical Deduction will increase the benefit amount for many food stamp households (potentially an additional \$30 per month) and encourage increased participation by elderly/disabled households. Ultimately, the Standard Medical Deduction will facilitate case processing for AU Managers by streamlining the process of verifying medical expenses.

A State Letter issuing policy revisions regarding Standard Medical Deduction is being finalized.

Purpose of Memo

This Field Operations Memo:

- explains BEACON changes and the conversion of cases with current medical expenses on file;
 - issues AU Manager procedures for processing medical expenses at application; and
 - issues AU Manager procedures for processing medical expenses at recertification.
-

BEACON Changes and Conversion of Ongoing Cases

On March 24, BEACON will recalculate food stamp benefits for all active cases with medical expenses greater than \$35 but no more than \$125.

Recalculated households will be:

- allowed the \$90 Standard Medical Deduction;
- sent a streamweaver notice (Attachment A) informing the household of the reason for the increase in food stamp benefit;
- sent a brochure (Attachment B) entitled: *Claiming and Verifying Medical Expenses May Increase Your Food Budget*. This brochure will explain the impact of medical expenses on the food stamp benefit amount. The brochure will be included in the same envelope as the notice; and
- listed on a report for informational purposes only. This report will be emailed to TAOs during the week of March 24, 2008.

In addition, the Narratives tab for all recalculated households will be updated with the following language: *\$90 Standard Medical Deduction applied to FS calculation. April benefits recalculated.*

Ongoing households with medical expenses greater than \$125 will continue to receive a deduction equal to actual medical expenses on file minus \$35. These households are not impacted by the implementation of the Standard Medical Deduction and will not be recalculated or sent the streamweaver notice.

Households with medical expenses on file greater than \$35 but no more than \$125, and who are currently receiving maximum food stamp benefits, will have the Standard Medical Deduction applied at the next recalculation. These households will not receive the streamweaver notice.

Processing Applications with Medical Expenses

At application, AU Managers must:

- give the *Claiming and Verifying Medical Expenses May Increase Your Food Budget* brochure to all elderly or disabled households; and
 - enter all verified medical expenses on the Health Insurance and/or the Medical Expenses window, as appropriate.
-

**Processing
Applications
with Medical
Expenses
(continued)**

Standard Medical Deduction

Example 1: Sally Sample pays a health insurance premium of \$65 per month. She also spends \$15 on monthly prescription drugs. At the time of the application interview, Sally verified these medical expenses which are greater than \$35 per month. In this example, the AU Manager would enter \$65 on the Health Insurance window and \$15 on the Medical Expenses window under *prescription /medications*.

BEACON will automatically apply the Standard Medical Deduction of \$90 for this household based on the cumulative amounts of the Health Insurance and the Medical Expenses windows.

Actual Medical Deduction

Example 2: Sally Sample pays Health Insurance of \$110 per month. She also spends \$40 on prescription co-payments. At the time of the application interview, Sally verified these medical expenses which were greater than \$125 per month. This amount entitles her to a deduction that is higher than the Standard Medical Deduction of \$90. In this example, the AU Manager would enter \$110 on the Health Insurance window and \$40 on the Medical Expenses window under *prescription /medications*.

BEACON will apply a medical deduction equal to the verified medical expenses minus \$35 as the medical deduction amount.

Note: BEACON rounds down each expense amount of 1 cent through 49 cents, while amounts of 50 cents through 99 cents are rounded up.

**Processing
Recertifications
with Medical
Expenses**

At recertification, AU Managers must explore medical expenses with elderly or disabled clients. AU Managers are urged to use the *Food Stamp Medical Deductions Job Aid* (Attachment C), also available in Policy Online/Job Aids. The job aid was updated to reference the new Standard Medical Deduction. Using the job aid reminds AU Managers of certain medical expense items not readily identified as eligible medical expenses; the job aid also issues guidance on the application of one-time nonrecurring medical expenses and summarizes verification requirements.

