

Bulletin

November 1, 2006

Minnesota Department of Human Services □ P.O. Box 64941 □ St. Paul, MN 55164-0941

OF INTEREST TO

- County Directors
- Social Services Supervisors and Staff
- Financial Assistance Supervisors and Workers
- Mille Lacs Tribal TANF
- Case Managers
- MinnesotaCare Managers, Supervisors and Enrollment Reps.
- County Attorneys

ACTION/DUE DATE

Apply to applications and renewals filed on or after July 1, 2006

EXPIRATION DATE

March 30, 2007
After this date refer to the Health Care Eligibility Programs Manual for instructions.

Home Equity Limit for Medical Assistance (MA) Payment of Long Term Care (LTC) Services

TOPIC

Home equity limit is instituted for applicants and enrollees requesting MA payment for LTC services.

PURPOSE

Provide policy information and instruction for implementing the new home equity limit for applicants and enrollees who request MA payment for LTC services.

CONTACT

MinnesotaCare Operations, Counties and Tribal Agencies, submit policy questions to HealthQuest.

All others direct questions to:
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SIGNED

BRIAN J. OSBERG
Assistant Commissioner
Health Care Administration

On February 8, 2006, the Federal Deficit Reduction Act (DRA) of 2005 (Public Law 109-171) was signed into law. The 2006 Minnesota Legislature passed legislation bringing State law into compliance with the federal law. This is one in a series of bulletins to be issued relating to the implementation of provisions affecting MA eligibility.

The DRA limits Medical Assistance (MA) payment for Long-Term Care (LTC) services to people with a home equity interest of \$500,000 or less, unless the home is the residence of the individual's spouse, child under 21, or child of any age who is blind or permanently and totally disabled.

II. Introduction

A. Policy prior to July 1, 2006

Prior to July 1, 2006, no limit on an applicant's or enrollee's equity interest in a home was imposed as a criterion for determining whether applicants or enrollees could receive MA payment for LTC services.

B. Policy after July 1, 2006

A \$500,000 home equity limit affects eligibility for applicants and enrollees who request MA payment for LTC services on or after July 1, 2006. Beginning in the year 2011, the \$500,000 limit on home equity will increase yearly based on the percentage increase in the Consumer Price Index.

The home equity limit applies only to MA payment for MA LTC services. It does not apply to eligibility for other MA covered services.

III. Definitions

Review the terms in this section for clarification of their use in this bulletin and how they pertain to DRA policy.

1. Agricultural homestead

The property located on agricultural land that meets the definition of home and includes the dwelling, the garage, if any, and the one acre of land immediately surrounding the dwelling. If any farm buildings or structures are located on the homesteaded acre of land, the market value of those structures are not included in the agricultural homestead.

2. Agricultural land

A contiguous acreage of ten acres or more used during the preceding year for agricultural purposes; or a continuous acreage of less than ten acres of land which is exclusively and intensively used for raising or cultivating agricultural products.

3. Agricultural purposes

Use of property for the production of products or services offered for sale by the owner, including:

- a. Livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains, bees, and apiary products;
- b. Commercial boarding of horses if the boarding is done in conjunction with raising or cultivating agricultural products as defined in clause (a) above;
- c. Fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;
- d. Property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing;
- e. Game birds and waterfowl bred and raised for use on a shooting preserve;
- f. Insects primarily bred to be used as food for animals;
- g. Trees, grown for sale as a crop, and not sold for timber, lumber, wood or wood products;
- h. Maple syrup taken from trees grown by a person licensed by the Minnesota Department of Agriculture as a food processor;
- i. Enrollment in the Reinvest in Minnesota program or the federal Conservation Reserve Program; and
- j. Leasing all or a portion of the property to another person for agricultural purposes.

4. Break in services

A gap of one calendar month or more in receiving LTC services paid for by MA because the individual either:

- a. Became ineligible for MA; or
- b. Stopped receiving MA-LTC services.

5. Dependant relative

A spouse, child under 21, or child of any age who is blind or permanently and totally disabled.

6. Encumbrance

A legally binding debt. Encumbrances against a home include the balance owed on mortgages, contracts for deed, mechanic's liens, and other legally binding debts that are secured by the home.

7. Fair Market Value (FMV)

The amount for which the home is expected to sell on the open market in the home's geographic area. Acceptable proofs of the home's FMV include:

- a. Real estate tax statement;
- b. Statement from the county property tax appraiser in the county in which the home is located (may be available online); or
- c. Estimate of value from a licensed real estate appraiser.

8. Exempt LTC recipient

A MA-LTC enrollee who is not subject to the home equity limit because the enrollee has continuously received MA payment for LTC services under an application or request filed before January 1, 2006.

9. Home

- a. For purposes of the home equity limit only, a "home" is the property the applicant or enrollee:
 - Owns, or in which the person has an ownership interest; *and*
 - Occupies as a primary dwelling, or occupied as a primary dwelling, immediately prior to receiving LTC services.
- b. "Home" includes the primary dwelling and all the surrounding land and any buildings on that land, provided the land is not separated from the dwelling by property owned by others.
 - Land separated from the dwelling by a public right-of-way is included in the definition of the home.
 - The dwelling can be real or personal property, fixed or mobile, and located on land or water.

10. Long-Term Care (LTC) services

Long-term care services include the following:

- Skilled Nursing Facility (SNF) Care
- Nursing Facility Care in an Inpatient Hospital
- Intermediate Care Facility Services (ICF, ICF/MR)
- Community Alternative for Disabled Individuals (CADI) Waiver

- Community Alternative Care (CAC)
- Home and Community Based Waiver Services for Persons with Mental Retardation or Related Conditions (MR/RC)
- Elderly Waiver Services (EW)
- Traumatic Brain Injury (TBI) Waiver

11. Request for MA payment of LTC services

- a. Applicants seeking MA payment for LTC services may request payment by filing one of the following forms.
 - *Health Care Programs Application* (HCAPP) (DHS-3417 09-06).
 - *Combined Application Form* (CAF) (DHS-3469) along with the *New Applicant Request for Payment of Long-Term Care Services* (DHS 4803 10-06).
 - *Minnesota Health Care Program (MHCP) Application for People Who Have a Disability and for Seniors Age 65 and Older* (DHS-3531) (DHS-3531 is an obsolete form, but must be accepted if it is submitted; however, a DHS-4803 is then also required.)
- b. Enrollees seeking MA payment for LTC services must complete the *Request for Payment of Long-Term Care Services* (DHS-3543 10-06) (Attachment A)

IV. Action Required

The home equity limit applies only to the determination of whether MA will pay for an applicant's or enrollee's LTC services. The home equity limit does not apply to MA eligibility.

