

469-000-315 DEPRIVATION OF RESOURCE EXAMPLES AFTER FEBRUARY 8, 2006

Transactions made on or after February 8, 2006:

Example 1: Mr. Smith applies for Medicaid on 8/20/10. He has been in a Nursing Home since 6/06. On 3/15/09 he gave \$30,000 to his son. The transfer is within the 60-month period prior to the date of his Medicaid application and the penalty begins with the date of application which is 8/20/10. A denial Notice of Action will need to be sent for deprivation of resources stating the penalty period is 6.19 months. For a notice type, you will need to select "transfer of assets" under sanctions.

\$30,000 amount of transfer

- 4,000 allowable resource level

\$26,000 ÷ \$4,200 current private pay rate = 6.19 number of months for penalty period

Example 2: Mr. Smith transferred his ranch with fair market value of \$250,000 to his children on 3/15/08. He permanently entered a nursing home on 11/10/10. Mr. Smith applies for Medicaid on 5/14/11 which is within the 60-month period prior to the date of transfer. He is ineligible for 51.25 months beginning with 5/11.

Step A

\$250,000 amount of transfer

- 4,000 allowable resource level

\$246,000 ÷ \$4,800 current private pay rate = 51.25 number of months penalty period

Mr. Smith reapplies for Medicaid in the month a partial penalty of .25 applies. The partial month penalty is converted to a dollar amount and applied to the Share of Cost for that month.

Step B

\$4,800 private pay cost
x 51 fifty one month penalty period
\$244,800 penalty period amount for 51 full months

Step C

\$246,000 transfer amount
-244,800 penalty period amount for 51 full months
\$1,200 partial month penalty amount at private pay rate

For the month of application, the partial month penalty amount of \$1,200 would be added to Mr. Smith's Share of Cost amount as his responsibility for the cost of care. Medicaid will not pay the nursing home the difference between the Medicaid rate and partial month penalty amount.

Example 3: Mr. Smith entered a nursing home on 12/1/2005, and applied for Medicaid on 6/25/11. On 2/25/09 he transferred a \$20,000 CD to his son. On 12/10/09 he transferred a \$10,000 CD to his grandchild. Since Mr. Smith is in a nursing home and has transferred resources for less than fair market value during the 60-month period before the date of his Medicaid application, he is subject to a period of ineligibility from the date of his application. Current actual monthly cost to a private pay patient is \$5,000.

- a. \$20,000 amount of transfer on 2/25/09
- 4,000 allowable resource level
\$16,000 countable disposal ÷ \$5,000 private pay cost = 3.20 months of ineligibility
- b. \$10,000 amount of transfer on 12/10/09. Do not allow the \$4,000 resource level since this was allowed on the 2/25/06 transfer.

\$10,000 ÷ \$5,000 private pay cost = 2 months of ineligibility

Total months of ineligibility are 5.20 beginning with 6/11 the month of Medicaid application.

Example 4: Mr. Smith lives at home and gave his son \$12,000 on 3/25/11. Mr. Smith applied and was approved for Medicaid in 09-11. Deprivation regulations do not apply to current eligibility because he is not in a nursing home or receiving any type of nursing services.

On 10/2/11 Mr. Smith enters a nursing home and the monthly private pay rate is \$4,800. A transfer of assets for less than fair market value has occurred within the 60-month look back period from the date of nursing home entry. Mr. Smith is ineligible for nursing home payment for a period of 1.67 months. Deprivation does not apply until Mr. Smith was residing in a specified living arrangement.

\$12,000 amount of transfer on 3/25/11
- 4,000 allowable resource limit
\$8,000 ÷ \$4,800 private pay cost = 1.67 months of ineligibility from the month of entry to the nursing home (specified living arrangement).

Mr. Smith must be given ten-day notice that he is ineligible for 1.67 months effective 3/11 due to deprivation of resources.

If the partial month penalty amount added to the Share of Cost amount exceeds the Medicaid per diem for the entire period, you will enter the private pay rate per diem on N-FOCUS. There will be no Medicaid payment to the nursing home and the penalty has been met.

Example 5: Mr. Smith applies for Medicaid on 8/10/11 and has lived in the nursing home for several years. There were 4 transfers of cash made as follows:

- In 3/11 he transferred \$4,000 to his daughter
- In 4/11 he transferred \$3,500 to his daughter
- In 5/11 he transferred \$3,000 to his son
- In 6/11 he transferred another \$3,500 to his son

The private pay rate at the nursing home is \$4,600. All the transfers are within the 60-month look back period. The total amount transferred is \$14,000.

The penalty periods are calculated as follows:

- \$14,000 cash transferd
- -4,000 allowable resource level
- \$10,000 total countable disposal

$$\$10,000. \div \$4,600 \text{ private pay cost} = .76 \text{ partial month of ineligibility}$$

Total months of ineligibility are 2.17 beginning with 8/11, the month of Medicaid application.

Example 6: Mr. Smith transferred his farm with a value of \$300,000 to his son on 2-14-2010 by recorded deed. He applied for Medicaid on 9-20-11 and his current resources consist of a savings account with \$5,000 and a money market account with a balance of \$20,000. Mr. Smith wants to get a period of ineligibility started because of the deprivation. This is not possible because he is currently over the permitted resource limit of \$4,000. A period of ineligibility may not begin until the applicant is eligible for Medicaid except for the deprivation of resources.

Example 7: Mr. Smith transferred his house with a value of \$485,000 to his daughter on 1-10-2006 by recorded deed. He applied for Medicaid on 9-15-2011 because he is out of funds to pay for his stay in the nursing home.

There is no deprivation to consider because the transfers took place beyond the 60 month look back. Month one of the look back is the month prior to the month of application.