

Bulletin

March 23, 2007

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

OF INTEREST TO

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

ACTION/DUE DATE

Please read and follow the instructions provided regarding eligibility determinations for MA and MinnesotaCare. The policy is effective April 1, 2007

EXPIRATION DATE

The policies in this bulletin are effective through October 1, 2007.

After this date refer to the Health Care Eligibility Programs Manual for instructions.

DHS Announces Changes to Medical Assistance (MA) and MinnesotaCare Eligibility for Continuing Care Retirement Community (CCRC) Residents Regarding Entrance Fee as an Asset

TOPIC

A continuing care retirement community (CCRC) or life care community (LCC) entrance fee, a new type of asset, is considered available for the purpose of determining eligibility for Medical Assistance (MA) and MinnesotaCare.

PURPOSE

Provide policy information and instruction for implementing changes requiring certain CCRC and LCC entrance fees to be considered as an asset for the purposes of determining eligibility for MA and MinnesotaCare.

CONTACT

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

All others should direct questions to:

Health Care Eligibility and Access (HCEA)
PO Box 64989
540 Cedar Street
St. Paul, MN 55164-0989

SIGNED

BRIAN J. OSBERG
Assistant Commissioner
Health Care Administration

1. Background

On February 8, 2006, the Deficit Reduction Act (DRA) of 2005 (Public Law No. 109-171) was signed into law. The 2006 Minnesota Legislature passed legislation bringing state law (Laws of Minnesota 2006, Chapter 282, Article 17, Section 26) into compliance with the DRA. This bulletin is one of several bulletins to be issued relating to the implementation of various DRA provisions affecting eligibility for the Minnesota Health Care Programs.

2. Introduction

Section 6015 of the DRA provides that contracts for admission to a state licensed, registered, certified or equivalent continuing care retirement community (CCRC) or life care community (LCC) may require residents to spend the resources that were declared by the resident for the purpose of admission to the CCRC or LCC on their care prior to applying for MA or MinnesotaCare.

In addition, the DRA defines when an entrance fee paid to a CCRC or LCC would be treated as an available asset to an individual for purposes of determining MA or MinnesotaCare eligibility.

Note: Continuing care facilities and life care communities are governed under Minnesota Statutes, Chapter 80D.

3. Definitions

A. Continuing Care Retirement Community (CCRC):

An organization that contractually offers a range of continuing care services while providing flexible accommodations, which may change with the client's needs. A CCRC may also be referred to as a life care community (LCC).

B. Entrance Fee:

The total amount of payments, and the value of property, made or promised as full or partial consideration for acceptance into or maintaining residence in a continuing care retirement community (CCRC).

4. Action Required

A. Prior Policy

Under previous policy, the potential availability of CCRC entrance fees was not used to determine Medical Assistance or MinnesotaCare eligibility.

B. Overview of a CCRC

People sign a long-term contract for a CCRC to provide for housing, services and nursing care, usually all in one location. This enables the person to remain in a familiar setting as they grow older. Types of services provided by a CCRC include but are not limited to:

- Board

- Lodging
- Nursing services
- Medical services
- Home health care
- Other health related services

Example:

Lola contracts with the Happy Homes CCRC. The contract entitles Lola to live in the community and to receive services as needed.

Initially Lola moves into a townhouse located on the Happy Homes campus and receives help each day with her insulin shot. Being a member of the community, Lola enjoys attending recreational activities, shopping at the community's gift shop and using the on-site hair dresser.

Three years after signing the contract Lola needs a bit more help with her daily tasks and moves into the assisted living facility on the same campus. She continues to have access to the same activities and services as she did while she lived in the townhouse.

Lola falls and breaks a hip a year later resulting in a move to the nursing home facility on the same campus. Again she continues to have access to the same activities and services she did while in her other two living accommodations.

Designation as a CCRC is determined by Minnesota Statutes and is confirmed by the county recorder at the time the CCRC is registered. A CCRC must be registered with the county recorder in the county in which it is located to be considered an official CCRC. The county recorder determines if the CCRC meets the following criteria to be registered:

- Includes a written agreement to provide services for the life of the individual or a period in excess of one year. Services and lodging provided by a CCRC do not need to be provided at the same location.
- Require an entrance fee of \$100 or more.
- Require the client to pay regular periodic charges for the care provided.

The following are **not** considered to be a CCRC for MA and MinnesotaCare purposes:

- A facility operating solely as a nursing facility.
- A facility that delivers housing without services.
- A program or organization that provides services but not housing.
- Services received by a client which are provided by an individual related by blood or marriage.

