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P-2421 B1

P-2421 Documentation of SSI/AABD-Related Eligibility Factors (Continued)

B. Income and Resources

Verify and document all countable income and all resources totalling within \$200 of maximum and attach this documentation to the DSW 203B1 (Medicaid Eligibility Worksheet SSI/AABD-related) or file per Case File Procedures (P-2113 C).

If Medicaid is being requested for retroactive months, verify income, resources and all other eligibility factors for each retroactive month.

1. Income (M243)

If applicant/recipient appears to be eligible for benefits such as OASDI, VA, RR Retirement, etc., verify application for those benefits prior to granting or continuing Medicaid coverage.

For computation of income, see P-2422 D.

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P-2421 Documentation of SSI/AABD-Related Eligibility Factors (Cont'd)

B. Income and Resources (Continued)

1. Income (Continued)

a. Income Test

To pass the income eligibility test for Medicaid coverage, the monthly total of all income, which is not excluded, must not exceed the individual's or couple's highest applicable income test. (Income standards are at P-2420 B).

Always calculate a six-month spend-down period if the client's income exceeds the applicable income test:

- i. In any one of the three months of a retroactive period or
- ii. In the month of application
or
- iii. In the month following the month of application.

You are not required to compute income for a six-month period if income is under the individual's or couple's highest applicable income test in the month of application, the month following the month of application and in all months in the retroactive period, if any, provided future income is not expected to increase.

If you are calculating a Medicaid group's income when doing a review of Medicaid eligibility, treat the last month of the current period of eligibility (i.e. the month of review) the same as the month of application and use the same procedures as above to calculate income for future months.

For a more complete explanation of spend-down computation see P-2424.

b. Pickle Income Deduction (M200 P.2 #5)

Pickle eligibility offers the additional benefit of Medicare Part B Buy-in. Follow these procedures even if it's apparent that the client's income is below his/her highest applicable income test, unless the client is a QMB or SLMB and therefore already eligible for Medicare Part B Buy-in. These procedures apply at initial application, at eligibility review and when changes are reported (including Bendex and SDX tape matches.)

An applicant or recipient, as well as any spouse or parent included in the applicant group who currently receives SSA benefits may be entitled to a special SSA income deduction called the "Pickle Deduction". (Current recipients of SSI/AABD do not qualify for this deduction.) For Long Term Care, use the deduction in the determination of Medicaid eligibility but not in the patient share calculation.

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B. Income and Resources (Continued)

1. Income (Continued)

Apply the following procedures to people who receive Social Security (SS), but do not receive SSI/AABD:

- i. Determine if, at any time since 4/77, the client was in receipt of SS and SSI/AABD benefits at the same time.
- ii. Determine if he/she has continually received SS since receiving the final SSI/AABD benefit.
- iii. If the answer is "no" to either i or ii above, further determination of pickle eligibility is not necessary.
- iv. If the answer to i and ii is "yes" but the client's countable income from DSW 203P (Pickle Deduction Worksheet) part C is less than the current SSI/AABD payment level (see P-2420 B, section 8), proceed to step xi. If the answer to i and ii is "yes" but the client's net income is above the SSI/AABD payment level proceed to step v.
- v. Identify the final month SSI/AABD benefits were received. SDX data will show this information for any case closed SSI/AABD since 1/1/84. For any case closed prior to that, a State SIDS file can be requested from the SSA office.
- vi. Verify the amount of SS the applicant currently receives.
- vii. Using form DSW 203P (Pickle Deduction Worksheet), calculate the applicant's deduction in Section A using the Pickle Deduction Percentage Chart located in P-2420 D #6. The final month of SSI/AABD receipt determines the percentage amount to use.
- viii. Determine if there is a parent and/or spouse living in the household who receives SS. If not, proceed to step xi. If "yes", the spouse and/or parent is eligible for a Pickle Deduction from their SS income.
- ix. If the spouse and/or parent is eligible for a deduction, calculate the amount of the deduction in Section B on the DSW 203P (Pickle Deduction Worksheet).

