



DEPARTMENT OF HEALTH & HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES  
REGION IX

---

## Memorandum

**Date:** SEP 6 2006

**From:** Associate Regional Administrator  
Division of Medicaid & Children's Health

**Subject:** DRA Transfer of Assets and Substantial Home Equity Preprint Templates

**To:** All Region IX Title XIX Medicaid Agencies

### MEDICAID REGIONAL MEMORANDUM NO. 06-08

Attached are two draft State Plan Preprint templates for States to use, if you wish to do so, when amending your Medicaid State Plans to comply with the requirements of the Deficit Reduction Act (DRA) of 2005; P.L. 109-171. These templates deal with the transfer of assets for less than fair market value (sections 6011 and 6016) and substantial home equity (section 6014) provisions of the DRA. Please note that although the attached templates are marked as draft, if you choose to use them, you should take the draft notation off.

#### Transfer of Assets

States' transfer of assets policies currently shown in Supplement 9(a) to Attachment 2.6-A continue to apply to transfers made prior to the DRA's effective date. Those State Plan pages should remain in the State Plan.

The DRA added a number of new requirements concerning transfers of assets to the Medicaid statute, but changed few of the previously existing transfer provisions. This new Supplement 9(b) contains all of the elements of Supplement 9(a), but adds those new transfer of assets policies that apply to transfers made on or after February 8, 2006, the date of enactment of the DRA.

Once the extended lookback period (60 months) becomes fully effective in 2011, States may choose to discard supplement 9(a), as it will no longer apply, and rely exclusively on the transfer of assets policies in Supplement 9(b).

Substantial Home Equity

This template introduces a new Supplement 17 to Attachment 2.6-A. States can use this template to implement the substantial home equity provision of the DRA, including any options a State may elect under that provision. Options available to States include:

- Increasing the cap on home equity to an amount that does not exceed \$750,000;
- Not applying an increased cap amount statewide; and
- Not applying an increased cap amount to all eligibility groups.

If you have any questions, please contact Beverly Binkier at (415) 744-3580 or by email at [Beverly.Binkier@cms.hhs.gov](mailto:Beverly.Binkier@cms.hhs.gov).



Linda Minamoto

Attachments:

Transfer of Assets Preprint Template  
Substantial Home Equity Preprint Template

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: \_\_\_\_\_

DISQUALIFICATION FOR LONG-TERM CARE ASSISTANCE FOR INDIVIDUALS WITH  
SUBSTANTIAL HOME EQUITY

1917(f)      The State agency denies reimbursement for nursing facility services and other long-term care services covered under the State plan for an individual who does not have a spouse, child under 21 or adult disabled child residing in the individual's home, when the individual's equity interest in the home exceeds the following amount:

\_\_\_\_\_ \$500,000 (increased by the annual percentage increase in the urban component of the consumer price index beginning with 2011, rounded to the nearest \$1,000).

\_\_\_\_\_ An amount that exceeds \$500,000 but does not exceed \$750,000 (increased by the annual percentage increase in the urban component of the consumer price index beginning with 2011, rounded to the nearest \$1,000).

The amount chosen by the State is \_\_\_\_\_.

\_\_\_\_\_ This higher standard applies statewide.

\_\_\_\_\_ This higher standard does not apply statewide. It only applies in the following areas of the State:

\_\_\_\_\_ This higher standard applies to all eligibility groups.

\_\_\_\_\_ This higher standard only applies to the following eligibility groups:

The State has a process under which this limitation will be waived in cases of undue hardship.

TN No.  
Supersedes  
TN No.

Approval Date \_\_\_\_\_ Effective Date \_\_\_\_\_

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: \_\_\_\_\_

TRANSFER OF ASSETS

1917(c) **FOR TRANSFERS OF ASSETS FOR LESS THAN FAIR MARKET VALUE MADE ON OR AFTER FEBRUARY 8, 2006**, the agency provides for the denial of certain Medicaid services.

