



Iowa Department of Human Services

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GENERAL LETTER NO. 8-D-93

ISSUED BY: Bureau of Financial, Health and Work Supports
Division of Adult, Children and Family Services

SUBJECT: Employees' Manual, Title 8, Chapter D, **RESOURCES**, Contents (page 1), revised; pages 6, 7, 9, 10, 12, 17, 20, 21, 43, 50, 75, 80, 123, 127, and 128, revised; and pages 10a and 10b, new.

Summary

Chapter 8-D is revised to:

- ◆ Update the 2014 maximum community spouse resource allowance to \$117,240 and the minimum monthly maintenance needs allowance to \$2,931.
- ◆ Clarify how to determine what income of the institutionalized spouse can be made available to the community spouse in the attribution appeal process.
- ◆ Update attribution examples.
- ◆ Update the Table for an Annuity for Life with the 2001 CSO-D Mortality Table.
- ◆ Update the average monthly statewide cost of nursing facility services. The average monthly statewide cost of nursing facility services is used to determine the penalty period for transfer of assets. The average cost of nursing facility services for state fiscal year 2015 is \$5,103.24 per month or \$167.87 per day.
- ◆ Update the 2014 resource limits for QMB, SLMB, and E-SLMB to \$7,160 for an individual and \$10,750 for a couple.
- ◆ Update the 2014 maximum equity amount for property in a homestead for people requesting long-term care to \$543,000.
- ◆ Add a heading for the assignment of support rights to clarify that the institutionalized spouse does not need to be estranged from the community spouse in order to assign their rights of support.
- ◆ Clarify the transfer of assets policy to reflect that there will be no adjustment in the transfer penalty period when an asset is partly returned and to update legal references.
- ◆ The SSI-related vehicle policy has been updated based on a change in federal regulations. In determining the resources of an individual, exclude one vehicle regardless of value if it is used for transportation of the individual or a member of the individual's household.

Effective Date

Dollar amount changes are effective January 1, 2014.

The changes to the average monthly statewide cost of nursing facility services are effective July 1, 2014.

All other changes are effective upon receipt.

Material Superseded

This material replaces the following pages from Employees' Manual, Title 8, Chapter D:

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9, 10, 12	February 20, 2009
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Additional Information

Refer questions about this general letter to your income maintenance administrator.

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Mr. and Mrs. G claimed resources of \$60,000 on the application for attribution. However, they could provide verification for only \$50,000. The attribution was based on the verified resources of \$50,000.

Count the uncompensated value of any divested resources owned by either spouse if the resource was owned on the first moment of the first day of the month. "Uncompensated value" is the fair market value of the asset minus the amount that was received for the asset.

NOTE: If either spouse transferred resources at less than fair market value to attain eligibility, see [Transfer of Assets](#) for procedures to handle such transfers when determining eligibility.

2. Add together all resources of both spouses.
3. Attribute one-half of the documented resources to each spouse. If necessary, adjust the division so that the community spouse will receive no less than \$24,000 (if there is that much) but no more than \$117,240.

Value of Combined Resources	\$0 - \$47,999	\$48,000 - \$234,479	\$234,480 or more
Amount attributed to:			
Community spouse	\$24,000	One-half	\$117,240
Institutionalized spouse	Remainder	One-half	Remainder

After the attribution is complete, send each spouse the results on form 470-2588, *Notice of Attribution of Resources*, with copies of the resource documents. The notice includes an explanation of the spouses' appeal rights. (See [If the Applicant Appeals the Attribution Amount.](#))

If a court or administrative appeal decision has ordered an amount greater than half the resources for the community spouse, or more than \$117,240, attribute the amount ordered.

1. Mr. A enters a medical institution and his wife remains at home. Mr. and Mrs. A furnish verification of a total of \$69,500 in resources. One-half of this is \$34,750. Mrs. A is attributed \$34,750 and Mr. A is attributed \$34,750.

2. Mr. B enters skilled care expecting to stay indefinitely. His wife remains at home. Their total resources are \$24,792. One-half of this is \$12,396. Since this result is less than \$24,000, the minimum amount of \$24,000 is attributed to Mrs. B. \$792 is attributed to Mr. B.

3. Mrs. D enters a hospital and is expected to stay over 30 days. Her husband remains at home. Their total resources are \$300,000. One-half of this is \$150,000.

