

**Are you 60 or older?  
Do you get federal disability benefits?  
If so, are you having trouble paying for both food AND  
medical care?**

**Find out how you or others in this situation can use their  
medical bills to get more help with food assistance.**

If you are paying for medical care or over the counter supplies ordered by your doctor, you might be able to use proof of those expenses to open a Food Assistance Program case, or to get more benefits on the Bridge Card.

If you help seniors or people with disabilities who are in need, you may be able to help them get additional food assistance by submitting proof of their medical expenses to DHS.

The Food Assistance Program (Bridge Card) allows people who are age 60 or older or who receive federal disability benefits to report their medical expenses to DHS in order to get more help with buying food. This memo explains **who** and **how** the medical expense deduction can help. We start with a general overview and then fill in some of the technicalities at the end.

Words that are in *italics* have a specific meaning under federal law. These words are explained in more detail in a Glossary at the end of the paper. If you have questions, you can call the Food and Nutrition Program Helpline at 1-800-481-4989.

**Why is it important to know about this?**

**Knowledge is power**

First, many people and advocates are not aware of the policy. As a result, many people applying for or receiving Food Assistance do not report their medical expenses to the Department of Human Services (DHS). Once you understand the deduction, we hope you will pass the word on to others who might benefit from the deduction.

### **Room for improvement**

Second, some people have problems getting DHS to consider their medical expenses even when they know the medical expenses deduction is available. This paper describes how to claim the deduction. It also tells you what you can do to advocate for changes to improve how medical expenses are processed and to make people aware of the deduction.

### **How does DHS determine Food Assistance eligibility?**

The amount of Food Assistance an eligible household receives depends on the size of the household and the household's income after all allowable deductions. A *household* can be eligible for food assistance when its income and assets are low enough. They must be below limits set by law and policy.

In general, a FAP *household* consists of people who live together and buy and prepare food together, and can be one person or many. More details about *households* are in the Glossary.

In general, the lower the household's income after deductions, the higher its Food Assistance allotment. When a household spends its money on medical care, it doesn't have that money to buy food. The medical expense deduction allows certain households to deduct some of their medical expenses from their income. That can help the household qualify for Food Assistance or receive more benefits.

### **Who can benefit from a Medical Expense deduction?**

A Medical Expense deduction can be claimed by a Food Assistance *household* that includes at least one person who is **either**

- age 60 or older **or**
- disabled **and** receiving , or certified to receive, certain benefits, including SSI, Social Security, or VA (Veterans Administration) disability benefits

DHS calls these special households "*SDV*" (*Senior/Disabled/Veteran*) *households*.

### **How does the Medical Expense deduction work to help seniors, people with disabilities, and their households?**

The medical expense deduction helps lower the amount of income that is counted in determining the *household's* eligibility for Food Assistance. For eligible *SDV households*,

the deduction can increase the amount of the *household's* monthly Food Assistance benefits.

In general, the unreimbursed medical expenses of the *SDV person* (who is age 60+ or disabled) that are over \$35 per month can be deducted. Expenses of anyone in the household who is not SDV are not deductible. Expenses that will be paid by insurance, including Medicaid and Medicare, are also not considered. Example:

$$\begin{array}{r}
 \$500 \text{ Medical expense - such as a doctor bill} \\
 - \$400 \text{ Paid by insurance} \\
 - \underline{\$35} \text{ } \underline{SDV \text{ households must pay the first } \$35 \text{ of medical expenses each month}} \\
 = \$65 \text{ Medical expense deduction}
 \end{array}$$

Deductible medical expenses are:

- Incurred by an SDV member of the Food Assistance household
- Allowable
- Unreimbursed
- Reasonably estimated, recurring expenses or one-time expenses
- Claimed and verified, if necessary
- Not previously deducted

DHS will average big medical expenses over the *household's certification period* (the period for which Food Assistance is approved. The number of months may vary depending on the *household's* circumstances). However, a *household* can CHOOSE to deduct all of a big one-time expense in one single month.

