

# Incurred Medical Expenses

## Paying for Dental Care: A How-To Guide

American Dental Association, National Elder Care Advisory Committee, Council on Access, Prevention and Interprofessional Relations

### Suggested Steps for Dental Professionals

#### Overview

The Incurred Medical Expense regulations<sup>5</sup> can help most nursing facility residents who are enrolled in Medicaid pay for dental care.<sup>6</sup> Medicaid residents with Social Security or other retirement income<sup>7</sup> may be able to pay for medically necessary dental care that is not covered by Medicaid.<sup>8</sup>

The following illustrates how the Incurred Medical Expense regulations may operate in practice:

*Paying the Nursing Facility's Bill:* Upon admission to a nursing facility, a Medicaid Caseworker determines how much income a resident receives each month and applies that income to pay their Nursing Facility's bill, except for an amount for personal needs and certain other required deductions. Generally, residents on Medicaid don't have enough income to pay the total amount of the Nursing Facility's Bill, so the Caseworker notifies Medicaid to pay the remaining balance each month.

*Paying the Dental Bill:* When a resident receives a Dental Bill for services that are not covered by Medicaid or another third party payer, the bill may qualify as an *Incurred Medical Expense*. The resident's Medicaid Caseworker plays an important role in this process. He or she would review the Dental Bill, and where appropriate, approve it as an Incurred Medical Expense, and then notify the resident or the resident's financial representative to pay the Dental Bill instead of that portion of the Nursing Facility's bill. At the same time the Caseworker approves payment of the Dental Bill, he or she requests an increase in the amount that Medicaid pays towards the Nursing Facility's bill to make sure that the facility continues to be paid in full. If the total amount of the Dental Bill is less than the resident's total monthly income, then the Dental Bill can be paid in full with just one payment. If the total amount of the Dental Bill is greater than the monthly income, then several monthly payments will need to be approved so that the entire Dental Bill gets paid. During each of those months, the Nursing Facility's payment from Medicaid would be increased in the amount of the Dental Bill payment.

**Each state will have variations in the procedures for Incurred Medical Expenses. Work with the resident's Medicaid caseworker to identify and address these variations.**

5. [http://edocket.access.gpo.gov/cfr\\_2004/octqtr/pdf/42cfr435.725.pdf](http://edocket.access.gpo.gov/cfr_2004/octqtr/pdf/42cfr435.725.pdf)

6. If the resident has applicable income and pays for medically necessary dental care that is not covered by Medicaid or another third party payer, the state Medicaid agency may be permitted to increase its payment to the institution in the amount that the resident incurred for the care.

7. Medicaid beneficiaries with certain forms of income must generally apply that income, less certain deductions, to the cost of institutional care. The state Medicaid agency reduces its payment to the facility in the amount of such income less the deductions.

8. One required deduction is for expenses that the patient incurred for certain non-covered dental care. The agency may establish reasonable limits on the amounts of these expenses.

#### Before Treating a Medicaid Resident:

1. Confirm that the nursing facility resident is *currently enrolled* in Medicaid. Obtain consent from the resident or the resident's representative for dental examination and for release of necessary medical and financial information needed to provide dental care.
2. Review the dental benefits that are covered under your state's adult Medicaid program. (You must bill Medicaid directly for covered services). Incurred Medical Expenses applies ONLY to services that are not covered under the state Medicaid program and any other third party payer. Keep in mind that only *medically necessary dental services* can be paid for through this method.
3. Check with the resident, his or her financial representative, or Nursing Facility staff to confirm that the resident has applicable income that is currently used to pay for some or all of the monthly Nursing Facility Bill. *If the resident doesn't have any income of this type, they will not be able to use this procedure to pay for dental care.*
4. Prior authorization before providing dental services is not required in most states, but check with the nursing facility caseworker and/or state Medicaid agency for specifics regarding your state.

#### After the Examination:

1. Prepare a treatment plan for the resident and obtain informed consent for dental services from the resident or the responsible party.
2. Follow your state's requirements and guidelines for services covered under the adult Medicaid program.
3. If required in your state, obtain prior authorization for non-covered services from the resident's Medicaid Caseworker.
4. Provide treatment as approved in the treatment plan.