The community spouse cannot be attributed more than \$117,240 without a court order or final appeal decision. Therefore, \$182,760 is attributed to Mrs. D and \$117,240 is attributed to Mr. D ($\$300,000 - \$117,240 = \$182,760$).

4. Mr. M enters a nursing facility and Mrs. M remains at home. The total value of their resources is \$40,000. However, the court has ordered that \$30,000 be transferred to Mrs. M for support. In this case, \$30,000 is attributed to Mrs. M, even though this amount exceeds the \$24,000 minimum; \$10,000 is attributed to Mr. M.

If the Applicant Appeals the Attribution Amount

Legal reference: 441 IAC 75.5(3)"f"

The current minimum monthly maintenance needs allowance (MMMNA) for a community spouse is \$2,931. If the income available to the community spouse is less than the MMMNA, the applicant or the community spouse may file an appeal to set aside additional resources that would generate income equal to the difference between the income available to the community spouse and the MMMNA.

The appeal request must be filed within 30 days of the *Notice of Attribution of Resources* (NOA) or any *Notice of Decision* (NOD) regarding medical assistance. If the applicant does not file an appeal within 30 days of an NOA or NOD, the applicant loses the right to a hearing on the attribution for that application. If requested, help the applicant to complete form 470-0487 or 470-0487(S), *Appeal and Request for Hearing*.

If the appeal is filed after one or more applications has been denied, and the appeal allows a substitution of resources that result in the institutionalized spouse now being eligible, the date of approval begins with the most recent application. Only one appeal to allow a substitution of resources will be conducted.

The review form is sent out in January 2006 and not returned. The case is canceled effective February 1, 2006. Another application is filed in February 2006. The Ms now have \$42,000 in resources.

The worker subtracts the community spouse resource allowance assigned in the attribution process. The remaining resources exceed the resource limit.

The worker issues an NOD denying the application in February 2006. Mr. M files an appeal regarding the NOD. A hearing is granted. The final appeal decision attributes additional resources to Mrs. M. The couple's income is low enough that the average of the annuities, \$99,424, is used to set aside additional resources for Mrs. M.

The new community spouse resource allowance exceeds the current resources owned by Mr. and Mrs. M. The February 2006 decision to deny the application based on excess resources is reversed.

Verify the couple's available gross monthly income. Do not count income that is earned by resources used in the attribution process.

When determining gross monthly income, include any income the community spouse or institutionalized spouse may be entitled to but is not receiving. When the community spouse works only part of the year and received income only during the time worked, annualize the income as directed in [8-E, Determining Income from Self-Employment](#).

For couples where one spouse entered an institution before February 8, 2006, county only the community spouse's income.

For couples where one spouse entered an institution on or after February 8, 2006, consider the institutionalized spouse's income that can be made available to the community spouse according to the facility client participation calculation. See [8-I, Deductions From Client Participation](#). Allow a \$50 personal needs allowance deduction from the gross countable income of the institutionalized spouse for facility, HCBS waiver, **or** PACE applicants.

1. Mrs. B enters a facility in January 2006. Mr. B remains at home. The Bs file an application for medical assistance for Mrs. B in March 2006. An attribution of resources is completed. The worker totals all of the household resources as of January 1, 2006, and subtracts the community spouse resource allowance assigned in the attribution process. The remaining resources continue to exceed the resource limit. The worker issues an NOD denying the application in April 2006.

Mrs. B files an appeal regarding the NOD. A hearing is granted. Since Mrs. B entered the facility before February 8, 2006, only Mr. B's income is used when the Bs provide a quote for the cost of an annuity to set aside additional resources for Mr. B.

2. Mr. C enters a facility on April 19 and files an application on April 21. Mr. C has a community spouse, Mrs. C. The Cs have combined total resources that are counted in the attribution, in the amount of \$27,000. \$24,000 was attributed to Mrs. C and that left \$3,000 for Mr. C.

Mr. C has \$1,410.90 Social Security and \$500 pension with a total income of \$1,910.90. Mr. C has Medicare and a Medicare supplement with a monthly premium of \$150. Mr. C has total unmet medical deductions in the amount of \$254.90 (\$104.90 Medicare premium + \$150 Medicare supplement = \$254.90). Mrs. C has \$1,100.90 Social Security.