See Attachment A for a list of known registered CCRCs in the State of Minnesota.

C. Updated Policy

1) Counting the Entrance Fee

Count the available portion of an entrance fee paid to a CCRC toward the total countable assets for the following programs:

- Medical Assistance (MA);
 - Method A
 - Method B
 - MA Waiver Programs
 - MA payment of Long Term Care Services
 - MA-EPD
- Medicare Savings Programs
- MinnesotaCare

The availability of the entrance fee is determined by reviewing the specifications in the contract signed by the client. See below for more information about determining the availability of a CCRC entrance fee.

A question regarding CCRCs will be added to the HCAPP and the renewal forms in the future. Do not delay implementation while the forms are being revised.

2) CCRC Entrance Fee Availability

To be considered available to the client, the entrance fee paid to a CCRC must meet **all** of the following conditions:

- All or a portion of the entrance fee can be refunded or used to pay for needed services if the client does not have other sufficient resources to pay for those services.

Needed services may include but are not limited to:

- Medical care, both inpatient and outpatient
 - Home health care
 - Skilled nursing care
- The entire entrance fee amount or the remaining portion of the entrance fee can be refunded if the individual either:
 - Dies.
 - Ends the contract and leaves the CCRC.

- The entrance fee does not purchase ownership interest in the CCRC.

3) Verification Requirements

Follow program provisions in HCPM 19.20 (Verification of Assets) in addition to the information provided in this section.

Note: Verification of the entrance fee as an asset is required for MinnesotaCare. This is a change to the MinnesotaCare verification requirements provided in HCPM 19.20 (Verification of Assets).

a. Verify the amount of the entrance fee available to a client. Verification can be:

- A copy of the contract.
- An accounting of the contract information from the CCRC.

Note: A General Authorization for Release of Information about Assets (DHS-2243) must be signed by the client in order for the worker to contact the CCRC directly or may be provided by the client to the CCRC for completion.

b. Verify the availability of the entrance fee at renewal:

- If it was not previously verified at application.
- If the entrance fee availability has changed and the available amount cannot be determined with the verification on file.

4) CCRC Evaluation Steps

Follow these steps at application, at renewal or when a contract is reported between renewals:

- a) Determine if the client belongs to a CCRC by comparing the client's address to the addresses listed on Attachment A of this bulletin. If the client's address:
 - Is a part of a listed CCRC, continue to Step c.
 - Is not a part of a listed CCRC, and the client reports a contract with a CCRC, continue to Step b.
 - Is not part of a listed CCRC, and the client does not report a CCRC contract, the client does not have an entrance fee available. Continue processing other eligibility criteria.

b) Determine if the CCRC is registered. Contact the county recorder in the county in which the CCRC is located to determine if the CCRC is registered.

- If registered, continue to Step c.
- If not registered, and it appears the client is reporting information on a CCRC, submit a HealthQuest requesting further instructions.

c) Request verification of the entrance fee and contract information.

Note: At renewal, if verification was received at application, request additional information if the entrance fee availability has changed and the available amount cannot be determined with the verification on file. If no additional verification is needed continue to Step d.

If the verification is:

- Received, continue to Step d.
- Not received:
 - For applicants: Deny eligibility at the end of the processing period.
 - For enrollees: Close eligibility as an incomplete renewal, or if reported at a time other than renewal, close giving 10-day notice.

d) Determine if the entrance fee is available and the amount of that fee that can be refunded.

e) Count the available amount toward the counted assets total.

- For MA eligibility:
 1. Update MAXIS STAT/OTHR with the available amount.
 2. FIAT ineligible results with the reason code for failing the asset test if the client's total countable assets are over the asset limit due in part to counting the refundable entrance fee amount. Follow FIAT instructions posted at [CountyLink/HealthMatch Hub/HealthMatch Worker Resources/Data clean up](#).

Reminder: Allow clients with excess assets to properly reduce those assets to within program limits following policy provided in HCPM 19.35 (Excess Assets).

- For MinnesotaCare eligibility:

Close or deny eligibility using status reason code '70' (failing the asset test) if the client's total countable assets are over the asset limit due in part to counting the refundable entrance fee amount.

Reminder: Allow clients with excess assets to properly reduce those assets to within program limits following policy provided in HCPM 19.35 (Excess Assets).

- f) Case note information about the CCRC entrance fee including the name, location, the amount of the entrance fee paid, the amount available and any other important information. Title the case note ****CCRC Entrance Fee****.

