

CHANGE NOTICE FOR MANUALS NO. 22-08, FINANCIAL RESOURCES

DATE: OCTOBER 24, 2008

Manual: Aged, Blind, and Disabled Medicaid

Change No: 22 - 08

To: County Directors of Social Services

Effective: November 1, 2008

I. BACKGROUND

Resources are an important factor in determining Medicaid eligibility. Countable resources are compared to a limit established by federal law. An applicant/recipient (a/r) is ineligible for Medicaid if countable resources exceed the resource limit or the "reserve" limit.

II. CONTENT OF CHANGE

A. MA-2230, Financial Resources.

1. Section I.
 - a. The [DMA-5030, Reserve History Sheet](#) is revised and is now required to be used when documenting resources at application, change in situation and at redeterminations.
 - b. The Resource limit for Health Care for the Working Disabled (HCWD) is provided in policy.
 - c. The definition of a Dedicated Account is provided in policy.
2. Section VII.
 - a. Policy concerning the Tobacco Transition Payment Program (TTPP) is updated to provide information more relevant to the Medicaid program.
 - b. [MA-2230 Figure 17](#) is a list of financial institutions approved by the Commodity Credit Corporation for the sale of TTPP contracts.
 - c. Document specific information listed in policy concerning the a/r's TTPP contract on the DMA-5030, Reserve History Sheet.

3. Section XI.
 - a. The definition of “sole benefit” as it applies to Special Needs Trusts is provided in policy.
 - b. No assets or income of others may be comingled with assets in the disabled individual’s Special Needs Trust.
 - b. Any additions made to a Special Needs Trust or Pooled Trust for an individual after he turns age 65 must be evaluated for a transfer of assets.
 - d. A Pooled Trust may be created for an individual of any age.
 - e. A Pooled Trust created after November 1, 2008 for an individual age 65 or older must be evaluated for a Transfer of Assets.
4. Section XII. and XIII.
 - a. Throughout policy the term cash value is changed to read cash surrender value (CSV).
 - b. Throughout policy the reference to whole life insurance policies and term life insurance policies which have a cash value is changed to life insurance policies which generate a cash surrender value. All policies which generate a cash surrender value are counted in the total face value of all policies owned by an individual when determining if the CSV is a countable resource.
 - c. Definitions are provided for face value, cash surrender value and annuity.
 - d. Dividend accumulations earned on life insurance policies which are not applied to premiums are counted as a resource. Dividends earned on a policy which are paid to the policy owner are not income in the month they are received, but are a resource if retained in the following month.

B. MA-2240, Transfer of Assets

Section VIII. Any additions made to a Special Needs Trust or a Pooled Trust after the a/r turns age 65 must be evaluated for a Transfer of Assets.

III. EFFECTIVE DATE AND IMPLEMENTATION

Policy in II.A.3.e. above, is effective with Pooled Trusts created on or after November 1, 2008. Other policy changes are effective November 1, 2008. Apply these changes to all applications, changes in situations and redeterminations processed on or after November 1, 2008.

IV. MAINTENANCE OF MANUAL

- A. Remove: MA-2230, Financial Resources, pages 1 through 113.**
- B. Insert: [MA-2230, Financial Resources](#), pages 1 through 118, and [Figure 17](#).**
- C. Remove: MA-2240, Transfer of Assets, pages 15 and 16.**
- D. Insert: [MA-2240, Transfer of Assets](#), pages 15 and 16.**

If you have any questions regarding this information, please contact your Medicaid Program Representative. For any issues that are not able to be handled through that venue, Mrs. Angela Floyd, Assistant Director for Recipient and Provider Services will be your point of contact and can be reached at (919) 855-4000.

Tara R. Larson, Acting Director

(This material was researched and written by Linda Faulkner, Projects Coordinator, Medicaid Eligibility Unit)