

Best Practices for Capturing Allowable Medical Expense Deductions for SNAP

SCOPE ■ State, County, Local

PROGRAM ■ Supplemental Nutrition Assistance Program (SNAP)

PRACTICE ■

Stakeholders can work with the state SNAP agency to ensure that eligible older adults (age 60 and older) and people with disabilities can deduct from income all allowable unreimbursed medical expenses when calculating Supplemental Nutrition Assistance Program (SNAP) benefits. Advocates should educate older adults and people with disabilities — and the families and organizations that support them — about allowable medical expense deductions that can result in a more adequate and accurate SNAP benefit that reflects the real value of out-of-pocket medical expenses.

WHY ■

According to the Food Research & Action Center's estimates, 9.5 percent of the more than 45 million households with seniors are food insecure (on average each year from 2014–2016).

Food-insecure seniors are more likely to have to choose between paying for food or medicine, postponing medical care, or forgoing food needed for special doctor-prescribed diets. SNAP provides important support for seniors but often misses millions of eligible seniors or provides them with only a portion of the benefit

amounts for which they could qualify. States can help close these senior SNAP gaps.

SNAP allows individuals age 60 and older and persons with disabilities to deduct out-of-pocket medical expenses in excess of \$35 each month. This deduction helps lower the household's net income and often boosts the SNAP benefit. Claiming medical expenses also may help a household claim higher shelter costs because claimed medical expenses reduce the preliminary net income that is used in SNAP to calculate the amount of the shelter deduction (7 U.S.C. § 2014(e)(5); 7 C.F.R. § 273.9(d)(3)). However, this deduction is underutilized.

By developing protocols, training, and materials on how seniors and people with disabilities can claim SNAP medical expense deductions, states can help more seniors afford food and medicine so that no one is forced to choose.

BACKGROUND ■

Only 16 percent of households with elderly members and nine percent of households with non-elderly members with disabilities claimed the medical deduction in fiscal year 2017. ⁱ

Administrative barriers to full use of the medical deduction range from state

reluctance to prioritize it because of a perceived workload impact, the complexity of verifications, lack of knowledge of the availability of the deduction, and the assumed lack of out-of-pocket qualifying expenses among Medicare, Medicaid, or otherwise insured households. Seniors and persons with disabilities often are confused about what counts as a medical expense deduction and how to verify medical costs without compromising health care information that is private. SNAP staff may ask for excessive documentation or too much private information, which can discourage SNAP households when all the state needs is proof of the household's unreimbursed cost.

States should apply this deduction properly and minimize SNAP staff's workload by creating appropriate protocols and policies and clearly communicating that information, such as what verification is necessary, through staff training and education of community organizations.

TIP

By focusing attention on the need to develop better processes to collect and verify unreimbursed medical expenses, advocates can help pave the way for a state's adoption of a standard medical deduction. A standard medical deduction does even more to streamline administrative efficiencies and improve client experience. Instead of documenting each individual medical expense, which can be difficult and time-consuming for applicants and caseworkers alike, eligible households can claim the state's standard medical deduction once they verify the first \$35 in unreimbursed monthly medical expenses. For more details, refer to FRAC's [U.S. Hunger Solutions: Best Practice for](#)

[Creating a Standard Medical Deduction for SNAP.](#)

Allowable Deductions

Pursuant to [7 C.F.R. § 273.9\(d\)\(3\)](#), a range of unreimbursed medical costs can be deducted that include but are not limited to the following:

- medical and dental care that may include psychotherapy and rehabilitation services;
- hospitalization or outpatient treatment, nursing care, and nursing home care;
- prescription drugs if they have been prescribed by a licensed practitioner authorized under state law;
- over-the-counter medication (including insulin), when approved by a licensed practitioner or other qualified health professional;
- medical supplies and equipment, e.g., sick-room equipment (including rental equipment), or other prescribed equipment;
- health and hospitalization insurance policy premiums;
- Medicare premiums related to coverage under Title XVIII of the Social Security Act;
- any cost-sharing or spend-down expenses incurred by Medicaid recipients;
- dentures, hearing aids, and prosthetics;
- eyeglasses that were prescribed by a physician skilled in eye disease or by an optometrist;
- reasonable cost of transportation and lodging to obtain medical treatment or services;
- attendant, homemaker, home health aide and dependent care services; and
- costs for service animals, including food and veterinary bills.

Allowable medical expenses can be recurring expenses or one-time expenses. One-time medical expenses can be claimed for one month or averaged over the remaining months of a certification period.

Unreimbursed medical costs can be claimed as long as they have been incurred by the household, even if the household is not actively paying off some or all of the expense.

Not allowable costs: The SNAP rules do not allow a household to claim the cost of any Schedule I controlled substance (e.g., medical marijuana) or the costs of special diet nutrition drinks.

