

Policy Clarifications – Medicaid – Long Term Care

PMN-17607-440

Submitted: 6/16/15

Agency: CAOs

Subject: Review of Fair Consideration Provisions for Long Term Care (LTC) Services Applications

Question: What is the proper policy for requesting financial account information dated within the five year look-back period?

Response By: Division of Health Services

Date: 6/26/15

Applicants for LTC services are subject to a period of ineligibility for benefits if they transferred assets for less than fair market value within five years from the date of application. (This policy also applies to LTC recipients -- see Section 440.82 in the LTC Handbook.) Applicants are responsible for reporting all transfers made during the look-back period on the LTC application. The CAO is responsible for determining if transfers for less than fair market value were made during the look-back period by the applicant or spouse (if any).

Each LTC services application is different. While the CAO should not be 'fishing' for information, the CAO has the discretion to ask for the information needed to properly review for eligibility. As a general rule, the CAO will request the following financial account statements (to include all bank and investment accounts as well as stock and bond portfolio information) from individuals applying for LTC services:

- Monthly financial statements for the most current two years of the look-back period;
- Two months of financial statements for the additional three years (ex. January and June or July and December); and
- Five years of tax returns (if filed).

Prior to processing the LTC application, if the information provided raises questions or new issues, follow-up information will be requested to verify whether or not fair market value was received by the applicant or spouse (if any).

Example: On May 20, 2015, Mr. A submitted an application for payment of LTC services effective April 15, 2015. Mr. A stated on the Application for Benefits that no assets were transferred in the past 60 months. The look-back period runs from May 20, 2010 through May 20, 2015. The CAO sends a pending verification list requesting all needed documentation including:

- Monthly bank statements from January 2014 through May 2015;
- June bank statement for 2010;
- January and June bank statements for 2011 through 2013; and
- Tax returns including all 1099 forms for 2010 through 2014.

The requested financial documentation includes a January 2012 bank statement with an ending balance of \$35,000.00 and a June 2012 bank statement with a \$3,000.00 balance. In this case, the CAO will request further documentation to verify how the \$32,000.00 was spent or where the money was deposited.

Because each case is different, the CAO has the right to ask for more or less documentation depending on the specific case. If it is felt that more or less documentation is needed than the suggested guidance

above, the caseworker will discuss the case with his/her supervisor and obtain the supervisor's approval. The case narrative will be completed, detailing the steps taken to gather the requested information.