The start date for the spouse/parent's deduction cannot precede the applicant's start date. Use either the applicant's start date -or- the spouse/parent's start date, if it is later.

- x. In Section C of the DSW 203P (Pickle Deduction Worksheet), enter the total countable earned/unearned income from the DSW 203B1 (Medicaid Eligibility Worksheet SSI/AABD related), section III E. Add the applicant's Pickle deduction (from Section A) to the deduction for the spouse and or parent, if any (from Section B). Subtract the total of these deductions from the countable earned/unearned income.

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P-2421 Documentation of SSI/AABD-Related Eligibility Factors (Continued)

B. Income and Resources (Continued)

1. Income (Continued)

- xi. If the countable income is less than the SSI/AABD payment level and all other eligibility requirements have been met, grant Medicaid using one of the following Pickle category codes:

BA - Aged - Pickle
BB - Blind - Pickle
BD - Disabled - Pickle

These clients are also eligible for Medicare Part B Buy-In. See P-2441 B.

- xii. If countable income after the Pickle deduction is more than the SSI/AABD payment level, treat the individual (or couple) as you would any other applicant/recipient. Compare countable income (without the Pickle deduction) to the highest applicable income test to determine Medicaid eligibility.
- xiii. Enter "Pickle Case" and date of decision under "Other" on the DSW 100 (Case Record Contents), regardless of whether the household is determined Medicaid eligible or ineligible.

c. Deeming Parental Income to a Blind/Disabled Child (M243.2)

Use a DSW 203B1 to calculate the net income of the ineligible/non-applicant parent(s). (Remember to include an allocation to each ineligible/non-applicant child on line III.B.2.) If net income on line III.E.1 is "0", enter "0" on the Deemed Income line (III.A.2.) of a different DSW 203B1 for each blind/disabled child. If net income of the parent(s) is greater than "0", follow these steps:

Step 1: Determine the allocation for the needs of the parent(s) from P-2420 D#1.

Step 2: Deduct this allocation from the net income.

Step 3: Divide the remainder by the number of blind/disabled applicant/recipient children.

Step 4: Enter this amount on the Deemed Income line (III.A.2.) of the DSW 203B1 for each blind/disabled child.

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B. Income and Resources (Continued)

1. Income (Continued)

If the blind/disabled child fails the income test, consider eligibility under Disabled Child at Home (Katie Beckett) rules (M200 P.3 #10, P-2421 C).

Example:

Robert and Mary French are applying for Medicaid for their 10-year-old daughter, Molly, who was disabled by a serious car accident. They have one other child. Mary has no income, but Robert earns an average of \$3000 a month, so Molly is not eligible for ANFC-related Medicaid under the 225 percent test. Use a DSW 203B1 to determine Robert's net income.

Since his net income is greater than zero, follow the four steps:

1. The allocation for Robert and Mary is \$705.
2.

Net income (III.E.1.)	\$ 1340
Minus the allocation (from P-2420 D#1) - <u>705</u>	
Available income	=\$ 635
3. Molly is the only disabled child so $\$635 \div 1 = \635
4. Enter \$635 on line III.A.2. of Molly's DSW 203B1 (see next page).

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P-2421 Documentation of SSI/AABD-Related Eligibility Factors (Continued)

B. Income and Resources (Continued)

1. Income (Continued)

Robert's DSW 203B1

Molly's DSW 203B1

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P-2421 Documentation of SSI/AABD-Related Eligibility Factors (Cont'd)

B. Income and Resources (Continued)

2. Resources

a. Bank Accounts

Do not send a DSW 208 (Verification of Bank Accounts) to non-LTC clients.

Send a DSW 208 to those banks where a recipient, who is in a long-term care facility, reports having an account. (Do not list account numbers on the form.) Include a postage paid return envelope with the Verification of Bank Account request.

For applicants, also send DSW 208's to all banks located in the area of residence prior to LTC admission. See P-2122 D for a list of banks and their addresses.