Required Verification

Pursuant to [7 C.F.R. § 273.2\(f\)\(iv\)](#), states are required to verify the dollar amount of any unreimbursed medical expenses incurred and claimed for the medical expense deduction. The SNAP household does not need to show proof of payment, but does need to show that they are responsible for the bill. An invoice or a third-party contact who can confirm the accuracy of the statements is also permissible for verification purposes. In some cases, contacting a third-party, such as a pharmacy or physician's office, may require a HIPAA compliant release signed by the household.

KEY STEPS ■

Advocates can work with state SNAP agencies to ensure proper handling of the medical expense deduction by:

■ **Making the case** A key step is to collect and share stories with the state agency from seniors and people with disabilities on the difficulties they face in claiming allowable medical expenses (e.g., the challenges in figuring out which expenses count, in determining how to track travel expenses, remembering all of the unreimbursed expenses). Advocates can gather data on the number of households with seniors and people with disabilities who use the medical expense deduction, as well as state data on

unreimbursed health care expenses. The U.S. Department of Agriculture's (USDA) annual [Characteristics of Supplemental Nutrition Assistance Program Households](#) report provides national estimates of the percentage and number of households with seniors and people with disabilities participating in SNAP who claim the SNAP medical expense deduction. State-by-state estimates are published periodically. ⁱⁱ For recent administrative data, advocates can ask their state SNAP agency for data on the number of households with seniors and people with disabilities who are claiming a medical expense deduction and the number who are not (excluding households who are not claiming medical expense deductions but are already receiving the maximum SNAP benefits). A state or local elected official may be able to help obtain these data. Advocates can use these data to assess whether there may be substantial numbers of eligible households not claiming allowable medical expense deductions.

■ **Checking state use of data matching**

See if the state SNAP agency uses data it receives from the Social Security Administration to verify the Medicare Part B payment taken directly from Social Security benefits. This should be automatically considered as being "verified upon receipt" and inputted as a deductible medical expense.

■ **Reviewing state policy guidance on allowable expenses and promoting needed adjustments (if warranted)**

Check if the state has issued policy guidance reminding SNAP workers of the broad range of health-related costs that are allowable as deductible, unreimbursed medical expenses and make sure the state agency is defining allowable expenses appropriately.

■ **Ensuring that SNAP workers are proactively screening for these expenses**

and offering assistance with securing verifications¹ State agencies should inform households of the range of allowable expenses and ways to verify them. Further, federal regulations clarify that *only the amount* of the unreimbursed medical care need be verified and not the reason for the medical care, unless questionable. As such, state workers can protect the privacy of seniors and people with disabilities who need not divulge detailed medical information to claim the deduction.

SPOTLIGHT

The Massachusetts Department of Transitional Assistance issued policy guidance reminding caseworkers to “[request only sufficient verification to allow the medical expense](#).” The Massachusetts Law Reform Institute has information regarding the medical expense deduction, including helpful information on what [documentation](#) could be used to verify medical expenses.

■ **Reviewing agency materials and the SNAP application and reevaluation forms**

Ensure the state agency is appropriately promoting these deductions to seniors and people with disabilities and the networks that support them. Ensure that the state agency is not unnecessarily requiring re-verification of medical expenses at the point of reevaluation. (See [7 C.F.R. § 273.12\(a\)\(5\)\(iii\)\(c\)](#) for interim reports; [7 C.F.R. § 273.2\(f\)\(8\)\(i\)\(A\)\(14\)](#) for recertifications.)

¹ See 7 C.F.R section 273.2(d)(5).

SPOTLIGHT

Advocates and SNAP partners can help promote the use of medical expense deductions by creating outreach materials that, among other features, provide a list of what type of medical expense deductions are permitted, how to average out medical expenses (e.g., a one-time medical bill or the cost of medical supplies) that may occur in a single month, and worksheets to track these expenses. Hunger Solutions New York has resources, including a [user-friendly factsheet](#), to help seniors and people with disabilities claim the medical deduction they deserve and need.

CHALLENGE ■

State SNAP agency staff may believe that with broad state Medicaid and state-based health coverage, seniors and persons with disabilities do not incur out-of-pocket medical expenses, or they may believe that they do not have the staff to help eligible households identify medical expenses and secure proof.

LESSONS ■

Even in states with broad health care coverage for low-income individuals, there are many health care costs not covered by Medicaid, such as adult dental and non-emergency medical transportation. With the declassification of many prescription drugs now available as over-the-counter medication (e.g., allergy medications) and cost-saving measures states implement, an increasing number of seniors and persons with disabilities pay regularly for over-the-counter medications, health care supplies, and co-payments.