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### Suggested Steps for Dental Professionals (continued)

#### Billing for Services

1. Create an "Incurred Medical Expense" Dental Bill that provides all the information that your state's Medicaid Caseworkers will need to process it for payment.
  - a. Remember that dental services that are covered by adult Medicaid or other insurance policies do not qualify as Incurred Medical Expenses and must be billed separately.
  - b. Any services that were covered by Medicaid should either not be included in the Dental Bill, or should be clearly identified as having been billed separately and should not be included in the balance due.
2. Also note that only *medically necessary dental services that are NOT covered by Medicaid or any other third party payer* may be included on the Dental Bill. For this reason, it is advisable to include the following language on the Dental Bill when appropriate: *"This Dental Bill only includes medically necessary services that are not covered by Medicaid or any other third party payer."*
3. Provide a copy of the Dental Bill for the Medicaid Caseworker. Your staff, as well as nursing facility staff, will benefit from getting to know the Caseworkers and communicating with them regularly.
  - a. After the Dental Bill has been approved for payment, the Caseworker typically sends a letter to the resident or the resident's financial representative directing him or her to make one or more monthly payments until the Dental Bill is paid in full.
  - b. During the same month or months when the Dental Bill is being paid, the Caseworker will notify Medicaid to increase its payment towards the Nursing Facility's Bill so that the nursing facility is paid in full.

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### Suggested Steps for State and County Medicaid Caseworkers

#### Overview

The Incurred Medical Expense regulations<sup>1</sup> can help most nursing facility residents who are enrolled in Medicaid pay for dental care.<sup>2</sup> Medicaid residents with Social Security or other retirement income<sup>3</sup> may be able to pay for medically necessary dental care that is not covered by Medicaid.<sup>4</sup>

The following illustrates how the Incurred Medical Expense regulations may operate in practice:

**Paying the Nursing Facility's Bill:** Upon admission to a nursing facility, a Medicaid Caseworker determines how much income a resident receives each month and applies that income to pay their Nursing Facility's bill, except for an amount for personal needs and certain other required deductions. Generally, residents on Medicaid don't have enough income to pay the total amount of the Nursing Facility's Bill, so the Caseworker notifies Medicaid to pay the remaining balance each month.

**Paying the Dental Bill:** When a resident receives a Dental Bill for services that are not covered by Medicaid or another third party payer, the bill may qualify as an Incurred Medical Expense. The resident's Medicaid Caseworker plays an important role in this process. He or she would review the Dental Bill, approve it as an Incurred Medical Expense, and then notify the resident or the resident's financial representative to pay the Dental Bill instead of the portion of the Nursing Facility's bill. At the same time the Caseworker approves payment of the Dental Bill, he or she would also notify the state requesting an increase in the amount that Medicaid pays towards the Nursing Facility's Bill to make sure that the facility continues to be paid in full. If the total amount of the Dental Bill is less than the resident's total monthly income, then the Dental Bill can be paid in full with just one payment. If the total amount of the Dental Bill is greater than the monthly income, then several monthly payments will need to be approved so that the entire Dental Bill gets paid. During each of those months, the Nursing Facility's payment from Medicaid would be increased in the amount of the Dental Bill payment.

**Each state will have variations in the procedures. Refer to your state's own policies for details.**

#### Caseworker Considerations:

When a Dental Bill is presented for a Medicaid recipient:

1. Verify that dental services listed in the Dental Bill are not covered by Medicaid or any other third party payer, and that the dental services are medically necessary. These points may be highlighted in the Dental Bill. If not, the dental office could be contacted for information about these two requirements.
2. Confirm that the nursing facility resident has applicable income that is currently used to pay for some or all of the resident's nursing facility care. Some states refer to this as Patient Liability Income (PLI).
  - a. Residents **without** such income will not be able to use this method to pay for dental services. Inform the resident and/or the dental office. Other arrangements will need to be made regarding this bill.
  - b. Residents **with** applicable income can use that income to pay the dental bill.
3. If the resident has applicable income, speak with the resident or the resident's financial representative about how to pay the Dental Bill.
  - a. If the Dental Bill *is less than or equal to* the resident's monthly income, the Dental Bill should be paid in full. Adjust the amount to be paid by Medicaid towards the Nursing Facility's Bill by an amount equal to the Dental Bill, so the nursing facility is paid in full.
  - b. If the Dental Bill *is greater than* the resident's monthly income, several monthly payments may be needed to pay the Dental Bill in full. Regular monthly payments can be made until the Dental Bill is paid in full. In each of these months, increase the amount paid by Medicaid towards the Nursing Facility's Bill by an equal amount.