The April application was denied since Mr. C's resources exceed the \$2,000 resource limit. Mr. C appealed the attribution and the denial.

Since Mr. C became institutionalized after February 8, 2006, Mrs. C's income, plus the income that will be made available from Mr. C is used when determining the shortfall of income between the MMMNA and Mrs. C's available income for the attribution process.

\$ 1,410.90	Social Security
+ <u>500.00</u>	Pension
\$ 1,910.90	
- <u>50.00</u>	Personal needs allowance
\$ 1,860.90	Total of Mr. C's income available to Mrs. C
+ <u>1,100.90</u>	Mrs. C's income
\$ 2,961.80	Total income available to Mrs. C when determining her shortfall for the annuity quote
\$ 2,931.00	MMMNA
- <u>2,961.80</u>	Total income available to Mrs. C
\$.00	Shortfall of income used to determine the cost of an annuity for the attribution

Since there is not a shortfall of income for Mrs. C, additional resources cannot be attributed to Mrs. C. Mr. C remains ineligible until he spends down his resources to \$2,000.

If Mr. C is determined eligible, calculate the CP as follows:

\$ 1,410.90	Social Security
+ <u>500.00</u>	Pension
\$ 1,910.90	
- 50.00	Personal needs allowance
- <u>1,830.10</u>	Mrs. C's deficit
\$ 30.80	Client participation

\$ 2,931.00	MMMNA
- <u>1,100.90</u>	Mrs. C's Social Security
\$ 1,830.10	Mrs. C's deficit of income

Since Mr. C has income left after the spousal diversion, this is when you will allow other deductions in the CP calculation, such as unmet medical needs (Medicare and health insurance premiums). Since there is only \$30.80 left, Mr. C will have \$30.80 that he can use to pay towards his Medicare premium or health insurance premium.

3. Mr. D applied for waiver services in April and meets level of care for waiver services on May 5. Mr. D has a community spouse, Mrs. D. The Ds have combined total resources that are counted in the attribution, in the amount of \$78,000. \$39,000 was attributed to each spouse ($\$78,000 \div 2 = \$39,000$).

Mr. D has \$1,390.90 Social Security and \$233 pension with a total income of \$1,623.90. Mr. D has Medicare and a Medicare supplement with a monthly premium of \$100. Mr. D has total unmet medical deductions in the amount of \$204.90 (\$104.90 Medicare premium + \$100 Medicare supplement = \$204.90). Mrs. D has \$535.90 Social Security.

The April application was denied since Mr. D's resources exceed the \$2,000 resource limit. Mr. D appealed the attribution and the denial.

Since Mr. D became institutionalized after February 8, 2006, Mrs. D's income, plus the income that will be made available from Mr. D is used when determining the shortfall of income between the MMMNA and Mrs. D's available income for the attribution process.

\$ 1,390.90	Social Security
+ <u>233.00</u>	Pension
\$ 1,623.90	
- <u>50.00</u>	Personal needs allowance
\$ 1,573.90	Total of Mr. D's income available to Mrs. D
+ <u>535.90</u>	Mrs. D's income
\$ 2,109.80	Total income available to Mrs. D when determining her shortfall for the annuity quote
\$ 2,931.00	MMMNA
- <u>2,109.80</u>	Total income available to Mrs. D
\$ 821.20	Shortfall of income used to determine the cost of an annuity for the attribution

If Mr. D is determined eligible, calculate the CP as follows:

\$ 1,390.90	Social Security
+ <u>233.00</u>	Pension
\$ 1,623.90	
- <u>2,163.00</u>	Mr. D's maintenance needs
\$.00	Client participation
\$ 483.00	MNIL for one-person household
- <u>535.90</u>	Mrs. D's Social Security
\$.00	Mrs. D's deficit of income

In this situation for client participation, Mrs. D does not have a deficit of income and Mr. D has no income left to allow any other deductions. If Mr. D had income left after the spousal diversion, this is when you would allow other deductions in the CP calculation, such as unmet medical needs (Medicare and health insurance premiums).

If the annuity quote is equal to or less than the original attribution amount, the original attribution is left as is.