AU Managers must not request medical expense verifications from clients in the following situations:

- If a client reports no change in medical expenses at recertification, the AU Manager must not request re-verification of those medical expenses.
-

**Processing
Recertifications
with Medical
Expenses
(continued)**

- If a client, who is being credited with the Standard Medical Deduction, reports a change in medical expenses at recertification, but the effect of the reported change causes the client's medical expenses to remain within the \$35 to \$125 parameter, the client would remain at Standard Medical Deduction. The AU Manager must not request verification of medical expenses but must process this change by:
 - entering the reported medical expense changes in the Health Insurance and/or Medical Expenses window; and
 - verifying the new entry by selecting *Self Declaration* on the Verified With list on the Verifications Tab.
Note: *Self Declaration* will be added as an item on the Verify With list effective the week of March 24, 2008.
- If a client reports that his or her medical expenses have decreased to less than \$35 per month, or the client reports that he or she no longer has medical expenses, the AU Manager must remember to remove the medical expense amounts from the Health Insurance and/or the Medical Expenses windows.

AU Managers must request medical expense verifications from clients in the following situations:

- If a client, who is being credited with the Standard Medical Deduction, reports a change in medical expenses at recertification, and based on the amount (i.e. medical expenses are greater than \$125) the household would receive a deduction greater than the Standard Medical Deduction, the AU Manager must ask the client to verify the medical expenses and enter the new expenses on the Health Insurance and/or the Medical Expenses window as appropriate. If the client fails to verify the new medical expenses, the client will continue to receive the Standard Medical Deduction.

Example: When Sally Sample applied for food stamp benefits last year, she initially verified \$80 per month in total medical expenses. This caused her to be eligible for the Standard Medical Deduction. At the last recertification, Sally reported a significant increase in medical expenses due to her new prescriptions. She now claims to have approximately \$150 in monthly medical expenses. Sally must verify her medical expenses at recertification since she is now claiming an expense amount that would cause her to receive a deduction greater than the Standard Medical Deduction.

**Processing
Recertifications
with Medical
Expenses
(continued)**

- If at recertification, a client claims medical expenses for the first time, the AU Manager must ask the client to verify medical expenses and must enter the expenses on the Health Insurance and/or the Medical Expenses window as appropriate.

Reminder: Medical expenses are optional verifications for the Food Stamp Program. Therefore, clients who claim medical expenses but fail to verify the claimed medical expenses must not be denied or closed.

Questions

If you have any questions, please have your Hotline designee call the Policy Hotline at 617-348-8478.

Attachment A

200 Pleasant Street
Malden, MA 02148

Important Notice - Read Carefully
Este Mensaje Es Importante - Lea
Cuidadosamente

Massachusetts Department of Transitional Assistance

Mary Jones
101 Main Street.
Malden TAO - DTA
Malden, MA 02148

999-99-9999

03/28/2008

New Standard Medical Deduction for Elderly or Disabled Food Stamp Clients

Dear _____

The Department is pleased to tell you about a new way in which medical expenses are treated in the Food Stamp Program. Under the new method, households with an elderly and/or disabled person with verified monthly medical expenses between \$35.00 and \$125.00 will be eligible for a **Standard Medical Deduction of \$90.00**.

Because our current records show that you or someone in your household has medical expenses between \$35.00 and \$125.00, your household qualifies for the **Standard Medical Deduction**. Your food stamp benefits will go to _____ on _____ 2008 because of this change.

If you or someone in your household has medical expenses that total more than \$125 each month, you should save your receipts or bills and speak to your worker. Proving medical expenses greater than \$125 per month means that your household will get credit for a higher medical deduction, and possibly more food stamp benefits.

Medical expenses include the cost of prescriptions and over-the-counter medications, diabetic supplies, health insurance premiums, etc. This is not a complete list of allowable medical expenses; please read the enclosed brochure for more information.

If you have questions about this letter, please call 617-999-9999 and ask for your worker Mary Smith. You may also call Recipient Services at 1-800-445-6604, if you have trouble reading or understanding this notice.