### **What kinds of medical expenses can be deducted?**

To be deducted, a medical expense must not be covered (and reimbursed) by any insurance, including Medicaid or Medicare).

It must be **either** an expense that can be reasonably anticipated based on information available to DHS (a "recurring expense") **or** a one-time expense that is reported, verified, and deducted only once.

The expense may not be "overdue," which is discussed in more detail below. The amount of the deduction for recurring expenses is a reasonable estimate.

Allowable medical expenses include

- Medical and dental services provided by a qualified health professional, including psychotherapy provided by a licensed practitioner
- Hospitalization and nursing care
- Prescription drugs

- Prescribed medical supplies and equipment
- Over-the-counter medication and supplies recommended by a licensed health professional
- Premiums for health and hospitalization insurance policies (not including income maintenance or accident insurance) (prorate the amount for the SDV members if family coverage)
- Medicare premiums
- Dentures, hearing aids, prosthetics
- Purchase, food, and veterinary bills for assistance animals, including seeing eye dogs
- Prescription eyeglasses
- Actual transportation and lodging costs necessary to secure medical treatment (or, for private transportation, mileage rate from MDTMB, which is \$.565 per mile in 2013 and \$.56 per mile for travel in 2014)
- Attendant, homemaker, home health, home help, chore provider, childcare provider costs needed due to age, infirmity, or illness

Medical marijuana expenses are not deductible.

### **What is the process for getting a medical expense deduction?**

**Claim the expense:** The *household* (or someone else) must tell DHS about the expense. This can be done on the application form used to apply for FAP; by faxing, mailing, delivering, or emailing a written note to the DHS caseworker; or by verbally reporting the expense. (A written claim is always best, and always keep a copy of what you submit!)

**Prove the expense:** The *household* must prove (verify) the expense or provide information on which a reasonable projection can be based. (DHS should give the individual a written request for the specific verification or information needed.) The *household* does **not** have to verify **payment** of the expense. The types of verification needed may be different depending on whether the expense is claimed as a recurring expense or as a one-time only expense.

**Estimate future expenses:** DHS must estimate the medical expenses that the *SDV members* of the *household* expect to have during the *certification period*. DHS does this when you apply and each time your case is recertified.

**Average anticipated expenses:** DHS estimates the anticipated, average monthly medical expenses of the *SDV members* of the *household* for the certification period.

Anticipated, recurring expenses are always averaged.

**Changes in anticipated, recurring expenses:** DHS averages the expected, recurring expense for the remainder of the certification period, if the household reports and verifies the change.

The household may choose to average a one-time expense over remaining months in the certification period.

**One-time expenses:** A one-time expense that is incurred during the household's certification period can be reported, verified, and then deducted either as a deduction in a single month or as a deduction in one month or average over the remaining months of the certification period (with additional options for households that have a 24 month certification period).

**Overdue expenses:** Under DHS policy, a medical bill cannot be used as the basis for a deduction if it is "overdue". A bill is not overdue if it is:

- currently incurred,
- is being billed for the first time, or
- owed on a payment arrangement that was made before the bill became overdue.

### **In what month does DHS count the medical expense?**

DHS must deduct the expense in the first month that begins 10 days or more after the expense is reported and verified. In some cases, verification will be delayed because the amount the medical insurance or coverage will pay is not immediately known (in other cases, however, the amount can be determined – or, for recurring expenses, estimated -- based on known information about the insurance coverage).

### **What problems do clients run into with this deduction?**

#### **Not maintaining an active Food Assistance case.**

Many *SDV households* of 1 or 2 people end up with only a \$15 per month benefit.<sup>1</sup> Some groups decide that the process involved in applying for and receiving only \$15 per month is not worth the effort. However, once a case is open, any unanticipated medical expense reported as a change can increase the FAP benefit for one or more months,

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<sup>1</sup> \$15 per month is as low as FAP benefits go for 1 or 2-person FAP groups. Groups of 3 or larger can have benefits as low as \$2.

depending on how the group chooses to have it applied. An application for FAP benefits after such a one-time medical expense is incurred will not provide the same benefits. Thus, it is important for eligible *SDV households* to keep their FAP case open even if their monthly benefit is low.

