

---

**HOME EQUITY VALUE & ELIGIBILITY FOR INSTITUTIONAL SERVICES**

---

**REVISED 12/1/23 – CHANGE NO. 13-23**

**[Current Change Notice: 13-23](#)**

- I: home equity amount is updated to reflect current amount.

**I. INTRODUCTION**

For applications for institutional services taken on or after January 1, [2024](#), the individual's equity interest in their home cannot exceed [\\$713,000](#). This also applies to future redeterminations of these applicants. See [MA-2240, Transfer of Assets](#), III. for a definition of institutional services. This does not apply to applications for in-home health services and supplies.

The home equity provision does not apply to individuals who:

**A. Applied and were determined eligible before November 1, 2007, and have no break in institutional services eligibility after November 1, 2007,**

**or**

**B. To a re-open termination when the date of application is prior to November 1, 2007. See MA-2300, Processing the Application.**

This section explains the policy and procedures for determining home equity disqualification.

**II. LIMITATION ONLY ON PAYMENT FOR INSTITUTIONAL SERVICES**

This is not a resource test that excludes a home of any value for purposes of determining eligibility for Medicaid. This policy applies only to eligibility for institutional services as described in I. above. Do not apply this policy if the spouse of the individual, the individual's child under 21, or the individual's blind or disabled child of any age resides in the home.

If it is determined the applicant/beneficiary (a/b) is ineligible for institutional services due to home equity value, send a [DHB 5115, Notification of Right to Request a Demonstrated Hardship Waiver \(Home Equity Value\)](#). If the a/b does not request a demonstrated hardship waiver due to excess home equity or after evaluating for a demonstrated hardship waiver due to excess home equity it is determined the a/b remains ineligible for institutional services, update the evidence in NC FAST and evaluate for all other Medicaid programs. Send the appropriate notice.

### III. DETERMINING HOME EQUITY VALUE

The equity in the individual's ownership interest in their home is the current market value of the ownership interest in the home minus any encumbrances on that interest. This applies to any ownership interest that the a/b has in their home. Refer to policy in [MA-2230, Financial Resources](#), to determine the current market value and equity of the home.

#### A. REDUCING HOME EQUITY THROUGH A HOME EQUITY LOAN

1. Applying and being approved for a home equity loan does not reduce the home's equity. A line of credit does not reduce the equity value of the home. For example, the equity value of the home is **\$713,000**, and the individual is approved for a reverse mortgage line of credit of \$100,000. That action itself does not reduce equity.
2. The equity value of the interest in the home is reduced only when an amount of money is received from the home equity loan. For example:  
  
The equity value of the interest in the home is **\$713,000** with a reverse mortgage with a line of credit of \$100,000. The beneficiary receives \$20,000 from the reverse mortgage. The equity value of interest in the home is reduced to **\$713,000**.  $\$713,000 - \$20,000 = \$693,000$ .
3. Evaluate a home equity loan transferred to another individual for a possible sanction.
  - a. If the proceeds of a home equity loan are given away in the month of receipt or any following months, apply transfer of resource policy in [MA-2240, Transfer of Assets](#).
  - b. Count any remaining funds received from the home equity loan as an asset in the month after receipt. See [MA-2230, Financial Resources](#).

#### B. REDUCING HOME EQUITY THROUGH REBUTTAL

See [MA-2230, Financial Resources](#), for policy concerning the rebuttal of a home equity value.

#### IV. DEMONSTRATED HARDSHIP

The applicant/beneficiary, spouse or representative may request a demonstrated hardship waiver when excess home equity disqualifies the a/b from receiving institutional services. Demonstrated hardship for excess home equity is different from the undue hardship waiver for transfer of assets. The a/b must request the demonstrated hardship waiver within 12 calendar days from the date of the [DHB 5115, Notification of Right to Request a Demonstrated Hardship Waiver \(Home Equity Value\)](#). Proof must be provided to the county department of social services demonstrating through the greater weight of evidence that a hardship will occur if the a/b is denied institutional services.

**A. Use a [DHB-5097/5097S](#), Request For Information, to request information needed to evaluate for a demonstrated hardship due to excess home equity. If information is not received by the end of the 12 calendar day period, send a second [DHB-5097/5097S](#), Request For Information and allow an additional 12 calendar days to submit the information. Document the request in the case record.**

1. If information is not received by the end of the second 12 calendar day period, deny the request. (See II. above)
2. If information is received, complete the evaluation for demonstrated hardship within 12 calendar days of receipt of the information. Document the decision in the case record.

**B. Demonstrated hardship due to excess home equity relates to the a/b, not the relatives or responsible parties of the a/b.**

A demonstrated hardship due to excess home equity may exist when:

1. The a/b has no other family or persons to take care of them if discharged from the facility and they have no other assets.
2. The a/b's family members are too feeble or old to take care of them and their remaining assets have been depleted.

If it is determined that a demonstrated hardship exists, approve the a/b for institutional services providing all other eligibility requirements are met. If it is determined that a demonstrated hardship does not exist, follow procedure in II. above.