A. Implementing the Home Equity Limit

1. Evaluate the equity interest in a home owned by MA applicants and enrollees.

Evaluate the equity interest for all applicants or enrollees seeking MA payment for LTC services, even if the home is excluded for purposes of the homestead exclusion.

- a. Verify the home's fair market value (FMV).

If the applicant or enrollee disputes the FMV of the home, request an estimate of value from a licensed real estate appraiser.

Note: Use the FMV as listed on tax records when calculating applicants or enrollees home equity interest for an agricultural homestead. The FMV of an agricultural homestead is determined and listed separately on the records by the tax assessor.

- b. Verify all encumbrances the applicant/enrollee has against the home.
Acceptable proofs of encumbrances include documents evidencing a current:

- Mortgage;
- Home Equity Loan;
- Reverse Mortgage;
- Lien; or
- Contract for Deed.

2. Deny or terminate MA payment for LTC services when equity exceeds \$500,000

Individuals who have a home equity interest exceeding \$500,000 are not eligible for MA payment for LTC services, unless they meet an exception to the home equity limit.

Example #1

On July 20, 2006, Hank, a widower, filed an application for MA payment for his LTC services under the elderly waiver. Hank lives with his son and daughter-in-law and their children (Hank's grandchildren) on the family farm. Hank's son is over 21 years old and is not blind or disabled. Hank is the sole owner of all the buildings and contiguous property immediately surrounding the farm, which is valued at \$2,000,000. According to Hank's property tax records, the FMV of the agricultural homestead is \$650,000. The dwelling is subject to a \$100,000 home equity loan. As a result, Hank's home equity interest in the agricultural homestead is \$550,000, which exceeds the \$500,000 Home Equity Limit. Hank is not eligible for MA payment for his LTC services. Hank may qualify for MA payment for non-LTC MA covered services if all MA eligibility requirements are satisfied.

3. Apply the home equity limit to:

- a. Requests from applicants for payment for LTC services filed on or after July 1, 2006.
- Apply the home equity limit to the initial request and all subsequent annual renewals.

Example #2

Heather entered a LTC facility on August 7, 2006, and filed an application for MA payment for her LTC services August 24, 2006. Before entering the LTC facility, Heather lived alone on the family farm. The entire family farm has an FMV of \$800,000. According to Heather's property tax records, the FMV of the agricultural homestead is \$200,000. The dwelling is not subject to any encumbrances. Heather's home equity interest in the agricultural homestead is \$200,000. Heather is eligible for MA payment for LTC services if all other MA eligibility and MA-LTC eligibility requirements are satisfied.

Note: In the example above, Heather would not qualify for MA payment for LTC services if the equity value of the agricultural homestead exceeded \$500,000.

In that case, Heather would remain eligible for MA payment for non-LTC covered services if all other MA eligibility requirements are satisfied.

- b. Requests from enrollees for payment of LTC services filed on or after July 1, 2006.
 - Apply the home equity limit to the enrollee's request and all subsequent annual renewals.
- c. Annual renewals received on or after July 1, 2006, for enrollees receiving MA payment for LTC services based on an application or request filed between January 1, 2006, and July 1, 2006.
 - Do not apply the home equity limit at six-month renewals.
 - Apply the home equity limit at the time of the enrollee's annual renewal and all subsequent annual renewals.
 - Require individuals who experience a break in services to reapply for MA covered services by filing a HCAPP (DHS-3417 09-06).

Example #3

Bert's application for MA payment for his LTC services was approved on February 10, 2006. Apply the home equity limit to Bert's February 2007 annual renewal and all subsequent annual renewals.

Example #4

Ernie has continuously received MA payment for his LTC services based on an application approved in December 2005. Ernie is an exempt LTC recipient as long as he does not experience a break in services. Do not apply the home equity limit to Ernie's December 2006 annual renewal, or subsequent annual renewals.

B. Exceptions to the Home Equity Limit

Do not apply the home equity limit to:

1. Applications or requests for MA payment of LTC services filed before July 1, 2006.

- a. Applications or requests for MA-LTC filed before July 1, 2006, are not subject to the home equity limit regardless of when the application or request was processed or when LTC services began.
- b. Evaluate the home equity at the next annual renewal and at all subsequent annual renewals for enrollees who became eligible for MA payment for LTC services based on an application or request filed after January 1, 2006, but before July 1, 2006.

Example #5

Paul applied for MA payment for LTC services on June 22, 2006. He did not begin

receiving MA payment for his LTC services until August 1, 2006. Because Paul's application for MA payment for LTC services was filed before July 1, 2006, do not apply the home equity limit to Paul's application. Apply the home equity limit at Paul's next annual renewal and all subsequent renewals.

2. Applicants and enrollees who do not own a home.

The home equity limit does not apply to a home where the applicant or enrollee was residing prior to requesting MA payment for LTC services, unless they are an owner of the home.

Example #6

Before entering a LTC facility, Eva lived with her daughter in her daughter's home for two years. Because Eva does not own the property she occupied as a primary dwelling immediately prior to receiving LTC services, she does not have a home for purposes of the home equity limit.

3. Annual renewals for exempt LTC recipients whose request for MA payment of LTC services was made prior to January 1, 2006.

The home equity limit does not apply to annual renewals for MA enrollees who have continuously received MA payment for LTC services under an application or request filed before January 1, 2006, *unless* the enrollee experienced a break in services.

Example #7

Vadim, a MA enrollee, receives LTC services in his home. Vadim lives alone in his home, which has an equity value of \$700,000. Vadim has continuously received MA payment for his LTC services based on an application filed in December 2005. Vadim is exempt from the home equity limit. Do not apply the home equity limit at Vadim's next annual renewal or any subsequent renewals.