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2. If the resident has applicable income and pays for medically necessary dental care that is not covered by Medicaid or another third party payer, the state Medicaid agency may be permitted to increase its payment to the institution in the amount that the resident incurred for the care.

3. Medicaid beneficiaries with certain forms of income must generally apply that income, less certain deductions, to the cost of institutional care. The state Medicaid agency reduces its payment to the facility in the amount of such income less the deductions.

4. One required deduction is for expenses that the patient incurred for certain non-covered dental care. The agency may establish reasonable limits on the amounts of these expenses.

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### Suggested Steps for Residents and their Representatives

#### Overview

The Incurred Medical Expense regulations<sup>9</sup> can help most nursing facility residents who are enrolled in Medicaid pay for dental care.<sup>10</sup> Medicaid residents with Social Security or other retirement income<sup>11</sup> may be able to pay for medically necessary dental care that is not covered by Medicaid.<sup>12</sup>

The following illustrates how the Incurred Medical Expense regulations may operate in practice:

*Paying the Nursing Facility's Bill:* Upon admission to a nursing facility, a Medicaid Caseworker determines how much income you as a resident receive each month and applies that income to pay your Nursing Facility's bill, except for an amount for personal needs and certain other required deductions. Generally, residents on Medicaid don't have enough income to pay the total amount of the Nursing Facility's Bill, so the Caseworker directs Medicaid to pay the remaining balance each month.

*Paying the Dental Bill:* When a resident receives a Dental Bill for services that are not covered by Medicaid or another third party payer, the bill may qualify as an *Incurred Medical Expense*. The resident's Medicaid Caseworker plays an important role in this process by reviewing the Dental Bill, approving it as an Incurred Medical Expense, and then notifying the resident or the resident's financial representative to pay the Dental Bill instead of that portion of the Nursing Facility's bill. At the same time the Caseworker approves payment of the Dental Bill, he or she must notify the state requesting it to increase the amount that Medicaid pays towards the Nursing Facility's Bill to make sure that the facility continues to be paid in full. If the total amount of the Dental Bill is less than the resident's total monthly income, then the Dental Bill can be paid in full with just one payment. If the total amount of the Dental Bill is greater than the monthly income, then several monthly payments will need to be approved so that the entire Dental Bill gets paid. During each of those months, the Nursing Facility's payment from Medicaid would be increased by the amount of the Dental Bill payment.

**Each state will have variations in the procedures for Incurred Medical Expenses which will be addressed by the resident's Medicaid caseworker and dentist.**

#### Working with the Medicaid Caseworker to pay for dental services:

1. The dentist will provide a Dental Bill for the resident and may also provide a second copy for your Caseworker.
2. After your Caseworker has reviewed the Dental Bill and approved payment, you will receive detailed instructions regarding paying the bill. Depending on the total amount of the Dental Bill, it may be necessary to make monthly payments until the bill is paid in full.

9. [http://edocket.access.gpo.gov/cfr\\_2004/octqtr/pdf/42cfr435.725.pdf](http://edocket.access.gpo.gov/cfr_2004/octqtr/pdf/42cfr435.725.pdf)

10. If the resident has applicable income and pays for medically necessary dental care that is not covered by Medicaid or another third party payer, the state Medicaid agency may be permitted to increase its payment to the institution in the amount that the resident incurred for the care.

11. Medicaid beneficiaries with certain forms of income must generally apply that income, less certain deductions, to the cost of institutional care. The state Medicaid agency reduces its payment to the facility in the amount of such income less the deductions.

12. One required deduction is for expenses that the patient incurred for certain non-covered dental care. The agency may establish reasonable limits on the amounts of these expenses.