TABLE FOR AN ANNUITY FOR LIFE

2001 CSO-D mortality table based on blending 50% male-50% female (pivotal age 45)
 age nearest birthday **Source:** Iowa Department of Revenue

Age In Years	Life Expectancy In Years	Age In Years	Life Expectancy In Years	Age In Years	Life Expectancy In Years
0	78.65	41	39.22	82	7.84
1	77.73	42	38.28	83	7.38
2	76.78	43	37.35	84	6.94
3	75.81	44	36.42	85	6.52
4	74.84	45	35.49	86	6.13
5	73.86	46	34.57	87	5.75
6	72.87	47	33.65	88	5.41
7	71.89	48	32.74	89	5.09
8	70.91	49	31.84	90	4.79
9	69.92	50	30.94	91	4.51
10	68.94	51	30.04	92	4.23
11	67.95	52	29.15	93	3.94
12	66.97	53	28.27	94	3.67
13	65.99	54	27.40	95	3.43
14	65.01	55	26.54	96	3.21
15	64.04	56	25.68	97	3.03
16	63.07	57	24.84	98	2.88
17	62.11	58	24.01	99	2.71
18	61.15	59	23.19	100	2.53
19	60.19	60	22.38	101	2.35
20	59.23	61	21.57	102	2.18
21	58.27	62	20.78	103	2.02
22	57.32	63	20.00	104	1.87
23	56.36	64	19.24	105	1.72
24	55.40	65	18.49	106	1.59
25	54.45	66	17.75	107	1.47
26	53.49	67	17.02	108	1.35
27	52.53	68	16.31	109	1.25
28	51.58	69	15.60	110	1.16
29	50.63	70	14.91	111	1.08
30	49.67	71	14.23	112	1.00
31	48.72	72	13.56	113	0.93
32	47.76	73	12.91	114	0.86
33	46.81	74	12.28	115	0.79
34	45.85	75	11.66	116	0.73
35	44.90	76	11.06	117	0.67
36	43.95	77	10.47	118	0.61
37	43.00	78	9.91	119	0.56
38	42.05	79	9.36	120	0.50
39	41.11	80	8.83		
40	40.16	81	8.32		

Assignment of Support Rights

Legal reference: 441 IAC 75.5(4)"a"(4)

Do not deny Medicaid for the institutionalized spouse if the resources owned by the institutionalized spouse are less than eligibility limits and the institutionalized spouse either:

- ◆ Has assigned any rights to support from the community spouse to the state, **or**
- ◆ Lacks the ability to execute an assignment because of physical or mental impairment.

To decide if the applicant lacks the ability to assign support rights, determine if the applicant has a guardian or conservator. If the applicant did not voluntarily choose to have a guardian or conservator, the client lacks the ability to assign support rights. No further verification is required.

If the applicant chose to have a guardian or conservator but it is alleged that the applicant lacks the ability to assign support rights, verify the lack of assignment ability with a physician's statement.

If you approve eligibility for an applicant who voluntarily or involuntarily has a guardian or conservator, send the following information to the Bureau of Financial, Health and Work Supports:

- ◆ The names and addresses of both spouses.
- ◆ The amount of the community spouse resource allowance.
- ◆ The amount of resources owned by the community spouse.

The Department will pursue support from the community spouse on a case-by-case basis. The state has the right to bring a support proceeding against a community spouse without an assignment.

The applicant is ineligible if the applicant owns resources that exceed limits, even if the applicant assigns support rights or lacks the ability to assign support rights.

Transfers to Establish Ongoing Eligibility

Legal reference: 441 IAC 75.5(4)"a"(2)

After the month the institutionalized spouse is determined eligible, do not consider the resources **owned** by the community spouse to be available to the institutionalized spouse.

The worker divides \$28,500 by 2, which equals \$14,250. Because this is less than \$24,000, the amount attributed to Mrs. R (the community spouse) is \$24,000. The remaining amount of \$4,500 is attributed to Mr. R.

Appealing an Attribution

After the attribution is complete, Mrs. R files an appeal to set aside additional resources that would generate income equal to the difference between the couple's available income and the MMMNA. The deficit in income is \$1,622.

The cost of an annuity to generate \$1,622 per month is \$103,119. Because \$103,119 is more than the \$24,000 attributed to Mrs. R, the attribution will be modified to substitute \$103,119 for the \$24,000 previously attributed to Mrs. R. No resources are attributed to Mr. R.

Determining Eligibility After the Appeal

After the appeal, Mrs. R applies for Medicaid for Mr. R. The worker subtracts the community spouse allowance of \$103,119 from the couple's resources. This leaves no resources available to Mr. R. He is resource-eligible for Medicaid payment for nursing facility care. Mr. R has 90 days to transfer resources to Mrs. R to maintain his eligibility.