Example #8

Helen was approved to receive MA payment for LTC services based on an application filed in November 2005. Between November 2005 and August 2006, Helen received elderly waiver (EW) services in her home. On September 10, 2006, Helen told her worker she no longer needed MA and EW. Helen's MA was closed effective October 1, 2006. On December 2, 2006, Helen entered a LTC facility. Helen experienced a break in receiving LTC services; therefore, she must apply for MA payment of LTC services by filing a HCAPP (DHS-3417). If Helen's home equity interest exceeds \$500,000 at the time of her December 2006 application, she will not be eligible for MA payment for her LTC services. Helen would, however, be eligible for non-LTC MA covered services if all other MA eligibility requirements are satisfied.

4. Applicants or enrollees whose dependent relative lives in the applicant's or enrollee's home.

If a spouse or other dependent relative lives in the home owned by an applicant or enrollee, the home equity limit is not applicable.

Example #9

Jack and Jill, a married couple living together, own a home with an equity value of \$750,000. Due to failing health, Jack was in need of LTC services. Jack filed an application for MA payment for LTC services on July 10, 2006. Jack's home equity interest exceeds the home equity limit; however, because a dependant relative, his spouse, lives in the home, the home equity limit does not apply to Jack. Jack is eligible for MA payment for LTC services if all other MA eligibility and MA-LTC eligibility requirements are satisfied.

C. Determining When the Home Equity Limit Applies

Follow the steps below to determine whether the home equity limit applies to an applicant or enrollee. This is the same process as on the "Home Equity Limit Flowchart" (Attachment B).

1. Does the applicant/enrollee own a home?

YES → Go to Question 2.

NO → Stop. The home equity limit does not apply. The applicant or enrollee may qualify for MA payment for LTC services if all other eligibility requirements are satisfied.

2. Has the enrollee continuously received MA payment for LTC services based on a request or application filed before January 1, 2006?

YES → Stop. The home equity limit does not apply. The enrollee may qualify for MA payment for LTC services if all other eligibility requirements are met.

NO → Go to Question 3.

3. Does a dependant relative live in the home?

YES → Stop. The home equity limit does not apply. The applicant or enrollee may qualify for MA payment for LTC services if all other eligibility requirements are met.

NO → Go to Question 4.

4. Is the fair market value (FMV) of the home \$500,000 or less?

YES → Stop. The home equity limit is satisfied. The applicant or enrollee may qualify for MA payment of LTC services if all other requirements are met.

NO → Go to Question 5.

5. Is the equity value of the applicant's/enrollee's ownership interest in the home \$500,000 or less?

YES → Stop. The home equity limit is satisfied. The applicant or enrollee may qualify for MA payment of LTC services, as long as all other MA eligibility and MA-LTC eligibility requirements are satisfied.

NO → Go to Question 6.

6. Is the dwelling in which the applicant/enrollee has a home equity interest located on agricultural land and used for agricultural purposes?

YES → Go to Question 7.

NO → Stop. The applicant or enrollee does not qualify for MA payment of LTC services. If the applicant or enrollee meets all other MA eligibility requirements, they may be eligible for non-LTC MA covered services.

7. Does the applicant's/enrollee's home qualify as an agricultural homestead with an equity value of \$500,000 or less?

YES → Stop. The home equity limit is satisfied. The applicant or enrollee may qualify for MA payment of LTC services if all other MA eligibility and MA-LTC eligibility requirements are satisfied.

NO → If the property does not qualify for treatment as an agricultural homestead, or if the property does qualify, but the equity value of the agricultural homestead is greater than \$500,000, the applicant or enrollee does not qualify for MA payment of LTC services. If the applicant or enrollee meets all MA eligibility requirements, they may be eligible for non-LTC MA covered services.

D. Calculating Home Equity

Equity value is determined by subtracting all encumbrances from the home's fair market value (FMV). The following provides information on calculating home equity for a sole ownership, joint ownership, and life estate.

1. Applicant or enrollee with sole ownership of the home

Subtract all encumbrances from the home's FMV

Example #10

According to the real estate tax statement, Kelly's home has an FMV of \$700,000. Kelly provides a mortgage statement for the home showing an outstanding mortgage of \$300,000. After subtracting the mortgage amount from the FMV, Kelly's equity interest in the home is \$400,000. Kelly is eligible for MA payment of LTC services if all other MA and MA-LTC eligibility requirements are satisfied.

2. Applicant or enrollee with joint ownership interest in the home

When two or more unmarried people have an ownership interest in a home, consider each person to own an equal share unless the applicant or enrollee documents that they have a greater or lesser share of ownership (Health Care Programs Manual (HCPM): Jointly Owned Assets 0909.07).

- a. Request proof of an applicant's or enrollee's share of ownership in the home.
- b. Determine the applicant's or enrollee's equity interest by dividing the FMV of the home by the number of shared owners proportional to the applicant's or enrollee's interest in the home.
- c. Subtract encumbrances, if any, attributable to the applicant's or enrollee's interest in the home.

Example #11

Katie, Julie and Ingrid all have an ownership interest in a single home that has a FMV of \$700,000. Katie is the owner of a 60% interest in the home, and Julie and Ingrid both have a 20% interest in the home. Ingrid is enrolled in MA, and is in need of LTC services. There are no encumbrances against the home. Ingrid's equity interest is \$140,000. Because Ingrid's home equity interest is less than \$500,000, she is eligible for MA payment of LTC services as long as she meets all other MA and MA-LTC eligibility requirements.

In this example, Ingrid's equity interest in her share of the home is determined as follows:

$$\begin{array}{rclclcl} \text{Home's FMV} & \times & \text{Applicant's/Enrollee's Ownership Interest} & - & \text{Encumbrances} & = & \text{Equity Interest} \\ \$700,000 & \times & 20\% \text{ (or .20)} & - & \$0 & = & \$140,000 \end{array}$$

3. Applicant or enrollee who owns a life estate in a home:

- a. Determine the equity value of the life estate as provided in the HCPM: Life Estates 0909.13.07 and Life Estate Mortality Table 0909.13.07.03.