**How you can help:** Encourage *SDV households* to keep an active FAP case even if they receive the minimum benefit. Explain that claiming one-time medical expenses as they occur may help the household get more FAP benefits later.

### **One-time expenses that are not claimed or claimed “late.”**

DHS does not routinely tell *SDV households* that they might receive more food assistance benefits if they report unexpected medical expenses. DHS does not explain how to ensure the medical expense is reported before it is considered “overdue”. As a result, many *SDV households* either do not report and verify their one-time medical expenses, or report the expenses and are told it cannot be deducted because it is “overdue.”

**How you can help:** Tell people about the medical expense deduction. Encourage *SDV* individuals to claim their medical expenses as soon as they get a bill.

### **Not enough verification.**

Many households don’t understand what they need to tell DHS or what papers they need to provide to get the medical deduction. DHS may give or mail a verification checklist letter to an *SDV household*, asking for proof of the *SDV member’s* medical expenses. Many applicants and recipients do not understand what papers DHS needs in order to estimate the *SDV member’s* future (anticipated) medical expenses, or to verify that a particular expense is deductible.

### **DHS asks for too much verification.**

DHS caseworkers sometimes ask for lots of information from doctors and other medical providers, even though federal law requires the state to use methods for providing the medical expense deduction that are “designed to minimize the burden for the eligible elderly or disabled household member” and can rely on “rely on reasonable estimates...based on available information about the medical condition of the member, public or private medical insurance coverage, and the current verified medical expenses incurred by the member”. 7 U.S.C. 2014(e)(5)(B)(ii).

DHS policy is clear that DHS must verify the amount of the expense (and any amounts paid by insurers, etc.). DHS does not need to verify other factors, including “the allowability of the service” unless those factors are questionable. BEM 554 p. 11. Thus, for example, DHS should accept the client’s statement that a licensed health professional recommended the client use of over the counter, health-related supplies or medications, unless other known information makes the client’s statement questionable.

Once the medical expense and how much the client owes for that expense is verified, DHS can use other available information to estimate the amount of the individual’s anticipated expenses during the certification period. Nothing in the federal statute or regulation precludes the individual from being the source of available information, but most DHS workers require verification from a medical provider.

**How you can help:** Help clients list and gather proof for expenses that are not covered by insurance or other medical coverage. Help clients provide information about their ongoing medical conditions and anticipated medical expenses. Advocate for DHS workers to accept information from individuals about their medical condition(s) and expenses, unless that information is questionable. Advocate for changes to DHS policy that will streamline to process for estimating anticipated medical expense deductions to assist DHS workers, clients, and medical providers.

### **“Overdue” expenses.**

For individuals who have medical insurance or coverage, DHS cannot deduct an expense until the amount that will be paid by the insurance or coverage has been determined. In general, medical offices do not bill for services until they have determined the amount that the insurer or coverage will pay. Problems may arise if the first bill indicates that the amount owed has been outstanding for a long period of time (while the billing to insurance has been pending), or if the client does not submit the bill to DHS until after the due date (see failure to report, above).

**How you can help:** Assist clients in submitting proof of unanticipated medical expenses to DHS *as soon as they are incurred*, even if the provider has not yet determined how much will be owed by the individual and how much will be paid by insurance or medical coverage. Be sure clients understand they may need to submit additional information later, after the provider determines the amount that the individual – rather than the insurance – will have to pay.

**Lack of information, lost paperwork, inadequate communication, delays.**

As with other paperwork, verifications of medical expenses that are submitted to DHS do not always make their way into the household's case file. Individuals who verbally report changes do not always receive the follow up communications they need to understand next steps that must be taken to obtain the deduction, resulting in delays in accessing the medical expense deduction.

