

10A NCAC 23E .0209 DEDUCTIBLE

(a) A deductible shall apply to a client in the following arrangements:

- (1) In private living quarters in the community;
- (2) In a residential group facility; or
- (3) In a long-term care living arrangement when the client:
 - (A) Has enough income monthly to pay the Medicaid reimbursement rate for 31 days, but does not have enough income to pay the private rate plus all other anticipated medical costs;
 - (B) Is under a sanction due to a transfer of resources as specified in the Medicaid State Plan;
 - (C) Does not yet have documented prior approval for Medicaid payment of nursing home care;
 - (D) Resided in a facility in the facility's month of certification;
 - (E) Chooses to remain in a decertified facility beyond the last date of Medicaid payment; or
 - (F) Is under a Veterans Administration (VA) contract for payment of cost of care in the nursing home.

(b) The client or his or her representative shall be responsible for providing bills, receipts, insurance benefit statements, or Medicare EOBs to establish incurred medical expenses and his or her responsibility for payment. If the client has no representative and he or she is physically or mentally incapable of accepting this responsibility, the county department of social services shall assist him or her in obtaining verification.

(c) Expenses shall be applied to the deductible when they meet the following criteria:

- (1) They are for medical care or service recognized under State or federal tax law;
- (2) They are incurred by a budget unit member; and
- (3) They are incurred:
 - (A) During the certification period for which eligibility is being determined and the requirements of Paragraph (d) of this Rule are met; or
 - (B) Prior to the certification period and the requirements of Paragraph (e) of this Rule are met.

(d) Medical expenses incurred during the certification period shall be applied to the deductible if the requirements in Paragraph (c) of this Rule are met and:

- (1) The expenses are not subject to payment by any third party including insurance, government agency or program, except when the program is entirely funded by State or local government funds, or private source;
- (2) The private insurance has not paid the expenses by the end of the application time standard;
- (3) For certified cases, the insurance has not paid by the time that incurred expenses equal the deductible amount; or
- (4) The third party has paid and the client is responsible for a portion of the charges.

(e) The unpaid balance of a medical expense incurred prior to the certification period shall be applied to the deductible if the requirements in Paragraph (c) of this Rule are met and:

- (1) The medical expense was:
 - (A) Incurred within 24 months immediately prior to:
 - (i) The month of application for prospective or retroactive certification period or both; or
 - (ii) The first month of any subsequent certification period; or
 - (B) Incurred prior to the period described in Part (e)(1)(A) of this Rule, and a payment was made on the bill during that period; and
- (2) The medical expense:
 - (A) Is a current liability;
 - (B) Has not been applied to a previously met deductible; and
 - (C) Insurance has paid any amount of the expense covered by the insurance.

(f) The county department of social services shall apply incurred medical expenses to the deductible in chronological order of charges except that:

- (1) If medical expenses for Medicaid covered services and non-covered services occur on the same date, apply charges for non-covered services first;
- (2) If both hospital and other covered medical services are incurred on the same date, apply hospital charges first; and

- (3) If a portion of charges is still owed after insurance payment has been made for lump sum charges, compute incurred daily expense to be applied to the deductible as follows:
- (A) Determine the average daily charge, calculated by adding the charges and dividing by the number of days, excluding discharge date from hospitals;
 - (B) Determine the average daily insurance payment, calculated by adding the insurance payments and dividing by the number of days, for the same number of days; and
 - (C) Subtract average daily insurance payment from the average daily charge to establish client's daily responsibility.

(g) Eligibility shall begin on the day that incurred medical expenses reduce the deductible to \$0, except that the client is financially liable for the portion of medical expenses incurred on the first day of eligibility that were applied to reduce the deductible to \$0. If hospital charges were incurred on the first day of eligibility, notice of the amount of those charges applied to meet the deductible shall be sent to the hospital for deduction on the hospital's bill to Medicaid.

(h) The receipt of proof of medical expenses and other verification shall be documented by the county department of social services in the case record.

History Note: Authority G.S. 108A-54; 108A-54.1B; 42 C.F.R. 435.831; Alexander v. Flaherty, U.S.D.C., W.D.N.C., File Number C-C-74-483; Alexander v. Flaherty Consent Order filed February 14, 1992; Eff. September 1, 1984; Amended Eff. June 1, 1994; September 1, 1993; April 1, 1993; August 1, 1990; Transferred from 10A NCAC 21B .0406 Eff. May 1, 2012; Readopted Eff. June 1, 2019.