Example #12

Steve owns a life estate. At the time of his application for MA payment of long-term care services, he is 64 years old. The FMV of the home is \$600,000. There are no encumbrances against the home. Determine the equity value of Steve's life estate by multiplying the home's FMV by the figure for age 64 in the life estate mortality table. The result, \$416,112, is the equity value of Steve's life estate ownership. Because the equity value of Steve's life estate is less than \$500,000, the home equity limit is satisfied. Steve may qualify for MA payment of LTC services if all other MA and MA-LTC eligibility requirements are satisfied.

b. Calculate the equity interest as follows:

$$\frac{\text{Home's FMV}}{\$600,000} \times \frac{\text{Life Estate Figure (age 64)}}{.69352} - \frac{\text{Encumbrances}}{\$0} = \frac{\text{Equity Interest}}{\$416,112}$$

E. Waiver of Home Equity Limit for Demonstrated Hardship

A waiver of the home equity limit may be granted by demonstrating that denial of MA payment for LTC services would result in a hardship. A hardship is defined as an imminent threat to the person's health and well-being if MA payment of LTC services is denied.

1. Requests for a waiver must be in writing.

Requests for a waiver of the home equity limit based on a hardship must be made in writing by the client or the client's authorized representative.

2. There must be no other alternatives for payment of LTC services.

Documentation must be provided showing that there are no other alternatives for payment of long-term care services because:

- a. The applicant's or enrollee's application for a reverse mortgage or home equity loan has been turned down by at least two financial institutions; or
- b. The applicant or enrollee is a joint owner of a home and the other owner(s) (other than a spouse) refuse to apply for a reverse mortgage or home equity loan in a joint application with the client or are unable to qualify for one; or
- c. There is a legal barrier to the sale of the applicant's or enrollee's ownership interest in the home or to the approval of a reverse mortgage or home equity loan; and
- d. There are no other resources available to pay for long-term care.

3. Review the facts and documentation provided.

Review all of the facts and documentation provided to determine whether a waiver of the home equity limit should be granted.

- a. Provide a decision on a waiver of the home equity limit within 30-days of the receipt of the written request if all necessary information has been provided.
- b. Grant an extension if more time is needed to provide information.
- c. Send the applicant or enrollee and their representative a written notice of decision (DHS-4915, Attachment C) on the request for a demonstrated hardship waiver, including the individual's right to appeal the decision.

F. When to Review the Home Equity Value

1. Review the home equity value at each annual renewal.

Home equity must be evaluated at annual renewals for enrollees unless they meet an exception as defined in section B, above.

2. Review the home equity value whenever new evidence is submitted.

An applicant or enrollee may submit new evidence for consideration at any time that his or her home equity value is at or below \$500,000.

- a. Review the home equity value whenever the applicant or enrollee submits new evidence that the home equity value is below \$500,000.
- b. Approve MA payment for LTC services beginning in the month the applicant or enrollee demonstrates his or her home equity interest was reduced to \$500,000 or less and all other MA and MA-LTC eligibility requirements are satisfied.

Example #13

Joan was determined to be ineligible for MA payment of LTC services based on her July 12, 2006, application because she had a home equity interest exceeding \$500,000. Joan remained eligible for all non-LTC MA covered services. On October 20, 2006, Joan submits evidence that her home equity interest was reduced to \$450,000 on September 22, 2006. Joan may receive MA payment for her LTC services beginning September 1, 2006, if she files a completed DHS-3543 and satisfies all other MA and MA-LTC eligibility requirements.

3. Review home equity value when a dependant relative no longer lives in the home.

MA enrollees who are exempt from the home equity limit because a dependent relative lives in their home lose their exemption when a dependent relative no longer lives in the home.

4. Review increases in an enrollee's home equity value only at their annual renewal.

Do not request information or review the home equity value at any time other than the annual renewal.

5. Review changes affecting an exception to the home equity limit at any time.

Examples of changes affecting an exception to the home equity limit include:

- Community spouse died or no longer lives in the home;
- Community spouse moved into the home;
- Child under age 21, or child of any age who is blind and permanently and totally disabled, no longer lives in the home;

- Child under age 21 or child of any age who is blind and permanently and totally disabled moved into the home;
- The home equity value of the home has been reduced to \$500,000 or less.

G. Termination of MA Payment for LTC Services

Terminate MA payment for LTC services with 10-day notice prior to the first day of the month in which the LTC services will end if:

- The enrollee's home equity interest exceeds \$500,000
- No dependent relative lives in the enrollee's home, and
- No other exception to the home equity limit applies to the enrollee.

Note: Do not terminate MA for non-LTC services if all other MA eligibility requirements are satisfied.

Example #14

Herb has continuously received MA payment for the elderly waiver services he receives in his home since July 14, 2006. At the time of his application, Herb was eligible for MA payment for his LTC services despite the fact he has a \$600,000 home equity interest, because his wife lived in the home. On August 10, 2006, Herb's wife died. Upon his wife's death, Herb became entitled to full ownership of the home. No other exception to the home equity limit applies to Herb. Herb is now ineligible for MA payment for his LTC services. Close LTC coverage after sending proper 10-day notice prior to the first of the month that his LTC services will end. Herb will remain eligible for MA payment for all non-LTC services as long as all other MA eligibility requirements are satisfied.

H. Procedures for Enrollees Who Request MA Payment of Long-Term Care Services

1. Require enrollees who request MA-LTC to complete DHS-3543 10-06.

The *Request for Payment of Long-Term Care Services* (DHS 3543 10-06) (Attachment A) is required when:

- a. You receive information they have moved into a long-term care facility or are receiving LTC services as defined in III.10 (page 4);
- b. They are not required to complete a new HCAPP (see HCPM: When not to Require an Application 0904.0505);

Note: The DHS-3543 10-06 is the preferred form for a request for MA payment of LTC services from an enrollee; however, the other forms as listed in section III. #11 (page 5) may be accepted, if complete.

2. Inhibit MA payment of LTC services until the proper form is received.

- a. Follow the instructions in the MMIS section, below, to prevent payment of LTC services until all necessary information is received.
- b. Do not determine eligibility for MA payment of LTC until a DHS-3543 10-06 is received.