Attachment A

NOTICE OF FAIR HEARING REQUEST

YOUR RIGHT TO APPEAL: If you disagree with any action or inaction taken by the Department of Transitional Assistance (DTA), you have the right to appeal and receive a fair hearing before an independent referee. DTA must receive your request for a fair hearing no later than 90 days from the date on this notice. Exceptions to the 90-day time limit are: (1) you have 21 days to request a hearing on Emergency Assistance (EA) shelter benefits, (2) you have 30 days from the date of mailing of the notice by the Department of Revenue to request a hearing regarding the intercept of your state tax refund, (3) you may appeal the amount of your Food Stamp (FS) benefits at any time during your FS certification period, if you think you are not receiving the correct amount, (4) you have up to 120 days if DTA fails to act on your request for services, and (5) you have up to 120 days to appeal alleged coercive action or otherwise improper conduct or up to one year under certain specified circumstances.

HOW TO APPEAL: If you wish to request a fair hearing, send this page with the bottom section completed to: **DTA, Division of Hearings (DOH), P.O. Box 120167, Boston, Massachusetts 02112-0167 or fax to (617) 348-5311.** Please keep the copy for your own records.

IF YOU ARE CURRENTLY RECEIVING ASSISTANCE, READ THIS BLOCK: Your benefits will be continued until a decision is made on your appeal if DOH receives your appeal request within 10 days from the date on this notice. If you are appealing a FS issue, and your FS certification period ends before your appeal is decided, you will continue to receive the same FS benefits only until the end of your certification period. If you receive assistance during your appeal, but lose your appeal, DTA can recover from you the assistance to which you were not entitled. If you receive TAFDC time-limited benefits during an appeal, which you then lose, the months for which you have received assistance will count toward your time-limited benefits. If you do not wish to continue to receive assistance during your appeal, check Box A below. If you do not receive benefits during your appeal, and you win your appeal, DTA will promptly correct any underpayment.

WHEN THE HEARING WILL BE HELD: You will be given at least 10 days notice prior to the fair hearing of the date, time and place of the hearing to permit you time to prepare your case. Fair hearings on EA shelter benefits are expedited; you will be given at least two days notice prior to the fair hearing of its date, time and place. If you wish to have a fair hearing scheduled sooner, check Box B below. If you have good cause for not being able to attend the fair hearing, please contact DOH at (617) 348-5321 or 1-800-882-2017 (TTY (617) 348-5337 or 1-800-532-6238 for the hearing impaired), before the hearing date, so that your hearing can be rescheduled. Failure to appear at the fair hearing without good cause may result in the dismissal of your appeal, except for the first scheduled hearing involving any aspect of the FS Program where good cause for rescheduling need not be demonstrated.

YOUR RIGHT TO BE ASSISTED AT THE HEARING: If you cannot speak English or understand it well or if you are hearing impaired and wish to have DOH provide an interpreter, please write that on this appeal request or call DOH at (617) 348-5321 or 1-800-882-2017, (TTY (617) 348-5337 or 1-800-532-6238) at least a week before the hearing. At the hearing, you may be accompanied by an interpreter, attorney, or other representative at your expense. You may wish to contact a local legal services office or community agency for assistance. Information about local legal services offices and other services provided by community agencies in your area can be obtained by contacting your local office. These agencies may provide advice or representation at no cost.

You or your representative may subpoena witnesses, present evidence and cross-examine witnesses. The referee must make a decision on all evidence presented at the fair hearing. You or your representative will be permitted to see your case file before the hearing. If you want to review your case file, schedule an appointment with your worker before the hearing.

NONDISCRIMINATION NOTICE FOR CLIENTS: Under federal and state law the Massachusetts DTA does not discriminate on the basis of race, color, sex, sexual orientation, national origin, religion, creed, age or disability. If you have any questions or concerns, we encourage you to contact the Director of Equal Opportunity, DTA, 600 Washington Street, Boston MA 02111, Tel. (617) 348-8490 (TTY (617) 348-5599 for the hearing impaired).