If the client is in a long-term care facility: you may want to have the client (or the person authorized to handle the client's affairs) sign a DSW 201B (Information Release Authorization) to facilitate obtaining required verification. Note in the "Other" section of the DSW 100 (Case Record Contents): (1) that the form has been signed and (2) the date.

b. Life Insurance

If the client has life insurance (M234 P.3), the face value, cash value, interest and dividends must all be verified. If the client cannot provide the necessary verification, use the DSW 216L (Life Insurance Information Release) to obtain the information from the insurance company. Once the client has signed the authorization at the top of the form, send it to the insurance company along with a Cover Letter (DSW 216LL) and a postage paid return envelope. Retain the second copy in the case file until a response has been received. In counting life insurance as a resource:

- i. Term insurance is exempt (M234).
- ii. Insurance which provides payment only for burial expenses is exempt (M234).
- iii. If the total face value of all countable policies owned by an individual is \$1,500 or less, the cash value of policies are excluded as a resource. However, the accumulated dividends are counted as a resource (less any amount used as collateral for a loan). The interest on the dividends is counted as income.
- iv. If the total face value of all countable policies exceeds \$1,500, the resource value to be counted is the cash surrender value (cash value plus dividends and interest less any amount used as collateral for a loan).

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P-2421 Documentation of SSI/AABD-Related Eligibility Factors (Cont'd)

B. Income and Resources (Continued)

2. Resources (Continued)

EXAMPLE: A client owns a term insurance policy with a face value of \$10,000 and a whole life policy with face value of \$1,200 and a cash value of \$600. The term insurance policy is excluded as a resource. The face value of all countable policies is \$1,500 or less and the cash value is not counted as a resource, but the accumulated dividends are.

c. Burial Expenses (M234)

One burial space (as defined in the PP&D opposite M234 P.3) per family member (see M234 P.3#12), is excluded.

In addition to the burial space exclusion, up to \$1500 per person, reduced by the value of i and ii below which have been excluded as resources, may be set aside for burial:

- i. the face value of a life insurance policy(ies) excluded at M234(11) including life insurance with a face value not over \$1500, term insurance and burial insurance; and
- ii. an irrevocable trust, burial contract or other irrevocable arrangement for the individual's (or spouse's) burial expenses except to the extent that it represents excluded burial spaces at M234(12).

EXCEPTION: New York burial trusts are not irrevocable. Count any New York burial trusts as resources after excluding any portion that fits the definition of burial space.

If you have determined that each individual with a funeral agreement has already met the \$1500 per person burial expense exclusion and you are only determining how much of a funeral agreement must be counted as a resource in determining eligibility:

- i. Have the client sign the DSW 216FP (Funeral Plan Information Release)
- ii. Check the box on the DSW 216FP which directs the funeral director to complete part "A" and part "B" if the answer to part "A" is no.

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P-2421 Documentation of SSI/AABD-Related Eligibility Factors (Cont'd)

B. Income and Resources (Continued)

2. Resources (Continued)

- iii. Mail the DSW 216FP, along with a cover letter (DSW 216FPL) and a postage paid return envelope, to the funeral director.

If the client is, or may be, entitled to set aside additional funds for funeral expenses:

- i. Have the client sign the DSW 216FP (Funeral Plan Information Release).
- ii. Check the box on the DSW 216FP which directs the funeral director to complete parts "A" and "B".
- iii. Mail the DSW 216FP, along with a cover letter (DSW 216FPL) and a postage paid return envelope to the funeral director.
- iv. Using the information from the completed DSW 216FP, determine the amount of the funeral plan to be counted toward the \$1500 exclusion. All items listed in Section B-1 of the form are counted as burial space and are excluded from the total.

The remainder of the funeral plan is counted toward the \$1500 exclusion. If the remainder is less than \$1500 per person the client may set aside additional funds to reach the \$1500 limit.

Example #1:

Mrs. Jones has a \$1400 funeral agreement. The DSW 216FP Section B-1 shows that \$800 is for a casket and \$200 for the burial container. The remaining \$400 is for services (Section B-2). The \$400 is counted toward the \$1500 limit. Mrs. Jones may set aside an additional \$1100 for funeral expenses.