3. Determine eligibility after receiving a complete request.

- a. Allow 10 days for the DHS-3543 to be returned to the agency. Enter a due date of ten working days after the date the form is mailed in the space allowed under the heading “What do I have to do?”
- b. Evaluate all eligibility factors, including penalty periods related to uncompensated transfers, before determining eligibility.

4. Receipt of requests for MA payment of LTC services affects eligibility for MA-LTC only.

Do not terminate an enrollee’s eligibility for MA for payment of non-LTC services if the enrollee does not complete the proper request form for payment of LTC services.

Example #15

Jessica has been an MA enrollee and residing in the community since April 2005. On August 5, 2006, Jessica moved into a nursing home and filed a request for MA payment of LTC services using DHS-3543. The home equity limit applies to Jessica’s August 5, 2006 request for MA payment of LTC services because the request was filed after July 1, 2006. Jessica reported a home equity interest of \$400,000 on the DHS-3543. Jessica is eligible for MA payment for LTC services if she meets all other MA and MA-LTC eligibility requirements.

Example #16

Alice began receiving MA in January 2006 while residing in the community. On July 10, 2006, Alice requested MA payment for LTC services by filing a DHS-3543. The home equity limit applies to Alice’s July 10, 2006 request for MA-LTC because the request was filed after July 1, 2006. Alice reported a home equity interest of \$800,000. As a result, Alice is not eligible for MA payment for her LTC services. Alice remains eligible for all non-LTC MA covered services, as long as all MA eligibility requirements are satisfied.

IV. System Instruction

A. MAXIS

System changes to accommodate the home equity limit policy changes will be available at a later date. In the interim, use this workaround:

1. Approve, deny or terminate MA-LTC eligibility

2. Send the appropriate notice to the applicant or enrollee

- a. The first two situations, below, are the only times MAXIS will generate a notice.

IMPORTANT: The system will not print all of the required information on the notice that is generated; therefore, the worker comment text printed below **must** be added to the notice exactly as it is written.

(1) Denial of MA Payment of LTC Service with MA Application

- Insert the following text into the worker comment (WCOM) section of the MAXIS notice that is generated. This text is also available in TE02.08.168.

Medical Assistance (MA) will not pay for your long-term care services because:

Your home has an equity value of more than \$500,000.
(Minnesota Statutes, Section 256B.056, subd. 2).

Call your county worker right away if you feel your life will be in danger as a result of losing MA payment for your long-term care services.

(2) Termination of MA payment of LTC services with MA Renewal

- Insert the following text into the worker comment (WCOM) section of the MAXIS notice that is generated. This text is also available in TE02.08.168.

Starting { date } Medical Assistance (MA) will no longer pay for your long-term care services because:

Your home has an equity value of more than \$500,000.
(Minnesota Statutes, Section 256B.056, subd. 2).

Call your county worker right away if you feel your life will be in danger as a result of losing MA payment for your long-term care services.

- b. In the next two situations a manual notice must be mailed to the applicant or enrollee.

IMPORTANT: A manual notice **must** be sent in its entirety, including the “Important Information” on the back of the notice, in order to be considered a legal notice of action as required by policy.

(1) Enrollee request for MA payment of LTC services at a time other than at application or renewal

- Send a *Notice of Action for Payment of Long-Term Care Services* (DHS-4915) (Attachment C) for the actions listed below:

- Approval of MA-LTC based on an enrollee filing a request for payment

- Denial of MA-LTC due to home equity exceeding \$500,000 based on a request filed by an enrollee.
- Denial of the waiver of the home equity limit due to a failure to demonstrate an undue hardship.

(2) Termination of MA-LTC for an enrollee who has been receiving LTC services

- Send a *Notice of Action - Payment of Long-Term Care Services* (DHS-4916) (Attachment D). Give proper 10-day notice prior to the first day of the month in which payment of LTC services will stop.

3. Case Note your actions.

B. MMIS

1. Code MMIS to prohibit MA payment of LTC services in the following situations:

- a. Penalty period for uncompensated transfer
- b. Applicant or enrollee has home equity in excess of \$500,000 (and no exception to the home equity limit is applicable).
- c. Enrollee has not returned the required DHS-3543 10-06.

2. General instructions

Follow the instructions below to inhibit MA payment of LTC services.

- a. INELIG TYPE code is always “I” for all situations in #1, above.
- b. An END DATE is always required. Use “12/31/63” as the end date when coding ineligibility for situation 1.b and 1.c.
- c. When more than one factor causing ineligibility for MA payment of LTC services applies to an enrollee, enter the earliest BEGIN DATE and the latest END DATE that applies to all applicable situations.

3. Prohibit MA payment of LTC services when home equity is more than \$500,000

Follow these instructions when an applicant or enrollee is ineligible for MA payment of LTC services due to having a home with equity of more than \$500,000.

- a. Update the RLVA screen.
 - Enter the correct living arrangement code.
 - Enter an “I” in the INELIG TYPE field.

- Enter BEGIN DATE. The begin date should be the first day the individual is subject to the home equity limit, has home equity in excess of the limit, and is requesting payment of LTC services.
- Enter END DATE as 12/31/63. Although actual months of ineligibility are not calculated for the home equity limit, an end date must be entered.

b. **IMPORTANT:** Enter a new end date when the enrollee is no longer subject to the home equity limit or when the enrollee's home equity goes below the \$500,000 limit.

2. Prohibit MA payment of LTC services when the proper request is not received

Follow these instructions if the applicant or enrollee has not filed the proper request form as defined in this bulletin.

a. Update the RLVA screen

- Enter the correct living arrangement code.
- Enter an "I" in the INELIG TYPE field.
- Enter the BEGIN DATE with the date the enrollee moved into the nursing home or the date the enrollee is requesting waiver services to begin.
- Enter the END DATE of 12/31/63.

b. **IMPORTANT:** Enter a new end date with the same date as the begin date when the enrollee returns the required form and a determination is made that the enrollee is eligible for MA payment of LTC services.