2. Mrs. J enters a nursing facility and files form 470-2577, *Resources Upon Entering a Medical Facility*. The Js list resources of a \$150,000 farm, a homestead, \$10,000 in bonds, \$100,000 in CDs, one car, \$10,000 in a checking account, and \$35,000 in a savings account.

Completing the Attribution

The following items are used to complete the attribution:

\$ 150,000	Farm
10,000	Bonds
100,000	CDs
10,000	Checking account
+ 35,000	Savings account
\$ 305,000	Total resources

\$117,240 is attributed to Mr. J. \$187,760 is attributed to Mrs. J.

Appealing an Attribution

After the attribution is complete, Mr. J files an appeal to set aside additional resources to generate income equal to the difference between the couple's income and the MMMNA. The couple's available income is \$1,844 per month. $\$2,931 - \$1,844 = \$1,087$ unmet need.

The average estimate of the cost of an annuity to generate \$1,087 per month is \$45,000, which is less than the \$117,240 attributed to Mr. J. The attribution remains the same.

Determining Eligibility After the Appeal

After the appeal, Mr. J files an application for medical assistance for Mrs. J. The Js have the following resources at the time of application:

\$ 61,920	CDs
50,000	Bonds
10,000	Checking account
+ 35,000	Savings account
\$ 156,920	Total resources

The worker subtracts the community spouse allowance of \$117,240. This leaves \$39,680 in resources available to Mrs. J. She is ineligible for Medicaid payment for nursing facility care, because she is over the resource limit.

Estate Recovery

Legal reference: 441 IAC 76.12(7)

The cost of medical assistance is subject to recovery from the estate of certain Medicaid members. Members affected by the estate recovery policy are those who:

- ◆ Are 55 years of age or older, regardless of where they are living; or
- ◆ Are under age 55 and:
 - Reside in a nursing facility, an intermediate care facility for the mentally retarded, or a mental health institute, and
 - Cannot reasonably be expected to be discharged and return home. See [Establishing Whether a Member Under Age 55 Can Return Home](#).

Give a copy of Comm. 123 or Comm. 123(S), *Important Information for You and Your Family Members About the Estate Recovery Program*, to all Medicaid applicants at the time of the application. This includes IowaCare applicants.

Time of Application	Average Monthly Statewide Cost of Nursing Facility Services	Average Daily Cost of Nursing Facility Services
July 1, 2014 – June 30, 2015	\$5,103.24	\$167.87
July 1, 2013 – June 30, 2014	\$5,057.65	\$166.37
July 1, 2012 – June 30, 2013	\$5,131.82	\$168.81
July 1, 2011 – June 30, 2012	\$4,853.36	\$159.65
July 1, 2010 – June 30, 2011	\$4,842.72	\$159.30
July 1, 2009 – June 30, 2010	\$4,598.61	\$151.27
July 1, 2008 – June 30, 2009	\$4,342.03	\$142.83
July 1, 2007 – June 30, 2008	\$4,173.92	\$137.30
July 1, 2006 – June 30, 2007	\$4,021.31	\$132.28
July 1, 2005 – June 30, 2006	\$3,697.55	\$121.63
July 1, 2004 – June 30, 2005	\$3,597.84	NA
July 1, 2003 – June 30, 2004	\$3,575.34	NA
July 1, 2002 – June 30, 2003	\$3,111.69	NA
July 1, 2001 – June 30, 2002	\$3,024.00	NA
July 1, 2000 – June 30, 2001	\$2,933.07	NA

To establish the penalty period for transfers made **before** February 8, 2006:

1. Determine the equity value of all assets transferred in the 36 months before the client applied for Medicaid, other than those transferred to or by a trust.
2. Determine the equity value of all assets transferred into or by a trust in the 60 months before the client applied for Medicaid.
3. Divide the total equity value of the transferred assets by the average monthly cost of nursing services at the time of application to determine the number of months of penalty. Drop any fraction remaining, so the result is in whole months.

Return of the Transferred Asset

Legal reference: 42 USC 1396p(c)(2)(c)

If the transferred asset is returned, there is a change in the period that the uncompensated value of the asset affects eligibility. If the asset is returned in its entirety, the transfer penalty is expunged as of the first moment of the first day of the month after the return.