*Administrative burden is not an excuse to not provide assistance — failing to screen proactively otherwise eligible SNAP households for medical costs deprives households of benefits for which they are eligible.*²

Advocates can request state agencies train state-level SNAP staff and create educational materials for older adults and people with disabilities that highlight commonly unreimbursed medical expenses, including the following examples:

- the cost of vitamins, pain relief, skin treatments, incontinence supplies, dentures, and other health care-related supplies that are prescribed or approved by a health provider (the client need only provide an unpaid bill or proof of the purchase, but not a prescription or signed letter by the health provider);
- alternative health costs, including herbal remedies, acupuncture, and other treatments approved by a licensed practitioner;
- the cost of hearing aids, hearing aid batteries, electronic or internet-based communication devices, eyeglasses and other vision care;
- postage and telephone costs for mail-order medications; and
- veterinary care, animal food, and other costs for a service animal.

Transportation is often *under-claimed* as a medical-related expense. Many SNAP households with seniors or people with disabilities assume only ambulance costs are allowed, when in fact all travel to and

² Advocates should recognize that screening for medical expenses may not make a difference in the amount that some households will receive. For example, a Supplemental Security Income recipient

from any medical provider, including a pharmacy, therapist, or medical supply business, is allowed. Households often use public transportation, their own cars, taxis, or other means to get to doctors or to pick up medications. Advocates can ensure the state highlights in its application and education materials that travel costs can be claimed, including the following:

- public or private transportation costs to a doctor's appointment, pharmacy, or medical supply facility; and
- if a private car is necessary, state agencies can determine private transportation costs based on the *federal mileage rate* used by U.S. Department of Agriculture's Food and Nutrition staff, which often is higher than many state government mileage rates.

RESOURCES

- [Medical expense deduction: 7 C.F.R. § 273.9\(d\)\(3\)](#); ⁱⁱⁱ
- [Medical expense verification: 7 C.F.R. § 273.2\(f\)\(iv\)](#); ^{iv}
- USDA's [SNAP Quality Control Review Handbook 310](#), Section 1170; ^v
- Center on Budget and Policy Priorities' [SNAP's Excess Medical Expense Deduction](#); ^{vi}
- Hunger Solutions New York's [SNAP Medical Exemption Fact Sheet](#); ^{vii}
- Hunger Free Colorado's [Capturing Transportation Costs for Allowable Medical Deduction](#); ^{viii}
- Massachusetts Law Reform Institute's [SNAP and the Medical Expense Deduction](#); ^{ix} and

may already get the maximum SNAP benefit, and claiming medical expenses will not boost the benefit.

■ FRAC's [U.S. Hunger Solutions: Best Practice for Creating a Standard Medical Deduction for SNAP.](#)

For technical assistance, contact:

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For more on ending hunger, read FRAC's [A Plan of Action to End Hunger in America.](#)

ENDNOTES

ⁱ U.S. Department of Agriculture, Food and Nutrition Service. (2019). *Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2017*. Available at: https://fns-prod.azureedge.net/sites/default/files/ops/Characteristic_s2017.pdf. Accessed May 10, 2019.

ⁱⁱ Mathematica Policy Institute. (2015). *State Trends in Supplemental Nutrition Assistance Program Eligibility and Participation Among Elderly Individuals, Fiscal Year 2008 to Fiscal Year 2013*, Table 111.0. Available at: <https://www.mathematica-mpr.com/our-publications-and-findings/publications/state-trends-in-supplemental-nutrition-assistance-program-eligibility-and-participation-among>. Accessed on May 10, 2019.

ⁱⁱⁱ United States Government. *7 CFR § 273.9 - Income and deductions*. Available at: <https://www.law.cornell.edu/cfr/text/7/273.9>. Accessed on May 10, 2019.

^{iv} United States Government. *7 CFR § 273.2 - Office operations and application processing*. Available at: <https://www.law.cornell.edu/cfr/text/7/273.2>. Accessed on May 10, 2019.

^v U.S. Department of Agriculture, Food and Nutrition Service. (2018). *Supplemental Nutrition Assistance Program Quality*

Control Review Handbook. Available at: <https://www.fns.usda.gov/snap/fns-handbook-310-snap-quality-control/>. Accessed on May 10, 2019.

^{vi} Center on Budget and Policy Priorities. (2014). *SNAP's Excess Medical Expense Deduction*. Available at: <https://www.cbpp.org/research/snaps-excess-medical-expense-deduction>. Accessed on May 10, 2019.

^{vii} Hunger Solutions New York. (2017). *SNAP Medical Exemption Fact Sheet*. Available at: https://hungersolutionsny.org/wp-content/uploads/2017/09/SNAP-Medical-exemption-fact-sheet-and-worksheet-9_14_17.pdf. Accessed on May 10, 2019.

^{viii} Hunger Free Colorado. (2019). *Capturing Transportation Costs for Allowable Medical Deduction*. Available at: <http://blog.hungerfreecolorado.org/news/new-policy-could-bolster-food-assistance-for-older-coloradans-and-people-with-disabilities/>. Accessed on May 10, 2019.

^{ix} Massachusetts Law Reform Institute. (2018). *SNAP and the Medical Expense Deduction*. Available at: <http://masslegalservices.org/snap-medical>. Accessed on May 10, 2019.