3. Refer to the MMIS User Manual for additional information

http://www.dhs.state.mn.us/main/groups/county_access/documents/pub/DHS_id_025733_hcsp

VI. Legal References

Deficit Reduction Act of 2005 (DRA), Public Law No. 109-171, section 6014, Minnesota Statutes 2006, § 256B.056, subd. 2

VII. Attachments

Attachment A - Request for Payment of Long-Term Care Services (DHS-3543 10-06)

Attachment B - Home Equity Limit Flowchart

Attachment C - Notice of Action for Payment of Long-Term Care Services (DHS-4915 10-06)

Attachment D - Notice of Action – Payment of Long-Term Care Ending (DHS-4916 10-06)

VIII. Special Needs

This information is available in other forms to people with disabilities by contacting us at (651) 431-2283 or toll free at (800) 938-3224 or through the Minnesota Relay Service at (800) 627-3529 (TDD), 711 or (877) 627-3848 (speech to speech relay service).



Minnesota Department of **Human Services**

Minnesota Health Care Programs

Request for Payment of Long-Term Care Services

To: _____

Address: _____

Attachment A



DHS-3543-ENG 10-06



Date: _____

Case Number: _____

Worker Name: _____

Worker Phone Number: _____

Fax Number: _____

Agency Name: _____

Agency Address: _____

Why did I get this form?

We are sending you this form because you moved to a long-term care facility or are getting services through a waiver program.

We may be able to help you pay for these services.

- Long-term care (LTC) facilities include skilled nursing facilities, intermediate care facilities, and nursing facility care in an inpatient hospital.
- Waiver programs include Elderly Waiver (EW), Community Alternatives for Disabled Individuals (CADI), Alternative Care (CAC), Community Traumatic Brain Injury (TBI), and Mental Retardation and Related Conditions (MR/RC).

What do I have to do?

Answer all the questions on pages 2 through 4.

Return the completed form to the agency address shown above by _____.

DATE

We cannot help pay your costs if you do not return the form.

What if I have questions?

Call your worker at the phone number above if you need help or have questions.

This information is available in other forms to people with disabilities by contacting us at (651) 431-2670 (voice) or toll free at (800) 657-3739. TTY/TDD users can call the Minnesota Relay at 711 or (800) 627-3529. For the Speech-to-Speech Relay, call (877) 627-3848.

1. Did you move to a long-term care facility?

☐ Yes – complete below ☐ No – go to question 2

What is the name of the facility? _____

Street address _____

City _____ State _____ ZIP _____

When did you move there? ____/____/____

Were you in a hospital first? ☐ Yes – date admitted ____/____/____ ☐ No

2. Did you get services through a waiver program?

☐ Yes – complete below ☐ No – go to question 3

When did the services start? ____/____/____

What is your current address? Street _____

City _____ State _____ ZIP _____

3. Where do you want us to send your mail?

☐ To the address you wrote above in question 1 or 2. Go to question 4. ☐ To the address below:

Street _____

City _____ State _____ ZIP _____

4. Do you own a home?

☐ Yes – complete below ☐ No – go to question 5

Does a spouse, a child under the age of 21, or a blind or disabled child of any age live in the home?

☐ Yes – go to question 5 ☐ No – complete below

Name of owner(s)	Address of home	Value	Loan Balance (if none, write 0)
		\$	\$

Is this home for sale? ☐ Yes ☐ No

You must give us proof.

- Proof can be the real estate tax statement **and** a statement showing the mortgage or loan balance.
- If the home is for sale, proof can be a copy of the real estate contract or a copy of the newspaper ad.

You may not get coverage if we do not get proof.

5. Do you or your spouse have any interest in an annuity?

☐ Yes – complete below ☐ No – go to question 6

Name of owner(s)	Interest type (owner, annuitant, beneficiary)

You must give us proof. Proof can be a copy of the annuity contract or other statement from the company that issued the annuity. The state becomes the remainder beneficiary of some annuities when we pay for long-term care services. You may not get coverage if we do not get proof.

6. Was an Asset Assessment ever completed in a county or in another state?

☐ Yes – when? ____/____/____ Where? _____
☐ No

7. In the last 36 months, did you or your spouse:

- Sell any assets for less than what they were worth?
- Trade assets or income
- Transfer assets or income
- Give away assets or income
- Not accept an inheritance
- Purchase an annuity, life estate in another person's home, promissory note, loan or mortgage?

☐ Yes – complete below ☐ No – go to question 8

Owner(s) of the asset or income	Type of asset or income	Value of asset or income	Who was it given to or sold to?	When? mm/dd/yyyy	How much were you paid for the asset?
		\$			\$
		\$			\$
		\$			\$
		\$			\$

Do you have more transfers to report?

☐ Yes – write the same information on a separate sheet of paper. Attach it to this form. ☐ No

You must give us proof to show what was sold or given away. You may not get coverage if we do not get proof.

8. Did you buy, exchange, or add a rider to a long-term care insurance policy on or after July 1, 2006?

☐ **Yes** – complete below ☐ **No** – go to question 9

Is this policy paying benefits for you now? ☐ **Yes** ☐ **No**

Did this policy ever pay benefits for you?