I, _____, hereby request a fair hearing before a referee of DOH.

A. I do not wish to continue receiving the disputed amount of assistance during the appeal process.

B. I request an expedited hearing.

The reason I wish to request a fair hearing is

Your Name (Print) _____ SSN _____

Address _____ Telephone () _____

City/ZIP _____ Date _____

Your Signature _____

My authorized representative is: Name _____

Title _____

Address _____ City/ZIP _____

Telephone () _____

Frequently Asked Questions

Who can claim medical expenses?

Anyone in your household who is age 60 or older *OR* disabled and pays medical expenses greater than \$35.00 per month.

What type of proofs are needed?

You give us receipts or bills to show a household member has incurred an allowable medical expense.

Which medical expenses can be claimed?

Certain medical costs are allowed as a deduction from income when calculating food stamp benefits. This brochure details medical expenses that you can claim.

Do I have to verify medical expenses each time I recertify for food stamp benefits?

If your regular *monthly* medical expenses have remained the same since you initially verified them, you will not have to submit medical bills and receipts at your recertification. However, if your medical expenses have increased or decreased you should tell your DTA caseworker at recertification about the change. Your DTA caseworker will tell you if the change must be verified.

Food Stamp Program rules give you the right to claim allowable medical expenses. Verified medical costs (*over \$35.00*) will be deducted from your countable income so you may get more food stamps.

Under a new rule, you may be eligible to receive a Standard Medical Deduction. If your regular *monthly* medical costs are greater than \$35.00, you may show your DTA caseworker your bills or receipts to get higher food stamp benefits using the \$90.00 Standard Medical Deduction. Based on a household size of one this deduction could add up to \$30 per month to your food stamp benefits.

If your regular *monthly* medical costs are over \$125.00, you may show your DTA caseworker your bills or receipts to get a medical deduction higher than the \$90.00 Standard Medical Deduction.

Ask your DTA case worker if you have any questions about allowable medical expenses. Your DTA case worker can also help you to get proof of your allowable medical costs.

A one-time medical bill or receipt, *such as a bill for a hospital stay, hearing aid or wheelchair purchase*, could also be verified for higher food stamp benefits. Be sure to talk to your DTA case worker if you have a one-time medical expense.

Claiming and Verifying Medical Expenses May Increase Your Food Budget



A MESSAGE FROM THE
DEPARTMENT OF
TRANSITIONAL ASSISTANCE

FSOP-MEB (1/2008)
09-430-0108-05



Health Insurance Costs

You can claim and prove your health insurance premiums and any deductibles you have paid.



Medical Costs Not Reimbursed by Insurance

You can claim and verify your costs for doctor/clinic visits, dental care, physical therapy, emergency room, hospitalization or outpatient care.



Prescription Drugs

You can claim and prove direct payments or co-pays for prescription drugs, as well as postal fees for prescription drugs.



Over-the-Counter Medicines Prescribed by a Health Care Provider

You can claim and submit receipts for prescribed medications, such as pain relievers, antacids, vitamins, insulin, and herbal supplements.



Health Related Supplies Prescribed by a Health Care Provider

You can claim and provide proof of prescribed health care supplies such as adult diapers, dentures, eyeglasses, contacts, foot care supplies, and hearing aids/batteries.

Health Equipment

You can claim and prove costs for sick room equipment, wheelchair or mobility aids, prosthetics, personal emergency response system, and communication equipment for the hearing or visually impaired.



Car Mileage and Public Transportation Costs



You can claim and document mileage for use of your car or cost of bus, subway, or taxi to a medical appointment or to a pharmacy.



Home Health Care Costs

You can claim and prove costs for home health care or housekeeping services due to your age or illness.



Alternative Medical Treatments

You can claim and submit bills for prescribed treatments such as chiropractic, acupuncture, or massage.



Service Animal Expenses

You can claim and prove the cost for service animals, including veterinary bills and food supplies.

