STATE OF CONNECTICUT

DEPARTMENT OF SOCIAL SERVICES

PROGRAM INFORMATION BULLETIN

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Effective Immediately
Date

INFORMATION BULLETIN NO: 12-02

PROGRAM: Long-Term Care Medicaid

Subject: Asset Review Procedures for Long-Term Care Medicaid Applications

Overview	The purpose of this bulletin is to provide new procedures for the asset review process in the long-term care Medicaid application process. These new procedures are effective immediately and should be applied to all new and currently pending applications. The costs associated with long-term care are significant and provide an incentive for individuals to transfer assets to third parties and seek Medicaid coverage to pay for their care. Long-term care Medicaid applications, therefore, require a review of assets to determine if the applicant or his or her spouse transferred assets for the purpose of qualifying for Medicaid payment of long-term care services. Prior to the Deficit Reduction Act of 2005 (the DRA), in accordance with federal law, the department reviewed 36 months (the "look-back" period) of asset history. The DRA increased the look-back period to 60 months, requiring the imposition of penalties when assets are transferred for purposes of qualifying. Transfers made exclusively for reasons other than to qualify for Medicaid payment of long-term care services do not result in penalties. Workers should consider all of the circumstances surrounding a transfer when determining if it was made, at least in part, to qualify for Medicaid payment of long-term care services, including the individual's health, the reason for the transfer, the amount of any assets retained, the pattern of spending and when during the look-back period the transfer occurred. Transfers made to qualify for Medicaid payment of long-term care are much less likely to have occurred earlier in the look-back period. While the DRA requires the imposition of penalties due to transfers made to qualify for assistance during the look-back period, it does not stipulate how the review is to be completed. **Since most improper transfers will likely be discovered by focusing on the 24 month period preceding the application, effective immediately, we will focus detailed asset reviews on the 24 month period preceding the application, with asset "anniversary" records for the earlier 3 "outlying" years used to**

	assess transfer activity (records at six-month intervals from month 24 through the 60th month). Additional records can be requested if it appears that the overall amount of assets changed in these "outlying" years, indicating a potentially improper transfer.

New Long-term Care Application Processing Procedures.	1. Request 24 months of financial/bank statements from the date of application instead of 60 months. 2. Review 6 month "anniversary" financial/bank statements for the 3 outlying years for each account. For example, if the applicant filed for LTC Medicaid in 2/2012, then ask for copies of their bank statements for the months of 8/2009, 2/2009, 8/2008, 2/2008, 8/2007 and 2/2007, in addition to statements for the first 24 months. 3. In lieu of the semi-annual bank statements, allow applicants to provide their federal tax returns for the 3 outlying years, which will denote interest earned on accounts. 4. If there appears to be questionable financial activity, i.e. the overall amount of the assets changes significantly, indicating transfer activity, the department reserves the right to request additional records. 5. Rely on the IRS IEVS match to uncover any unreported bank accounts. 6. As always, workers must evaluate the information for any withdrawals or deposits that are outside of the applicant's normal pattern of spending to determine if there have been potentially improper transfers. 7. Workers should request verification about any transactions in excess of $5,000 that are not part of a normal pattern of spending. Workers should request further information about <u>any</u> withdrawals, however, that are not part of the normal pattern or appear questionable, regardless of when they occurred. For example, the worker should request clarification of withdrawals of $1,000.00 per week every month. 8. Workers should use prudent judgment in determining whether a withdrawal requires further verification, especially if the withdrawal occurred more than 24 months prior to the date of application. 9. Any potential transfers thought to be for the purpose of establishing Medicaid eligibility should be reviewed by the Supervisor for approval. 10. This change is effective immediately. Workers should follow these new procedures for currently-pending as well as new applications.
Examples	1. An individual applies for assistance and provides 24 most recent months of bank statements that show monthly balances and interest accruals. The bank statements for the 3 outlying years denote an overall amount of assets that is consistent with balance and interest of the complete 24 months of statements. The worker can assume that no

	transfers were made in this situation. 2. An individual applies for assistance and provides 24 most recent months of bank statements that show monthly balances and interest accruals. The individual provides their tax returns for the 3 outlying years. The interest income reported on the tax return is consistent with the annual interest on the full 24 months of bank statements. The worker can assume that no transfers were made in this situation. 3. An individual applies for assistance and provides 24 months of bank statements that show monthly balances and interest accruals. The 3 outlying years of bank statements show an overall balance that has decreased \$30,000.00 over a 6 month period. The worker should request additional bank statements for the 6 month period that covers the reduction of assets. 4. An individual applies for assistance and provides 24 most recent months of bank statements that show monthly balances and interest accruals. The individual provides his tax returns for the 3 outlying years. The interest income reported on one of the tax returns is noticeably greater (\$25 - \$50) than the annual interest amount derived from the oldest bank statements. The worker should request additional asset verifications as the reduction in interest suggests a higher amount of assets in the outlying years that are unaccounted for. 5. An individual applies for assistance and provides 24 most recent months of bank statements that show numerous transfers made throughout this period. The worker should request additional information, namely additional bank statements on the outlying years.

Disposition:	Please retain this bulletin for future use
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