☐ **Yes** – from ____/____/____ to ____/____/____ ☐ **No**

Name of insurance company _____

Name of policyholder _____

Date the policy was issued ____/____/____ Policy number _____

Address of insurance company _____

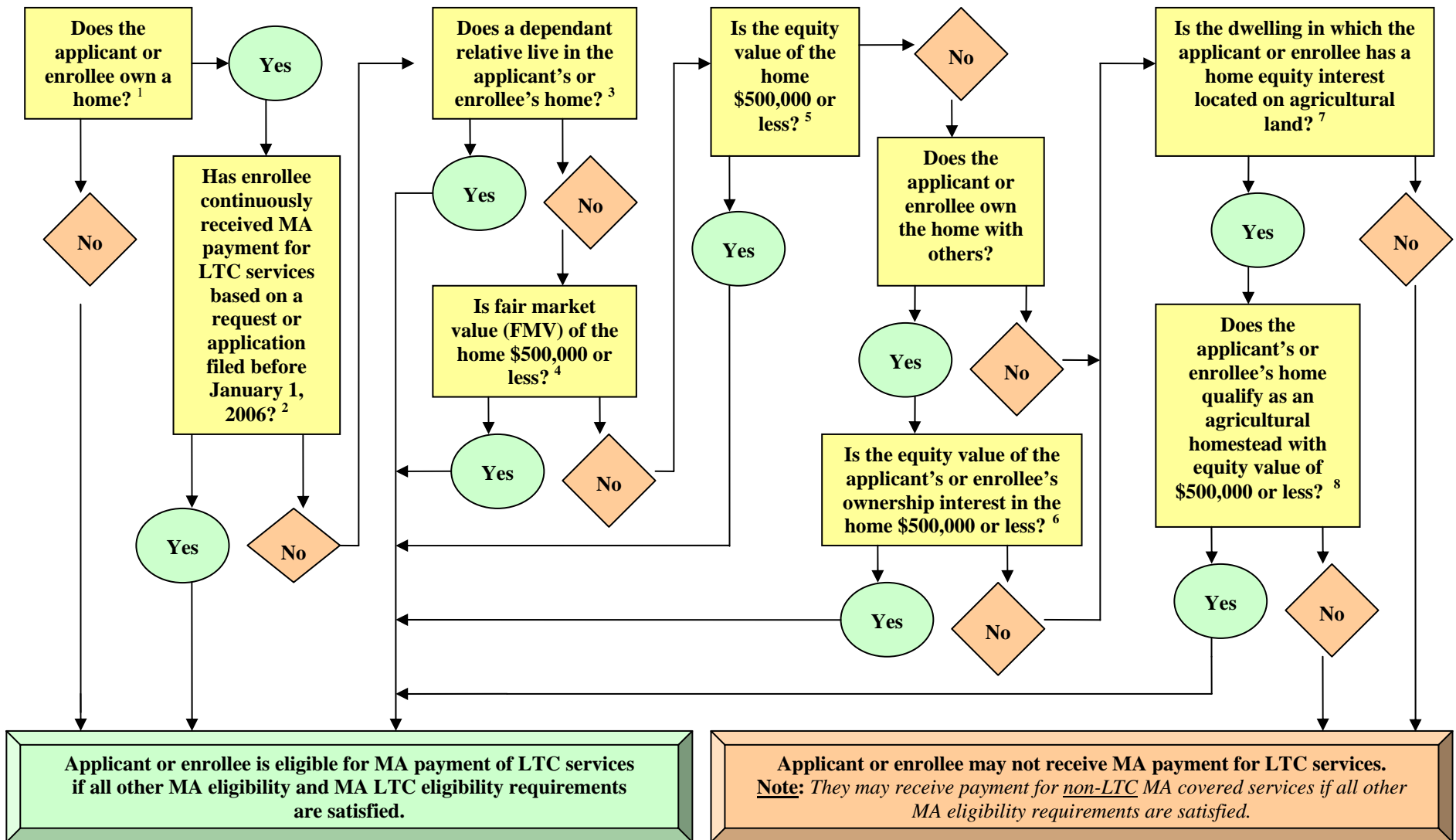
City _____ State _____ ZIP _____

9. If you have more information to share, write it below.

I declare under penalties of perjury that I have examined all parts of this form and, to the best of my knowledge, it is a true and correct statement. I understand that a person convicted of perjury may be sentenced to imprisonment of up to five years, or a fine of not more than \$10,000, or both.

SIGNATURE OF ENROLLEE		DATE
SIGNATURE OF SPOUSE		DATE
SIGNATURE OF PERSON ACTING ON YOUR BEHALF (IF APPLICABLE)	PHONE	DATE

Attachment B HOME EQUITY LIMIT FLOWCHART



¹ Bulletin, IV.B.2, Exceptions to the Home Equity Limit

² Bulletin, IV.B.3, Exceptions to the Home Equity Limit

³ Bulletin, IV.B.4, Exceptions to the Home Equity Limit

⁴ Bulletin, III.7, Fair Market Value (FMV)

⁵ Bulletin, IV.D, Calculating home equity

⁶ Bulletin, IV.D.2, Joint Ownership

⁷ Bulletin, III.2. and 3, Definition of agricultural land/purposes

⁸ Bulletin, III.1, Definition of Agricultural Homestead



Minnesota Department of Human Services

Minnesota Health Care Programs

Notice of Action for Payment of Long-Term Care Services

Date: _____

Case Number: _____

Worker Name: _____

Worker Phone Number: _____

Fax Number: _____

Agency Name: _____

Agency Address: _____

To: _____

Address: _____

Why am I getting this notice?

You asked to have Medical Assistance (MA) pay for your health care services while you are getting waiver services or while you are in a long-term care facility. This notice tells you if MA can pay for those services. The section that applies to you has been marked below.

For county staff use only: Highlight the title of the appropriate section below and place an "X" in the box.

Approved

☐ Your request for MA payment of your long-term care services has been approved.

Your coverage will start _____.

DATE

Denied

☐ Your request for MA payment of your long-term care or waiver services has been denied.

Why will MA not pay my long-term care or waiver services?

Your home has an equity value of more than \$500,000 (Minnesota Statutes §256B.056, subd. 2).

MA will still pay for other MA covered services that are not long-term care services.

■ **Call your county worker right away if you feel your life will be in danger as a result of losing MA payment for your long-term care services.**

Waiver of home equity limit denied

☐ Your request that the home equity limit not be applied to you has been denied.

You have not shown that your life or health will be in danger if you do not receive MA payment for your long-term care services.

MA will still pay for other MA covered services that are not long-term care services.

This information is available in other forms to people with disabilities by contacting us at (651) 431-2670 (voice) or toll free at (800) 657-3739. TTY/TDD users can call the Minnesota Relay at 711 or (800) 627-3529. For the Speech-to-Speech Relay, call (877) 627-3848.

Important Information

- **Appeal rights.** An “appeal” is a legal process where a Human Services judge reviews a decision made by the county agency. You may appeal a decision if:
 - You feel the agency did not act on your request for assistance, or
 - You are unhappy with the action taken.

You may represent yourself at the hearing, or you may have someone (an attorney, relative, friend or another person) speak for you.