5. Examples

A. Example One

John and his family are applying for MinnesotaCare. He lives with his wife and 17-year old son. On the application he reports he has been a member of the Twilight CCRC for the past five years.

Action:

The worker contacts the county recorder's office and confirms that the Twilight CCRC is registered as a CCRC. The worker requests verification of the contract from John.

John sends in a copy of his contract. According to the terms of the contract, he paid an entrance fee of \$100,000 and did not purchase ownership rights to the CCRC. The contract also indicates that John can either receive a refund of 90 percent of the entrance fee if he were to leave the CCRC, or he can use up to 90 percent of the funds to pay for services provided by the CCRC.

Action:

Ninety percent of the entrance fee is available. \$90,000 ($\$100,000 \times .90$) of the entrance fee is counted toward the family's total countable assets. John and his wife are ineligible for MinnesotaCare due to excess assets.

B. Example Two

Marion is applying for MA. She has been a member of the Happy Life CCRC for the past ten years and has been receiving nursing home care through the CCRC for the past three years. Marion provides a copy of her contract with the CCRC, and the worker confirms it is registered with the county recorder's office. The contract contains the following:

- Marion did not purchase ownership interest in the CCRC.
- She paid a \$150,000 entrance fee.
- One hundred percent of her entrance fee can be either refunded when she leaves the CCRC, or applied to her cost of care while at the CCRC.

Action:

The worker requests verification of the amount of the entrance fee that has been used toward Marion's cost of care.

Marion signs a consent for release of information to allow her worker to talk to the CCRC directly. The CCRC provides documentation that \$75,000 of her entrance fee has been used toward her cost of care over the past three years.

Action:

Apply \$75,000 ($\$150,000 - \$75,000$) toward Marion's total countable assets. Marion is ineligible for MA due to excess assets unless she is able to reduce assets properly.

C. Example Three

Marta is applying for MA because her health has deteriorated and she has used most of her available assets to pay for her cost of home and community-based services. She is a member of a CCRC, which has been registered with the county recorder's office. Marta has been living at the CCRC for 73 months.

Marta provided a copy of the CCRC contract which contains the following:

- Marta did not purchase a percentage of ownership of the CCRC.
- She paid a \$300,000 entrance fee.
- The CCRC retains two percent of her entrance fee for each month she lives at the CCRC, which is not available for refund.
- Any amount not retained is available for refund when Marta leaves the CCRC.

Action:

Based on the fact that Marta has lived at the CCRC for 73 months and two percent of the entrance fee is retained for each month she lives at the CCRC, the worker determines that no portion of the entrance fee is available. If Marta's other total countable assets are less than the asset limit and she meets all other eligibility criteria, Marta is eligible for MA.

Calculation:

Month 1	$\$300,000 \times .02 = \6000	$\$300,000 - \$6000 = \$294,000$
Month 2	$\$294,000 \times .02 = \5880	$\$294,000 - \$5880 = \$288,120$
Month 3	$\$288,120 \times .02 = \5762.40	$\$288,120 - \$5762.40 = \$282,357.60$
Months 4 – 73 continue to be calculated in the same manner.		

6. Legal References

Deficit Reduction Act of 2005 (Public Law 109-171)

Laws of Minnesota, 2006, Chapter 282, Article 17, Section 26

Health Care Programs Manual 19.15 (Availability of Assets)

7. Attachments

Attachment A Minnesota Continuing Care Retirement Communities

8. Special Needs

This information is available in other forms to people with disabilities by contacting us at 651-431-2283 (voice), toll free at 1-888-938-3224 or through the Minnesota Relay Service at 1-800-627-3529 (TDD), 7-1-1 or 1-877-627-3848 (speech to speech relay service).

Minnesota Continuing Care Retirement Communities

Listed below are the names and addresses of the continuing care retirement communities (CCRC) which are currently registered in the State of Minnesota.

Hennepin County

Covenant Village of Golden Valley
5800 St. Croix Avenue
Golden Valley, MN 55422
Document No. 8843237

Friendship Village
8100 Highwood Drive
Bloomington, MN 55438
Document No. 8676794

Walker Residence, Inc.
3701 Bryant Avenue South
Minneapolis, MN 55409
Document No. 8799994

Olmsted County

Charter House
211 2nd Street Northwest
Rochester, MN 55901
Document No. 1096088

Madonna Towers
4001 19th Avenue Northwest
Rochester, MN 55901
Document No. 1091139