If the asset is partly returned, there will be no adjustment in the transfer penalty period.

The increase or decrease in value of the property transferred that may have occurred due to inflation or deflation from the time of transfer to the time of return does not affect the length of the period of ineligibility.

Changing the disqualification period does not necessarily establish eligibility.

Assets returned are not considered income, but are a countable resource if retained in the month following the month they were returned. Remember to report any returned assets to DIA if a claim has been filed.

Claim Against a Person Who Receives Transferred Assets

Legal reference: 441 IAC 89.1(249F), 89.2(1), 89.3(249F), 89.4(249A)

The Department may file a claim against a person who received transferred assets. When an applicant or a member transfers assets for less than fair market value a claim may be filed against the person who received the transferred assets, when the following occurs:

- ◆ A transfer was within 60 months of application or while on Medicaid, and
- ◆ There is intent on the part of the person who received the assets to gain Medicaid eligibility for the applicant or member who transferred the asset.

NOTE: The claim is for reimbursement for all Medicaid services paid on behalf of the member (transferor) but not greater than the uncompensated value of the assets transferred.

When a member with a medical assistance trust dies, include information about the trust in the ABC system referral to the Estate Recovery Unit.

Special Needs Trust (Pooled Trust)

Legal reference: 441 IAC 75.24(3)"c," Iowa Code 633C.1, 633C.2

A special needs trust or pooled trust for persons under 65 years of age is a trust that meets the following conditions:

- ◆ The trust is established after August 10, 1993, and provides that the state will receive the remainder of the trust principal and income upon the death of the beneficiary.
- ◆ The trust contains the assets of a person who is disabled as defined by Social Security Administration.
- ◆ The trust is established and managed by a nonprofit association.
- ◆ The association maintains a separate account for each beneficiary of the trust, but pools these accounts for purposes of investment and management of funds.
- ◆ Accounts in the trust are established solely for the benefit of people who are disabled (as defined by Social Security Administration).
- ◆ Accounts are established by the parent, grandparent, or legal guardian of the beneficiary or by a court.
- ◆ Upon death of the beneficiary, all amounts remaining in the beneficiary's account not retained by the trust are paid to the state of Iowa up to the amount of medical assistance paid on behalf of the beneficiary.

For this policy to apply to a person who has not been determined disabled by the Social Security Administration, the Department must determine disability. See [8-C, When the Department Determines Disability](#).

When a trust qualifies as a special needs trust, count the principal and income as available according to the terms of the trust.

| Any additions made to the trust after the trust beneficiary reaches age 65 will be considered a transfer of assets for less than fair market value.

When a member with a special needs trust dies, include information about the trust in the ABC system referral to the Estate Recovery Unit.

SSI-Related Resource Limits

Legal reference: 20 CFR 416.1205, 441 IAC 50.2(1), 75.1(249A), 75.1(39) "a"(5), 76.5(2)

For SSI-related Medicaid eligibility, the resource limit is:

- ◆ \$2,000 for an individual, and
- ◆ \$3,000 for a married couple living together.

The resources of the ineligible spouse must be deemed to the eligible spouse. See [Deeming From a Spouse](#). Determine which resource limit to use, based on whether or not the ineligible spouse has income to deem to the eligible spouse (according to procedures in [8-E](#)).

- ◆ Use the resource limit for an individual when no income is deemed from the ineligible spouse.
- ◆ Use the resource limit for a couple when income is deemed from the ineligible spouse.

EXCEPTIONS:

- ◆ The resource limit is \$4,000 for an individual eligible as a qualified disabled and working person.
- ◆ The resource limit is \$6,000 for a married couple living together who are eligible as qualified disabled and working persons.
- ◆ The resource limit is \$7,160 for an individual eligible under one of the following coverage groups:
 - Qualified Medicare beneficiaries
 - Specified low-income Medicare beneficiaries
 - Expanded specified low-income Medicare beneficiaries
- ◆ The resource limit is \$10,750 for a couple eligible under one of the following coverage groups:
 - Qualified Medicare beneficiaries
 - Specified low-income Medicare beneficiaries
 - Expanded specified low-income Medicare beneficiaries
- ◆ The resource limit is \$10,000 for an individual or couple in the SSI-related Medically Needy coverage group.