- **For Cash, Child Care and Medical Assistance,** you may appeal *within 30 days* from the date you received this notice by sending a letter saying you do not agree with the decision. You can send this letter to the county agency, or directly to the State Appeals Office. If you show “good cause” for not appealing your Cash, Child Care and Medical Assistance *within 30 days*, the agency can accept your appeal for *up to 90 days* from the date you received this notice. “Good cause” is when you have a good reason for not appealing on time. The human services office will decide if your reason is a good cause reason. You can ask to meet informally with county staff to try to solve the problem, but this meeting will not delay or replace your right to an appeal.
- **For Food Support,** you may appeal *within 90 days* by writing or calling the county or the State Appeals Office.

Write: Minnesota Department of Human Services or Call: Metro: (651) 431-3600 (Voice)
Appeals Office Outstate: (800) 657-3510
PO Box 64941 TTY/TDD: (800) 627-3529
St. Paul, MN 55164-0941 Fax: (651) 431-7523

If you want to keep getting your benefits until the hearing, you must appeal before the date of the proposed action, or within 10 days after the date the notice is mailed, *whichever is later*. For most programs, if you file your appeal on time, you will get your benefits until a Human Services judge decides your appeal. If you lose your appeal, you will have to pay back the benefits you got while your appeal was pending. You can ask the county to end your benefits until the decision. If you end your benefits and then win your appeal, you will be paid back for benefits that you should have received or, for Child Care Assistance, eligible costs you paid or incurred. Ask your county worker to explain how the timing of your appeal could affect your present or future assistance.

- **You have the right to reapply** at any time if your benefits stop.
- **Access to free legal services.** You may be able to get legal advice or help with an appeal from your local legal aid office. To contact your local legal aid office call:

Hennepin (612) 334-5970
Ramsey (651) 222-4731
All other Minnesota counties (888) 354-5522

- **Your right to file a complaint.** If you feel the county or the Minnesota Department of Human Services treated you differently in the handling of a public assistance application or payment because of race, color, national origin, political beliefs, religion, creed, sex, sexual orientation, public assistance status, age or disability (including access to buildings or programs) you may file a complaint with one or more of these agencies:

State agencies

Minnesota Department of Human Services
Office for Equal Opportunity
PO Box 64997
St. Paul, MN 55164-0997
(651) 431-3040 (Voice)
(651) 431-3041 (TTY/TDD)

Minnesota Department of Human Rights
190 East 5th Street, Suite 700
St. Paul, Minnesota 55101
(800) 657-3704 (Voice)
(651) 296-1283 (TTY/TDD)

Federal agencies

U.S. Department of Health and Human Services
Office for Civil Rights, Region V
233 North Michigan Avenue, Suite 240
Chicago, Illinois 60601
(312) 886-2359 (Voice)
(312) 353-5693 (TTY/TDD)

U.S. Department of Agriculture
Director, Office of Civil Rights
Room 326-W, Whitten Building
1400 Independence Avenue, SW
Washington D.C. 20250-9410
(202) 720-5964 (Voice or TTY/TDD)


Minnesota Department of **Human Services**

Minnesota Health Care Programs

Notice of Action - Payment of Long-Term Care Ending

Date: _____

Case Number: _____

Worker Name: _____

Worker Phone Number: _____

Fax Number: _____

Agency Name: _____

Agency Address: _____

To: _____

Address: _____

Why am I getting this notice?

You are getting this notice because Medical Assistance (MA) will stop paying for your long-term care or waiver services.

MA has been paying for your health care while you are getting waiver services or while you are in a long-term care facility. This coverage will stop.

Why will MA stop paying my long-term care or waiver services?

There may be more than one reason why MA will not pay for your long-term care or waiver services. The reason or reasons that apply to you are checked below:

- ☐ Your home has an equity value of more than \$500,000 (Minnesota Statutes §256B.056, subd. 2)
- ☐ Your spouse no longer lives in your home (Minnesota Statutes §256B.056, subd. 2)
- ☐ Your child who is under 21 or blind or disabled, no longer lives in your home (Minnesota Statutes §256B.056, subd. 2).

When will my long-term care or waiver services coverage stop?

MA will no longer pay your long-term care or waiver services costs after the end of the day on _____.

(ENTER THE LAST DAY OF THE MONTH THAT COVERAGE ENDS)

DATE

MA will still pay for other MA covered services that are not long-term care or waiver services.

- **Call your county worker right away if you feel your life will be in danger as a result of losing MA payment for your long-term care services.**

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Important Information

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 - You feel the agency did not act on your request for assistance, or
 - You are unhappy with the action taken.

You may represent yourself at the hearing, or you may have someone (an attorney, relative, friend or another person) speak for you.

- **For Cash, Child Care and Medical Assistance,** you may appeal *within 30 days* from the date you received this notice by sending a letter saying you do not agree with the decision. You can send this letter to the county agency, or directly to the State Appeals Office. If you show “good cause” for not appealing your Cash, Child Care and Medical Assistance *within 30 days*, the agency can accept your appeal for *up to 90 days* from the date you received this notice. “Good cause” is when you have a good reason for not appealing on time. The human services office will decide if your reason is a good cause reason. You can ask to meet informally with county staff to try to solve the problem, but this meeting will not delay or replace your right to an appeal.
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Hennepin (612) 334-5970
Ramsey (651) 222-4731
All other Minnesota counties (888) 354-5522

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State agencies

Minnesota Department of Human Services
Office for Equal Opportunity
PO Box 64997
St. Paul, MN 55164-0997
(651) 431-3040 (Voice)
(651) 431-3041 (TTY/TDD)

Minnesota Department of Human Rights
190 East 5th Street, Suite 700
St. Paul, Minnesota 55101
(800) 657-3704 (Voice)
(651) 296-1283 (TTY/TDD)

Federal agencies

U.S. Department of Health and Human Services
Office for Civil Rights, Region V
233 North Michigan Avenue, Suite 240
Chicago, Illinois 60601
(312) 886-2359 (Voice)
(312) 353-5693 (TTY/TDD)

U.S. Department of Agriculture
Director, Office of Civil Rights
Room 326-W, Whitten Building
1400 Independence Avenue, SW
Washington D.C. 20250-9410
(202) 720-5964 (Voice or TTY/TDD)