Food Stamp Medical Deductions Job Aid

Claiming eligible medical expenses may increase the amount of food stamp benefits.

Verified monthly medical expense(s) over \$35 are allowed as a deduction when incurred by an elderly or disabled assistance unit member who meets one of the requirements of 106 CMR 361.210. No spouse or other assistance unit members are eligible for this deduction. Special diets are not an allowable medical expense. Monthly medical expenses in excess of \$35, up to \$125, are eligible for a Standard Medical Deduction of \$90.

Allowable Medical Expenses

Medical Expense Verification Requirements

Standard Medical Deduction

Averaging Medical Expenses

Allowable Medical Expenses

Listed below are examples of medical expenses. For details, see 106 CMR 364.400 (C), *Excess Medical Deduction*.
Note: If an expense covers a period exceeding one month, be careful to divide that expense by the number of months in the period to determine the expense for one month. For example, if a client purchases a three-month supply of medicine in one month, divide the cost by three.

Unreimbursed Expenses for:	✓ Type of Care	Cost
Medical Care	<input type="checkbox"/> Doctor/clinic visits <input type="checkbox"/> Dental care <input type="checkbox"/> Psychotherapy <input type="checkbox"/> Rehabilitation services <input type="checkbox"/> Hospital or outpatient care <input type="checkbox"/> Nursing care or nursing home care <input type="checkbox"/> Prescribed alternative therapy such as acupuncture	
Prescription Medication	<input type="checkbox"/> Direct payment <input type="checkbox"/> Co-pays <input type="checkbox"/> Postal and handling costs for receiving medicines by mail	
Over-the-Counter Medication (when approved by a licensed practitioner or other qualified health professional)	<input type="checkbox"/> Pain relievers <input type="checkbox"/> Antacids <input type="checkbox"/> Vitamins <input type="checkbox"/> Insulin <input type="checkbox"/> Herbal supplements <input type="checkbox"/> Dietary Supplements	
Health-Related Supplies	<input type="checkbox"/> Foot care <input type="checkbox"/> Adult diapers <input type="checkbox"/> Dentures <input type="checkbox"/> Hearing aids <input type="checkbox"/> Batteries for hearing aids/other medically related devices <input type="checkbox"/> Eyeglasses <input type="checkbox"/> Contact lenses and related supplies <input type="checkbox"/> Heating pads	
Medical Equipment	<input type="checkbox"/> Sickroom equipment (including rental) <input type="checkbox"/> Purchase/repair of wheelchair or mobility aid <input type="checkbox"/> Prosthetics <input type="checkbox"/> Personal emergency response system <input type="checkbox"/> Communication equipment for the hearing or visually impaired	
Health Insurance	<input type="checkbox"/> Health insurance and hospitalization policy premiums <input type="checkbox"/> Medicare premiums or monthly subsidy <input type="checkbox"/> Medicaid spend-down or cost-sharing	
Transportation/Lodging to Obtain Medical Treatment or Services	<input type="checkbox"/> Mileage for use of private car <input type="checkbox"/> Actual cost of bus, subway, shuttle or taxi	
Other Medical Expenses	<input type="checkbox"/> Securing and maintaining service animals, including food and veterinarian bills <input type="checkbox"/> Attendant services (See special rules at 106 CMR 364.400 about deducting a one-person allotment for the cost of meals for an attendant if the applicant or recipient provides the majority of meals.) <input type="checkbox"/> Homemaker, home health aide	

Total _____

If you have any questions regarding eligible deductible expenses, please have your Hotline designee call the Policy Hotline at 617-348-8478.

Medical Expense Verification Requirements

At Application: All medical expenses must be verified to receive a medical deduction.

Standard Medical Deduction: When an applicant (elderly and/or disabled) verifies medical expenses greater than \$35 but no more than \$125, the AU Manager must enter **all** verified medical expenses on the Health Insurance or the Medical Expenses window, as appropriate. The system will apply the Standard Medical Deduction of \$90.