1. Institutionalized individuals are denied coverage of certain Medicaid services upon disposing of assets for less than fair market value on or after the look-back date.

The agency does not provide medical assistance coverage for institutionalized individuals for the following services:

Nursing facility services;

Nursing facility level of care provided in a medical institution;

Home and community-based services under a 1915(c) or (d) waiver.

2. Non-institutionalized individuals:

\_\_\_\_\_ The agency applies these provisions to the

TN No.  
Supersedes  
TN No.

Approval Date \_\_\_\_\_ Effective Date \_\_\_\_\_

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: \_\_\_\_\_

TRANSFER OF ASSETS

following non-institutionalized eligibility groups. These groups can be no more restrictive than those set forth in section 1905(a) of the Social Security Act:

The agency withholds payment to non-institutionalized individuals for the following services:

Home health services (section 1905(a)(7));

Home and community care for functionally disabled elderly adults (section 1905(a)(22));

Personal care services furnished to individuals who are not inpatients in certain medical institutions, as recognized under agency law and specified in section 1905(a)(24).

\_\_\_\_ The following other long-term care services for which payment for medical assistance is otherwise made under the agency plan:

3. Penalty Date--The beginning date of each penalty period imposed for an uncompensated transfer of assets is the later of:

- the first day of a month during or after

TN No.  
Supersedes  
TN No.

Approval Date \_\_\_\_\_ Effective Date \_\_\_\_\_

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: \_\_\_\_\_

TRANSFER OF ASSETS

which assets have been transferred for  
less than fair market value;

\_\_\_\_ The State uses the first day of the  
month in which the assets were  
transferred

\_\_\_\_ The State uses the first day of the  
month after the month in which the  
assets were transferred

or

- the date on which the individual is  
eligible for medical assistance under the  
State plan and is receiving institutional  
level care services described in  
paragraphs 1 and 2 that, were it not for  
the imposition of the penalty period,  
would be covered by Medicaid;

AND

which does not occur during any other  
period of ineligibility for services by  
reason of a transfer of assets penalty.

4. Penalty Period - Institutionalized Individuals--  
In determining the penalty for an institutionalized  
individual, the agency uses:

\_\_\_\_ the average monthly cost to a private patient of  
nursing facility services in the State at the  
time of application;

TN No.  
Supersedes  
TN No.

Approval Date \_\_\_\_\_ Effective Date \_\_\_\_\_

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: \_\_\_\_\_

TRANSFER OF ASSETS

\_\_\_\_\_ the average monthly cost to a private patient of nursing facility services in the community in which the individual is institutionalized at the time of application.

5. Penalty Period - Non-institutionalized Individuals--  
The agency imposes a penalty period determined by using the same method as is used for an institutionalized individual, including the use of the average monthly cost of nursing facility services;

\_\_\_\_\_ imposes a shorter penalty period than would be imposed for institutionalized individuals, as outlined below:

6. Penalty period for amounts of transfer less than cost of nursing facility care--

\_\_\_\_\_ Where the amount of the transfer is less than the monthly cost of nursing facility care, the agency imposes a penalty for less than a full month, based on the option selected in item 4.

\_\_\_\_\_ The state adds together all transfers for less than fair market value made during the look-back period in more than one month and calculates a single period of ineligibility, that begins on the earliest date that would otherwise apply if the transfer had been made in a single lump sum.

7. Penalty periods - transfer by a spouse that results in a penalty period for the individual--

(a) The agency apportions any existing penalty period between the spouses using the method outlined below, provided the spouse is eligible for Medicaid. A penalty can be assessed against the spouse, and some portion of the penalty against the individual remains.

(b) If one spouse is no longer subject to a penalty, the remaining penalty period must be served by

TN No.  
Supersedes  
TN No.

Approval Date \_\_\_\_\_ Effective Date \_\_\_\_\_