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Protection of Your Resources and Income

**HOW MEDICAID CAN HELP
COUPLES PAY THE COST
OF A SPOUSE'S CARE
IN A MEDICAL FACILITY**

IOWA DEPARTMENT OF HUMAN SERVICES



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This pamphlet answers questions on how Medicaid may be able to help a couple pay the cost of a spouse's care in a medical facility. The main point is that the couple may not have to spend all of their money before the spouse in the medical facility qualifies for Medicaid.

Some of this information may be hard to understand. If you have any questions, please contact your county Department of Human Services worker.

Here is an explanation of some of the terms:

Medical Facility means a hospital or nursing facility (nursing home).

Resource Protection means that a certain amount of the things owned and the money saved by the couple can be kept by the spouse at home. Resource protection is also referred to as the "resource allowance."

Income Allowance means the amount of income that can be protected for the spouse at home.

Community Spouse is also referred to as "the spouse at home." The community spouse could live in the couples' own home, a custodial home, an apartment, with relatives, or in other non-facility settings.

Medicaid is a joint federal and state program that can help pay medical bills. The amount of your medical bills that Medicaid pays is based on certain resource and income guidelines that will be described later.

WHEN CAN MEDICAID HELP?

Medicaid could pay the full facility cost or part of the facility cost depending on your resources and income. If the spouse in the facility wants to find out if he or she can qualify for the Medicaid program, an application must be filled out and given to the Department of Human Services (DHS) office in the county where the facility is located. The form is called "Application for Medical Assistance or State Supplementary Assistance" and is available from your DHS worker.

If the spouse in the medical facility expects to stay less than 30 days or more (and entered the facility on or after September 30, 1989), Medicaid can help pay medical facility costs based on the amount of your resources and income as a couple (which will be described later).

If the spouse in the medical facility expects to stay less than 30 days or entered prior to September 30, 1989, different Medicaid policies apply than are listed in this pamphlet. You still fill out an application form (the same one mentioned above) to see if you qualify for Medicaid in a different way.

In order to get Medicaid, the spouse in the medical facility must qualify as either aged (65 or older), blind or disabled or be part of a family with dependent children. Please see the pamphlets "Medicaid for Iowa FIP-Related Persons" for more information on other eligibility factors that must be met by the spouse in the medical facility. Both of these pamphlets are available from your DHS worker.

The following pages have information on the resource and income guidelines your DHS worker will follow to see if requirements are met for Medicaid to pay the cost of care in the medical facility.

WHAT RESOURCES CAN BE PROTECTED?

When a spouse enters a medical facility on or after September 30, 1989, there are four main steps to determine the resources that can be protected for the spouse at home and when the spouse in the medical facility can qualify for Medicaid.

1. **Total Resources:** If the spouse entering a medical facility (expecting to stay for 30 days or more) is going to need Medicaid now or in the future, the protection of resources for the spouse at home depends on the couple's combined resources as of the first day of the month that the spouse entered the medical facility.

Because of this, the amount of resources that can be protected should be determined as soon as possible. Your DHS worker can give you a form called "Resources Upon Entering A Medical Facility" that you fill out as soon as a spouse enters the medical facility. It is better to fill this form out as soon as possible after entry because it is easier to prove your resources for the month the spouse entered the facility now than it will be to prove them at a later date.

When you have completed the form, please turn it in to your county DHS office. DHS will request information and documents to confirm what you stated on the form. DHS will also need each spouse's social security number, which the Internal Revenue Service will match with its records. Through a "Notice of Attribution of Resources," DHS will inform each spouse of its decision on what resources can be protected, otherwise this information is confidential.

2. **Countable Resources:** Resources that are owned as of the first day of the month of entry into the facility must be counted by DHS. Some resources

are not counted at all. However, all resources should be listed on the "Resources Upon Entering A Medical Facility" form.

Resources that are not counted include: the house that the spouse (or dependent relative) lives in, an automobile, the cash value of life insurance policies when the face value totals less than \$1,500, an irrevocable funeral contract, burial spaces, or funds set aside for funeral expenses (up to \$1,500). Either spouse can use the resources that are not counted.

Examples of resources that are counted include: cash, savings and checking accounts, certificates of deposit, stocks and bonds, contracts for the sale of real estate, and the cash value of life insurance when the face value is more than \$1,500.

- 3. Resources For Each Spouse:** The way DHS determines the amount of resources that can be protected for the spouse at home is to total the amount of your countable resources as a couple and divide by two. The spouse at home can keep half of the total resources or \$24,000, whichever is greater. However, if half of the resources are more than \$74,820*, the spouse at home can only keep \$74,820*.

The amount of protected resources for the community spouse may be increased by a court order, or by an Appeal decision, in order to increase income of the community spouse.

