

## EXPLANATION OF THE SURPLUS INCOME PROGRAM



Department of  
Social Services  
Human Resources Administration  
Department of Homeless Services

Medical Insurance  
and Community  
Services Administration

MAP-931 (E) 03/21/2019

### What is the Surplus Income Program?

If you are eligible, the Surplus Income Program will allow you to receive Medicaid on a month-to-month basis, or to establish coverage for as long as six months at a time, even though your income is over the Medicaid limit. You may have also heard this program called the Excess Income Program. You must meet your Surplus amount to obtain coverage.

You may either:

- Submit itemized medical bills (listing each service provided along with its cost). Bills can be either paid or unpaid. They can also be either equal to or greater than the amount of your "Surplus Income;" or
- Pay-in by providing us with a check or money order equal to the amount of your "Surplus Income;" or
- Submit a combination of bills and payments. If you are interested in this combination option, please call 888-692-6116 for instructions on how to proceed.

**Note:** If you meet your "Surplus Income" using unpaid medical bills from a non-Medicaid provider, you are still obligated to pay that bill to the medical provider. For example, your "Surplus Income" is calculated to be \$50 per month. You submit a \$200 unpaid medical bill from Dr. Jones who does not accept Medicaid and request that we activate your coverage for four months. While all new Medicaid-covered services that you receive over the four months in which you are given active coverage will be paid for you, you are still obligated to pay Dr. Jones \$200.

However, if you meet your "Surplus Income" using unpaid medical bills from a Medicaid provider, the rules are different. Medicaid will pay the portion of the bill that exceeds your monthly "Surplus Income," but you are still obligated to pay the "surplus" amount to the medical provider. For example, your "Surplus Income" is calculated to be \$50 per month. You submit a \$200 unpaid medical bill from Dr. Smith, who does accept Medicaid. You will receive Medicaid coverage for one month and Medicaid will pay Dr. Smith \$150. You would still owe Dr. Smith \$50 and to obtain Medicaid coverage in any subsequent month, you would need to meet your "Surplus Income" with another bill(s).

### Do I qualify to join the Surplus Income Program?

You may qualify for the Surplus Program if you are either

- Age 65 or over;
- Certified disabled or certified blind;
- A child under age 21;
- A parent/caretaker in a household with child(ren) under age 21; and/or
- A pregnant woman.

### If I qualify to join, what are acceptable medical expenses?

- Medical expenses for doctors, therapists, nurses, personal care attendants and/or home health aides (as ordered by a doctor);
- Paid prescription drug expenses;
- Payments made for medical supplies and equipment (as ordered by a doctor);
- Expenses for chiropractor's services and other medical services prescribed by a doctor/physician, but not covered by Medicaid;
- Expenses for transportation used while obtaining necessary medical services;
- Co-payment charges for medical services; and/or
- Expenses for services from non-participating medical providers.

### **If I qualify to join, what happens when I meet my “Surplus Income” amount?**

Your Medicaid coverage will be activated when you meet your “Surplus Income” amount. If you have medical bills and/or pay-in an amount that meets your “Surplus Income” amount for more than one month, your coverage can be activated for multiple months at a time.

- If you need coverage for medical services that do **not** include hospital admissions, coverage can be activated for as few as one month or as many as five months, at a time. You must meet your “Surplus” amount for the total number of months for which you want us to activate coverage;
- If you need coverage that includes hospital admissions, coverage must be authorized for six months at a time. You must also meet your “Surplus” amount for a six-month period at that time. For example, your Surplus Income” is calculated to be \$50 per month. To be covered for hospital admissions, you must submit bills and or payments that total at least \$300.

### **When you first apply:**

You may use medical bills from Medicaid or non-Medicaid providers, paid and/or unpaid, to meet your “Surplus Income.” A **paid bill** can be used to activate coverage beginning in the month it is paid. If the bill exceeds your “Surplus Income” amount, you can use the excess amount as a credit against your “Surplus” in the following month up to a maximum of six consecutive months. For example, your “Surplus Income” is calculated to be \$50 per month and you submit a paid bill for \$70. This would leave you with a credit of \$20. To meet your remaining “Surplus Income” if you need to access Medicaid coverage in the following month you would only need to make up the difference of \$30. (\$50 - \$20 = \$30.)

An **unpaid bill** for the period of time before coverage is provided for which the provider is still seeking payment can be used in the same way. Once we begin to use an unpaid bill, we must continue to use that bill in each following month until its balance is exhausted or until your Medicaid case is closed, whichever may occur first.

**Note:** Once your Medicaid coverage is activated, you must obtain your medical care from a Medicaid provider.

### **How do I submit my bills?**

You may hand deliver your bills to any local Community Medicaid Office or you may **fax** them to the **Medical Assistance Program Centralized Surplus Unit at 917-639-0645**. If you fax your bills, you must also **fully complete and submit the Surplus Fax Medical Bills Cover Sheet** (MAP-931Y) or the processing of your case may be delayed. A copy of MAP-931Y is attached.