Example #2:

Mr. and Mrs. Smith have provided for their burial as follows:

Irrevocable burial trust	\$ 2,000
Pre-paid funeral agreement	\$ 8,740
Life Insurance payable to the funeral director	<u>\$ 1,480</u>
Total	\$12,220

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P-2421 Documentation of SSI/AABD-Related Medicaid Eligibility Factors (Continued)

B. Income and Resources (Continued)

2. Resources (Continued)

Example #2: (Continued)

The DSW 216FP shows the following break down of the funeral agreement:

Burial space items (Section B-1)

Casket - Mr. Smith	\$ 1,582
Casket - Mrs. Smith	\$ 1,582
Burial Container - Mr. Smith	\$ 698
Burial Container - Mrs. Smith	\$ 698
Opening/Closing of graves	\$ 300
Perpetual care of site	<u>\$ 3,000</u>
Subtotal	\$ 7,860

Services and other items (Section B2 and B-3)

Transportation of bodies	\$ 300
Embalming	\$ 450
Obituary notices	<u>\$ 130</u>
Subtotal	\$ 880

Determine if any additional amount may be excluded for burial as follows:

Countable toward the \$1,500/person burial exclusion

Irrevocable burial trust	\$ 2,000
Life insurance policy	<u>+ 1,480</u>
Total	\$ 3,480
Burial exclusion for 2	<u>- 3,000</u>
Excess amount	\$ 480

No additional funds may be excluded for burial.

Determine resources for Medicaid eligibility.

In determining the Smith's resources for Medicaid:

Exclude:

Irrevocable burial trust	\$ 2,000
Burial space items in funeral agreement	\$ 7,860
Life insurance policy	<u>\$ 1,480</u>

Total \$11,340

Vermont PROCEDURES Medicaid
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P-2421 Documentation of SSI/AABD-Related Medicaid Eligibility Factors (Continued)

B. Income and Resources (Continued)

2. Resources (Continued)

Count:

Remainder of funeral agreement \$ 880

Total \$ 880

d. Burial Funds as Excluded Resources

The following is a summary of policies detailing what burial funds are excluded resources when determining eligibility.

- trusts (including burial trusts) established by persons other than the individual or his/her spouse (M234(10))
- life insurance policies if the total face value(s) of the policy(ies) owned by an individual does not exceed \$1,500.

term insurance

insurance which provides payment only for burial (M234(11))

- burial spaces intended for use by the individual or his/her immediate family (see PP&D at M234 P.3 dated 4/17/91 for the items excluded as burial space) (M234(12))
- Interest and appreciation accrued on burial funds if left to accumulate (M234(13))
- \$1,500 per person reduced by: the face value of any excluded life insurance (M234(11)) and any excluded irrevocable burial trust (M234(10)) (M234(18))
- irrevocable burial trust established by the individual or his/her spouse if none of the funds in the trust may be spent during the applicant's lifetime (i.e., the funds provide only for burial;
or
the burial trust was established by the will of a deceased spouse; or
counting the trust would cause the individual undue hardship (M237)

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P-2421 Documentation of SSI-Related Medicaid Eligibility Factors (Continued)

B. Income and Resources (Continued)

3. Accessibility and Jointly Owned Resources (M232, M233, M237)

Determine client accessibility to accounts such as pre-paid burials, trust funds, etc. Verify the status of these funds at each review. For long-term care applicants or recipients, consider whether or not a transfer of assets has occurred (M416).

If an applicant or recipient's name appears on a resource (e.g., a bank account or a property deed) and he or she claims no ownership or ownership of a smaller portion of the asset than policy indicates should be counted, do the following:

1. Ask the client to complete (with all other owners) the DSW 208L (Jointly Held Liquid Resource Statement) or DSW 208N (Jointly Held Non-Liquid Resource Statement) for each asset.

You may accept alternate forms of verification as long as they contain the necessary information and signatures.

2. On the basis of the information on the DSW 208L or DSW 208N, and any other information you believe is relevant, decide whether or not you agree with the client's claim.
3. If you agree, ask for supervisory approval to exclude more of the asset than policy allows.
4. If you disagree, count as a resource according to policy.