You will see several dollar amounts followed by this symbol:*. This means that the amounts are indexed for inflation and change when the federal government releases the annual inflation rate.

Remember resources given away by either spouse may affect the Medicaid payment of the nursing facility.

- 4. Medicaid Eligibility:** To determine if the spouse in the medical facility is eligible for Medicaid to help pay the facility costs, the resource allowance for the spouse at home is subtracted from the couple's total resources. If the result is \$2,000 or less, the spouse in the medical facility meets the resource test for Medicaid to help pay the facility cost.

If the spouse in the medical facility has resources of more than \$2,000, he or she cannot qualify for Medicaid payments to the facility but may still qualify for other Medicaid help.

An application must be made for Medicaid for DHS to determine eligibility. Your DHS worker will follow these guidelines to determine your protected resources and see if the requirements are met to qualify for Medicaid. Here are some examples that may help you better understand resource protection:

Example: Mr. Erickson entered a nursing home on March 27, 1990. He and his wife together own \$200,000 in countable resources. One half of their countable resources is \$100,000. Mrs. Erickson, living at home, was able to keep \$74,820* and the remaining \$125,180 were counted for Mr. Erickson. Since resources of \$125,180 were counted for Mr. Erickson, his resources exceeded the \$2,000 resource limit and he did not qualify for Medicaid payments to the nursing home at this time.

Example: Mr. Roth entered a nursing home on May 1, 1990. Mr. and Mrs. Roth together have countable resources of \$11,000. All of the resources are protected for Mrs. Roth since total resources are less than \$24,000, and Mr. Roth is eligible for Medicaid to pay the cost of the medical facility based on the amount of resources counted for him.

Note: Medicaid can still be granted in certain cases of hardship. This can happen when there is estrangement and the spouse in the facility has used all legal means to access the resources of the estranged spouse.

DOES IT MATTER WHOSE NAME THE RESOURCES ARE IN?

Yes. After DHS determines that the spouse in the medical facility is eligible for Medicaid, resources must be counted for the spouse who actually owns the resources. Any resources owned by the spouse in the Medical facility that are more than the resource limits must be transferred to the spouse at home (please see the pamphlet "Medicaid for SSI-related Persons" for information on resource limits for individuals). This must be done so the spouse in the facility can remain eligible for Medicaid to pay the cost of the medical facility.

Here is an example of resource protection and resource ownership:

Example: Mr. Johnson entered a nursing home June 2, 1990. He and his wife together have countable resources of \$25,000. Even though half of these resources is \$12,500, Mrs. Johnson can keep \$24,000*. Since only \$1,000 needs to be counted as a resource to Mr. Johnson, he could qualify for Medicaid payments to the nursing home. However, Mr. Johnson owns a \$5,000 Certificate of Deposit (CD). In order to remain eligible for Medicaid payments to the nursing home he must transfer ownership of \$3,000 of the CD to his wife so his resources will be within the \$2,000 limit. He could transfer all the value of the CD to his wife. This transfer must be made within 90 days.

WHAT IS THE INCOME LIMIT?

The income of the spouse in the medical facility cannot be more than three times the SSI benefit (which currently is \$1,374* per month) for Medicaid to help pay the cost of the facility. If the income of the spouse in the facility is more than three times the SSI benefit, Medicaid will not pay for the facility costs but may be able to pay for other medical services.

WHAT INCOME CAN BE PROTECTED?

Once the spouse living in the medical facility qualifies for Medicaid payments to the facility, income can be protected for the spouse at home. There are three main guidelines to determine what income can be protected (if you qualify for Medicaid payments to the facility).

- A. Monthly Income:** The spouse in the medical facility can keep \$30 of monthly income for personal needs, plus an additional \$65 from earned income. The spouse in the facility can allow the spouse and certain dependent relatives at home to use the income that is above \$30, or above \$95 if there is earned income.
- B. Income Allowance:** The amount of income that can be allowed for the spouse at home, unless there is a court order or an appeal decision, is \$1,870.50* per month. This is called "income allowance." The income of the spouse at home is subtracted from the income allowance of \$1,870.50* to determine the amount of income the spouse in the facility can give to the spouse at home.

An amount of income can also be allowed for certain dependent relatives living with the spouse at home. This amount is determined by subtracting the gross monthly income of each dependent from \$1,230.00 and dividing that amount by three. Remember, the spouse in the medical facility must first provide income for the spouse at home before any income can be made available to the dependents.

- C. **Remaining Income:** The remaining income of the spouse in the facility is used to pay for any unmet medical needs and toward payment of the cost of care in the facility. Payment to the facility is called client participation.