Actual Medical Deduction: When an applicant verifies medical expenses greater than \$125, the AU Manager must enter all verified medical expenses on the Health Insurance or the Medical Expenses window as appropriate. The system will apply a deduction equal to the verified medical expenses less \$35.

At Recertification:

▶ **AU Managers must not request medical expense verifications from clients in the following situations:**

- If a client reports no change in medical expenses;
- If a client, who is being credited with the Standard Medical Deduction, reports a change in medical expenses, but based on the amount (i.e. medical expenses are greater than \$35 but no more than \$125), the client would remain at Standard Medical Deduction; The AU Manager must:
 - be sure to enter the reported medical changes in the Health Insurance and/or Medical Expenses window, and
 - verify the new entry by selecting **Self Declaration** on the Verified With list on the Verifications Tab; or
- If a client reports that his or her medical expenses have decreased to less than \$35 per month, or the client reports that he or she no longer has medical expenses, the AU Manager must remember to remove the medical expense amounts from the Health Insurance and/or Medical Expenses windows.

▶ **AU Managers must request medical expense verifications from clients in the following situations:**

- If a client claims medical expenses for the first time;
- If a client, who is being credited with the Standard Medical Deduction, reports a change in medical expenses, and based on the amount (i.e. medical expenses are greater than \$125), the household will receive a deduction higher than the Standard Medical Deduction.

Tip: Documenting monthly and nonrecurring medical expenses in the BEACON Narratives tab helps ensure payment accuracy by clearly explaining the action taken.

Standard Medical Deduction

Example: Elderly household of one with the following case characteristics:

Income = RSDI \$1080/month

Shelter = \$355/month rent

Heating/Cooling SUA

Monthly Medical Expenses = \$40

Without Standard Medical Deduction	With Standard Medical Deduction
Medical Deduction Applied = \$5	Standard Medical Deduction Applied = \$90
FS Benefit amount = \$10	FS Benefit amount = \$48

Averaging Medical Expenses

See 106 CMR 364.440, Averaging Expenses.

A client may choose to average nonrecurring medical expenses over the certification period or have the nonrecurring medical expenses applied as a deduction for a single month. For the client to make an informed decision, the AU Manager must understand the implications of both options and be prepared to explain the effect each option has on the food stamp benefit. AU Managers must also take into consideration whether or not the client has existing monthly medical expenses, and the amount of the monthly expenses.

364.440 (D) Assistance units certified for 24 months that have one-time only medical expenses may:

- (1) if the expense is incurred during the first 12 months, opt to:
 - a. deduct the expense for one month;
 - b. average the expense over the remainder of the first 12 months; or
 - c. average the expense over the remaining months in the certification period.
- (2) if the expense is incurred after the 12th month of the certification period, opt to:
 - a. deduct the expense for one month; or
 - b. average the expense over the remaining months in the certification period.

Example: Elderly household of one in the 4th month of a 24-month certification period with RSDI monthly income of \$1080, rental cost of \$355 with Heating/Cooling SUA and a one-time eyeglass expense of \$480.

	Option One	Option Two	Option Three
Procedure	Deduct the expense for one month:	Average the expense over the remainder of the first 12 months of the certification period:	Average the expense over the remaining months in the certification period:
Medical Deduction Applied	\$480 as a one-time expense resulting in a \$455 medical deduction for one month	\$480 divided by 8 months remaining = \$60 medical expense resulting in Standard Medical Deduction of \$90	\$480 divided by 20 months = \$24 resulting in no medical deduction allowed
Resulting Monthly Benefits	\$162 FS benefit - first month \$10 for the remaining 19 months.	\$48 FS benefit - next 8 months \$10 for remaining 12 months	\$10 FS benefit for the remaining 20 months.
Total Benefits Received	Total benefits received = \$352	Total benefits received = \$504 Option 2 is best for client.	Total benefits received = \$200

Remember: Whenever a nonrecurring medical expense is allowed as a one-time deduction, the AU Manager must zero out the medical expense after that particular month's FS benefits have been issued.