

CHANGE NOTICE FOR MANUAL NO. 03-07, SPOUSAL PROTECTION

DATE: NOVEMBER 28, 2006

Manual: Aged, Blind, and Disabled Medicaid

Change No: 03-07

To: County Directors of Social Services

Effective: January 1, 2007

I. BACKGROUND

Section 1924 (g) of the Social Security Act contains provisions for the protection of income and resources when an institutionalized spouse (ISP) has a community spouse (CUSP). Each January 1st, there is an increase in the maximum community spouse income allowance (CSIA) and the minimum and maximum community spouse resource allowance (CSRA). This increase is a result of an increase in the Consumer Price Index and is based on the difference between the September 1988 Consumer Price Index and the September 2006 Consumer Price Index.

The Centers for Medicare and Medicaid Services (CMS) has determined that the Consumer Price Index increase from September 1988 to September 2006 is 69.4 percent. This percentage was used to determine the new spousal impoverishment amounts.

There is no change in the minimum CSIA, dependent family member allowance, or the allowance for excess shelter expenses. These amounts change in July of each year.

II. POLICY PRINCIPLES

A. Spousal Income Protection

The protection of income applies when the applicant/recipient (a/r) is institutionalized and has a CUSP. In order for the CUSP to be eligible for income protection, the a/r must be budgeted long-term care. The protection of income begins the first month of long term care budgeting.

B. Spousal Resource Protection

The CSRA applies when the a/r is institutionalized and has a CUSP. In order for the CUSP to be eligible for resource protection, the a/r may be budgeted PLA or long-term care. The protection of resources begins the first month of the continuous period of institutionalization (CPI).

C. Spousal Protection Amounts

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|----|---|---------------|
| 1. | Maximum community spouse resource allowance | \$ 101,640.00 |
| 2. | Minimum community spouse resource allowance | \$ 20,328.00 |
| 3. | Maximum community spouse income allowance | \$ 2,541.00 |

D. Other Changes

The new Medicare Part A deductible rate, Part B premium change, and co-insurance amounts for 2007 have been updated in MA-2360, Medicaid Deductible.

III. EFFECTIVE DATE

This change in policy is effective January 1, 2007.

IV. IMPLEMENTATION PROCEDURES

A. Spousal Income Protection

1. Applications pending on January 1, 2007
 - a. Apply the new maximum CUSP income protection amount to any month in the certification period beginning January 2007 or later.
 - b. Apply the previous maximum CUSP income protection amount to any month in the certification period prior to January 2007, including the retroactive certification period.
2. Ongoing Case Maintenance
 - a. Apply the new maximum CUSP income protection amount to any month in the certification period beginning January 2007 or later for redeterminations completed on or after January 1, 2007.
 - b. Apply the previous maximum CUSP income protection amount to any month in the certification period prior to January 2007.

B. Spousal Resource Protection

1. CPI Begins On or After January 1, 2007

Apply the new CSRA amounts to any month in the certification period beginning January 2007 or later.

2. CPI Begins Prior To January 1, 2007

- a. Apply the previous CSRA amounts to any month in the certification period prior to January 1, 2007.
- b. Apply the new CSRA amounts to any month in the certification period beginning January 2007 or later.

Recalculate the amount of the countable resources of the institutionalized spouse (ISP) effective January 1, 2007, by applying the new CSRA amounts. This may reduce the countable resources of the ISP effective January 1, 2007.

- (1) If the CSRA is less than \$20,328, increase the allowance to the new amount and recalculate the countable resources of the ISP.

Example: The CSRA determined prior to 1-1-07 was \$19,020. The couple's countable resources on 12-31-06 totaled \$21,220. This left \$2,200 in countable resources for the ISP ($\$21,220 - \$19,020 = \$2,200$). Effective 1-01-07, increase the CSRA to \$20,328. This reduces the countable resources of the ISP to \$892 ($\$21,220 - \$20,328 = \892). Assistance may be authorized for the ISP effective January 1, 2007, provided all other eligibility factors are met.

- (2) If one-half of the couple's countable resources at the beginning of the CPI are greater than the previous maximum CSRA, increase the CSRA to the new maximum amount for any month in the certification period beginning January 2007 or later. Recalculate the countable resources of the ISP based on the increased CSRA.

Example: The couple's countable resources at institutionalization totaled \$198,240. One-half of this amount is \$99,120. However, the maximum CSRA of \$99,540 was protected for the CUSP. The couple's countable resources on 12-31-06 totaled \$197,200. This left \$98,080 in countable resources for the ISP ($\$197,200 - \$99,120 = \$98,080$). Effective 1/1/07, increase the CSRA to \$101,640. This reduces the countable resources of the ISP to \$95,560 ($\$197,200 - \$101,640 = 95,560$) beginning 1/01/07.

- c. Notify the a/r of any changes in the resource protection amount. Use the appropriate notice.

C. Medicare Co-Insurance and Deductibles

The new Medicare rates apply to eligible medical services incurred on or after January 1, 2007. MA-2270, Long Term Care Need And Budgeting, Tables i and ii, are updated to reflect the new rates.

V. MAINTENANCE OF MANUAL

- A. Remove:** MA-2231, Community Spouse Resource Protection, pages 7-10.
Insert: [MA-2231, Community Spouse Resource Protection](#), pages 7-10, effective 1-1-07.
- B. Remove:** MA-2260, Financial Eligibility Regulations – PLA, pages 14 and 15.
Insert: [MA-2260, Financial Eligibility Regulations](#) – PLA, Pages 14 and 15 , effective 1-1-07.
- C. Remove:** MA-2270, Long Term Care Need and Budgeting, pages 15-16, 27-28, Table i, Table ii, and Figure 6
Insert: [MA-2270, Long Term Care Need and Budgeting](#), pages 15-16, 27-28, [Table i](#), [Table ii](#), and [Figure 6](#) effective 1-1-07.
- D. Remove:** MA-2360, Medicaid Deductible, pages 11-12, 15-20.
Insert: [MA-2360, Medicaid Deductible](#), pages 11-12, 15-20, effective 1-1-07.

If you have any questions, please contact your Medicaid Program Representative.

L. Allen Dobson, Jr., M.D., Assistant Secretary
for Health Policy and Medical Assistance

(This material was researched and written by Linda Faulkner, Medicaid Policy Consultant, Medicaid Eligibility Unit).