**How you can help:** Act as a witness to client telephone calls and voicemails to DHS. Help clients communicate via email or fax, and provide copies to clients to verify that information or documentation has been sent electronically. Remind clients to keep copies and records of communications with DHS, including dates and who was contacted.

**Expenses not deducted, or deduction not calculated correctly.**

Clients who believe they have not received the correct medical expense deduction have the right to request a hearing within 90 days after they are notified about the amount of their FAP allotment.

**How you can help:** Educate clients about their right to a hearing and help them request a hearing in writing, with their name, case number, and signature clearly included on the request. They can use the form request that is included with all DHS Notice of Case Action letters sent to clients, or they can write their request on a hearing, clearly indicating that it is about the amount of their FAP and their medical expenses deduction. Encourage clients to get legal help. They can call the Food Assistance Helpline at (800) 481-4989, or visit [michiganlegalhelp.org](http://michiganlegalhelp.org) to find legal help.

**How can you use this information to help your clients?**

- Let your clients know about the medical expense deduction.
  - One on one counseling about the deduction for clients who may benefit.
  - Hold group trainings for staff in your agency who interact with clients.
  - Share educational materials designed for clients.
- Share the information with other agencies or companies you come into contact with.
- Educate medical providers, so that they know what verification they need to provide to assist clients.

- Advocate with DHS caseworkers and policymakers to ensure that DHS policy is applied in a client-friendly manner, according to federal law, and that policy is improved to streamline the medical expense deduction process in Michigan.
- Document and share examples of cases in which clients are caught in unnecessary red tape when trying to receive a medical expenses deduction.

## **Glossary**

**Household** means people who *live together* whose income, resources, and needs are considered when determining Food Assistance eligibility. If you share even a bathroom or kitchen with someone, you are considered to be *living together*. In general, people must also *buy and prepare food together*, to be considered part of the same household.

Friends or housemates who live together may be separate Food Assistance households if they buy and prepare their food separately from each other, unless the rules for relatives force them to be in the same Food Assistance household.

Some relatives who live together **must** be in the same Food Assistance household. Spouses cannot be in separate households if they live together. Children under age 22 cannot be in a separate household from a parent with whom they are living.

### ***Example:***

Susie and Sean live together but they buy and prepare their food separately and are not related. They are separate households.

Susie's parents move in with Susie and Sean after a foreclosure. They buy and prepare food separately from Susie and Sean. If Susie is under age 22, she is in the same household as her parents, even though they buy and prepare their food separately from Susie.

Susie's parents move out when Susie and Sean have their first child. Susie and Sean continue to buy and prepare their food separately (Susie is a vegan and allergic to gluten; Sean is neither) but they now must be in the same household with their child.

Susie's parents move back in. Susie, Sean, their child, and Susie's parents are all in the same household.

**Senior/Disabled/Veteran (SDV) group** is a household that has at least one member who is senior, disabled, or a disabled veteran, defined as follows:

**Senior:** At least 60 years old.

**Disabled:** Either (a) or (b):

(a) Receives or has been certified and is awaiting initial payment for one of the following:

- Social Security disability or blindness benefits.
- Supplemental Security Income (SSI), based on disability or blindness, **even if** based on presumptive eligibility.

(b) Receives one of the following:

- Social Security disability benefits
- SSI (Supplemental Security Income) benefits
- A federal, state or local public disability retirement pension based on a disability is considered permanent under the Social Security Act.
- Medicaid through a program which requires a disability determination by the DHS Medical Review Team or the Social Security Administration.

**Note:** Breast and Cervical Cancer Prevention and Treatment Program Medicaid recipients are **not** considered disabled.

- Railroad Retirement **and** is eligible for Medicare or meets the Social Security disability criteria.

**Disabled Veteran:** Is one of the following:

- A veteran of the armed services with a service or non-service connected disability rated or paid as total by the Veterans Administration.
- A veteran's surviving spouse or child who receives or is approved for VA disability benefits, or is entitled to VA death benefits and has a disability considered permanent under the Social Security Act.

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