### **If I pay-in, how do I submit my check or money order?**

Send your check or money order to: **(please do not send cash)**

**Human Resources Administration  
Division of Accounts Receivable and Billing (DARB)  
150 Greenwich Street – 34<sup>th</sup> Floor  
New York, NY 10007**

You may also use the postage paid envelopes that were supplied to you.

In some circumstances, the Medicaid program does not count income that is placed in a Supplemental Needs Trust. Please read the attached “Explanation of the Effect of Trusts on Medicaid Eligibility”. This information is also available on the department of health website at: [http://health.ny.gov/health\\_care/medicaid/index.htm#trusts](http://health.ny.gov/health_care/medicaid/index.htm#trusts).

**Do you have a medical or mental health condition or disability?** Does this condition make it hard for you to understand this notice or to do what this notice is asking? Does this condition make it hard for you to get other services at HRA? **We can help you.** Call us at 212-331-4640. You can also ask for help when you visit an HRA office. You have a right to ask for this kind of help under the law.

## Explanation of the Effect of Trusts on Medicaid Eligibility

### What is a Trust?

A trust is a legal instrument by which an individual gives control over his/her assets to another (the trustee) to disburse according to the instructions of the individual creating the trust. A trust can contain:

- Cash or other liquid assets; **and**
- Real or personal property that could be turned into cash.

### What Things Count as Assets and are Used to Establish a Trust?

Assets often placed in trust include income, accumulated resources, and real property.

### How Does a Trust Affect My Medicaid Benefits?

As a general rule, if you use your assets to establish a trust on or after January 1, 2000, all or part of the trust assets will be counted as your resource for purposes of determining your Medicaid eligibility.

- In the case of a **revocable** trust, the whole trust is your resource.
- In the case of an **irrevocable** trust, if there are any circumstances under which payment could be made to you or for your benefit, the portion of the trust from which payment could be made is your resource.

### Are There Any Exceptions to These Counting Rules?

There are certain exceptions that apply to:

- “Special needs trusts” (sometimes referred to as “supplemental needs trusts”) which are created for the benefit of a certified disabled person under the age of 65. A “special needs trust” must:
  - Be created with the individual’s own assets; **and**
  - Be created by the disabled person, by the disabled person’s parent, grandparent, or legal guardian, or by a court; **and**
  - Include language specifying that upon the death of the disabled person, the state will receive all amounts remaining in the trust, up to the amount of Medicaid paid out on behalf of the individual.
- “Pooled trusts” which are created for the benefit of a certified disabled person of any age. To be considered a “pooled trust” :
  - The trust must be established and managed by a non-profit association;
  - The trust maintains separate accounts for each person whose assets are included in the pooled trust, but pools these accounts for purposes of investment and management of the trust funds;
  - The trust must be created with the individual’s own assets;
  - The disabled individual’s account in the trust must be established by the disabled individual, by the disabled individual’s parent, grandparent or legal guardian, or by a court; **and**
  - The trust must include language specifying that upon the death of the individual, funds not retained by the non-profit organization will go to the state, up to the amount of Medicaid paid out on behalf of the individual.

Medicaid will not count the assets in a special needs trust or pooled trust if it meets the described criteria. Income directly diverted to one of these types of trusts or received and then placed into the trust is not counted as income. Verification that the income was placed into the trust is required. Any trust assets distributed to the disabled individual are counted as income.

### **How Do I Request that the Local Social Services District Rebudget My Income Once I have Created a Trust?**

You must provide a copy of the trust to your local social services district. You must include a written statement indicating the amount of monthly income that will be placed into the trust each month.

### **How Does Money from a Trust that is *Not* My Resource Affect My Medicaid Benefits?**

- Money paid directly to you from the trust is counted as income.
- Money paid directly to someone for your benefit will not count as income (e.g., food, shelter, telephone bills, education, entertainment, etc.).

### **How Can I Find Out More About Setting Up a Trust?**

If you are interested in setting up a trust, you should consult a lawyer or financial advisor. You may be able to get a lawyer at no cost to you by calling your local Legal Aid or Legal Services Office. For the names of other lawyers, call your local or State Bar Association.

If a Power of Attorney (POA) is establishing a trust for you, the powers granted under the POA must include permission to make gifts.

**Note:** Also, for married and single individuals, assets that you may use to fund a trust and which we may not count while you are living in the community, will count in determining the amount of income you must contribute toward the cost of long term nursing home care. Additional rules apply to transfers to and from trusts under the transfer of assets provisions.

If you are married and your Medicaid eligibility is determined under spousal impoverishment budgeting with post-eligibility rules (e.g. you are enrolled in a Medicaid Managed Long Term Care plan.), any of your income placed in a trust will count in determining your eligibility.

This Information is General.  
For More Information  
Call 1-800-541-2831