



Georgia CAFE

Community
Advocacy to Access
Food Stamps for the
Elderly & Disabled

SNAP Standard Medical Expense Deduction:

Research & Recommendations
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Background Information

The Supplemental Nutrition Assistance Program (SNAP) provides critical nutritional support to millions of individuals in the form of monthly benefits, used to purchase food. The amount of benefits a family receives varies widely, and is based on income and family size. At the end of 2014, Georgia's average monthly individual benefit amount was \$130.

SNAP participation of program-eligible elderly and disabled individuals has been historically low. One potential solution to this problem is the use of certain income deductions that may lead to increases in the monthly benefit amount that many elderly and disabled individuals receive. Although the administrative agency in charge of SNAP sets eligibility guidelines and other general program rules, states have significant discretion in certain areas of program implementation. One important area that states can influence policy is with medical expense deductions.

Elderly (age 60+) or disabled SNAP participants may use a medical expense deduction to assist in both establishing program eligibility and increasing the benefit amount their household receives. In order to use the medical expense deduction, an individual must provide receipts documenting itemized medical expenses in excess of \$35 per month.

What Counts?

Any out-of-pocket medical expense counts, including but not limited to: health insurance costs such as premiums, co-pays, and deductibles; medical supplies and equipment; dental care; hospitalization, nursing care, and long term care; over-the-counter medication and vitamins; eye glasses, hearing aids, or prosthetics, and transportation and lodging costs associated with medical care.

In lieu of reporting itemized expenses, many states have been approved by USDA Food and Nutrition Services to use a "Standard Medical Expense Deduction" (SMED), which decreases the burden on elderly and disabled individuals claiming the deduction and streamlines administrative work to process the deduction.

The SMED works by allowing individuals with medical expenditures to claim the deduction by verifying that they have at least \$35 in out-of-pocket costs. For example, a state with a \$185 SMED would give this deduction for a person with \$50 in medical expenditures as long as they showed they spent at least \$35. Individuals with very high medical expenditures, above the SMED amount, are able to deduct actual expenditures by documenting what they actually spent. Fifteen states have adopted the SMED, including Alabama (the latest state to join).

The SNAP Quality Control Data, a nationally representative sample of SNAP clients, showed that SMED is associated with an increase in the number of people reporting any medical expenditures for a deduction, as well as an increase in benefits for elderly and disabled in the states that have adopted the SMED.

Findings from Georgia Medicare Recipients

University of Georgia and Georgia Division of Aging Services have been conducting collaborative research projects to better understand healthcare needs among older

Georgians in need of nutrition and aging services. Most recent efforts estimated medical expenditures of vulnerable older Georgians based on data from the Georgia Advanced Performance Outcomes Measures Project 6 and Centers for Medicare and Medicaid Services 2008.

In a statewide sample of older Georgians aged 65 years and older and requesting meals services, the majority of sample participants were SNAP eligible but less than half of those eligible participated. Compared with SNAP eligible non-participants, SNAP eligible participants were more likely to report food-insecurity, live alone, and be dual eligible for Medicare and Medicaid.

SNAP eligible non-participants expended higher out-of-pocket medical expenses than SNAP eligible participants. Prescription medicine expenditures were a substantial component of total out-of-pocket expenditures.

Initial Recommendation

Based on findings from national and state analysis, as well as the advocacy work Georgia CAFE has conducted with vulnerable SNAP eligible elderly clients, it is clear that many elderly and disabled clients have high out-of-pocket medical expenditures. Even with these expenditures and the option to report them for a medical expense deduction, only about 12% of SNAP clients who are eligible for the deduction report their monthly expenditures in Georgia. We recommend that the state of Georgia strongly consider adoption of a Standard Medical Expense Deduction (SMED). Two tangible benefits of the SMED for other states that have adopted include increased administrative efficiency and increases in benefit amounts for some of our state's most vulnerable clients. Further analysis will be conducted throughout 2015.

Georgia CAFÉ Client Case Study

Mary Alice Rogers, a CAFÉ client, is 75 years old and lives in her own home in Athens-Clarke County. Her monthly income is **\$976**. Ms. Rogers has diabetes, high blood pressure, cardiovascular disease, ocular hypertension, osteoarthritis, and hypothyroidism. She is under the care of six different physicians and makes multiple trips to the pharmacy every month. Her medical expenses include transportation costs, her Medicare premium, physician and pharmacy co-payments, and unpaid medical bills. Her total monthly out-of-pocket medical expenses are **\$197**. Ms. Rogers is not an atypical case: many of the clients we work with have comparable expenses. The burden of proof to document every dollar of these expenses for a SNAP medical deduction is extensive for Ms. Rogers and clients like her.

References

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