Use the following chart to determine the correct maximum equity amount based on the date of application.

Application filed on or after:	Equity interest cannot exceed:
January 1, 2013	\$536,000
January 1, 2014	\$543,000

Property Earning Six Percent of Equity
20 CFR 416.1201

Exclude real property as a resource if its equity value does not exceed \$6,000 and the net annual return earned on the property is at least 6% of the equity value. **Equity** is the current market value of the property minus any legal debt on the property. **Market value** is the amount an item can be sold for on the open market.

To determine if the property is earning 6% of equity, multiply the net monthly income by 12 months. This amount is the net annual return earned on the property. Then multiply the equity value by 6%. Compare the net annual return amount to the 6% of equity amount.

If the net annual return is higher than 6% of the client's equity in the property, exclude the property if the equity value does not exceed \$6,000.

If the client's equity in the property exceeds \$6,000 and the property is earning at least 6% of equity, count only the amount of equity over \$6,000 as a resource.

Ms. T owns her home and rents it out for \$700 a month. The fair market value of the home is \$80,000 and she still owes \$50,000 on it. Ms. T's equity value is \$30,000. She files an application for medical assistance. Determine if the property is earning 6% of equity as follows:

$$\$700 \times 12 = \$8,400 \text{ net annual return}$$

$$\$30,000 \times 6\% = \$1,800$$

Since Ms. T's equity amount exceeds \$6,000 and the property is earning at least 6% of equity, count only the amount of equity over \$6,000 as a resource.

$$\$30,000 - \$6,000 = \$24,000 \text{ countable resource value}$$

1. Before Mrs. B entered a nursing facility, she and her husband farmed together. Mr. B continues to farm. Their animals, a truck, and farm machinery are necessary for farming and are not countable resources for attribution or eligibility determination. They are exempt as resources owned by the spouse necessary for self-employment.
2. Mr. and Mrs. W are farmers. They apply for Medically Needy and list livestock, a tractor, a combine, a car, two trucks, and a bank account as necessary for self-employment. All of the resources are determined to be necessary for self-employment, and are not counted.

Social Services

20 CFR 416.1201,
416.1210, 416.1228,
416.1232, 416.1236;
P. L. 101-508

Exclude payments for social service expenses for the month of receipt and the month after the month of receipt. If the funds are a reimbursement for bills previously paid by the applicant or member, count them as a resource in the month after receipt.

Third-Party Medical Payments

20 CFR 416.1201,
416.1210, 416.1228;
P. L. 101-508

Do not count funds received to pay for a medical service, such as Veterans unusual medical expense payments. These funds are exempt as a resource in the month of receipt and the month after the month of receipt. If the funds are repayment for bills the client already paid, count the funds as a resource the month after receipt.

Vehicles

20 CFR 416.1218

A vehicle is any device used to provide transportation, such as cars, trucks, motorcycles, boats, animals, animal-drawn devices, mopeds, etc. Vehicles can be unregistered or in need of repair, as long as the vehicle is used for transportation. Treat vehicles as follows:

1. Exclude one vehicle as a resource regardless of value if it is used for transportation of the individual or a member of the individual's household.
2. If the individual owns more than one automobile, apply the exclusion as follows:
 - a. Apply the exclusion in the manner most beneficial to the individual.

- b. Apply the total exclusion to the vehicle with the greatest equity value if the eligible individual owns more than one vehicle used for transportation of the individual or a member of the individual's household.
 - c. The equity value of any vehicle, other than the one wholly excluded, is a resource when it:
 - ◆ Is owned by the individual; **and**
 - ◆ Cannot be excluded under another reason (e.g., property essential to self-support, plan to achieve self-support).
3. Count the equity value of any other vehicles.
 4. Count the equity value of any vehicles used solely for purposes other than transportation, such as racing cars or antiques toward the resource limit. These vehicles are personal property, not household goods.

Do not count any vehicle that the applicant or member sold, even if the buyer has not recorded the title transfer with the appropriate authority.

To determine the value of vehicles, use a "blue book," such as the National Automobile Dealers Association (NADA) *Used Car Guide Book*.

Find the amount listed in the column for "average trade-in value." To find the specific value of the vehicle, use the value corresponding to the options that the vehicle has. If the vehicle is not listed in the "blue book," contact a motor vehicle dealer or knowledgeable source in the community.