Your DHS worker will follow these guidelines to determine the protected income for the spouse at home and any dependents that qualify. Here are some examples that may help you better understand income protection:

Example: Mrs. Rogers lives in a skilled nursing facility with \$300 gross monthly income and Mr. Rogers lives at home with \$900 gross monthly income. The amount of income protected for Mr. Rogers is determined as follows:

Mrs. Rogers (in facility)

\$300	monthly income
- \$30	personal needs
<hr/>	
\$270	is available for Mr. Rogers

Mr. Rogers (at home)

\$1,870.50	income allowance
- \$900	monthly income
<hr/>	
\$970.50	could be allowed from Mrs. Rogers' income for Mr. Rogers, but she can only give the \$270 from her income

Example: Mr. Smith lives in a nursing home and Mrs. Smith is living at home. Mr. Smith has gross monthly income of \$1,300. Mrs. Smith has gross monthly income of \$800. The amount of income from Mr. Smith to protect for Mrs. Smith is determined as follows:

Mr. Smith (in facility)

\$1,300	monthly income
- \$30	personal needs
<hr/>	
\$1,270	is available for Mrs. Smith

Mrs. Smith (at home)

\$1,870.50	income allowance
- \$800	monthly income
<hr/>	
\$1,070.50	can be allowed from Mr. Smith's income for Mrs. Smith

Mr. Smith has remaining income of \$200.50 after giving the \$1,070.50 to Mrs. Smith (\$1,270 minus \$1,070.50 leaves \$200.50). Of the remaining income, \$25 can be used to pay for private health insurance and \$175.50 goes to the facility as "client participation."

"Client participation" means a spouse in a medical facility shares in the cost of care by paying some of his or her own income to the medical facility. DHS determines the amount of client participation. The income of the spouse at home is NOT used to pay for the cost of care of the spouse in the facility.

DOES IT MATTER WHOSE NAME THE INCOME IS IN?

Usually when income is issued in the name of an individual, it is considered income to that individual. If the income is in the names of both spouses, the income is considered as one half for each spouse. If there is trust property, the income shall be considered according to the trust document. Other examples of income include Social Security and Veteran's benefits, pensions from employment, etc. The income of each spouse must be established and any changes in income of either spouse must be reported to the county DHS office within 10 days of the change. If there is a dependent receiving protection of income, any changes in the dependent's income must also be reported within 10 days.

For a more complete explanation of Medicaid policies (including client participation) for people who live in a medical facility, please see the pamphlet "Medicaid Information for People in Nursing Homes and Other Facilities."

WHAT ARE MY RIGHTS?

If you are dissatisfied with the actions or lack of action by DHS, you should discuss the matter with your DHS worker. If a satisfactory agreement cannot be reached, you have a right to file an appeal and ask for a hearing.

If you believe more resources should be protected for the community spouse to raise the community spouse's income to the monthly income allowance level, you have a right to file an appeal and ask for a hearing.

If a hearing is allowed, it will be an informal meeting before an Administrative Law Judge from the Department of Inspections and Appeals in which you can present your complaint. All the facts will be reviewed to see if the decision was correct or should be changed.

You may file an appeal, asking for a hearing, by writing your county DHS office or writing to:

Department of Human Services
Appeals Section, Bureau of Policy Analysis
5th Fl Hoover Office Building
Des Moines · Iowa 50319-0114

Filing an appeal within 30 days of the date on the "Notice of Decision" or the "Notice of Attribution of Resources" that you feel is incorrect can protect your right to a hearing. **Discussions with your worker or other DHS staff do not extend this time limit.**

Filing an appeal prior to the effective date on the "Notice of Decision" that you feel is incorrect can allow your Medicaid to continue until your appeal is heard or decided.

WHAT ARE MY RESPONSIBILITIES?

Present your Medical Assistance Eligibility Card each time you request service from a health care provider.

Inform your county DHS office of changes in your address, income, resources or household size (marriages, births, deaths) and any other changes that may affect your eligibility or amount of benefits (this includes the income and resources of a spouse, dependents or other persons who may affect your Medicaid eligibility). Please report any changes within 10 days for someone currently receiving benefits and within 5 days for an applicant.

Inform your health care providers of any medical resources that you have (Medicare, insurance, damage suits, etc.).

Notify your county DHS office within 10 days of any changes in your medical resources or health care coverage. You may be required to provide information and proof of any medical resources available to you.

File a claim or application for any income or medical resource that may be available to you. If required, you must also cooperate in the processing of any such claim or application.

Refund to DHS any money that you receive from a person or company to pay medical expenses which would otherwise be paid by Medicaid.

Failure to comply with your responsibilities can result in denial or cancellation of Medicaid. It may also result in the establishment of overpayments for which you will be responsible to pay back or possible prosecution for fraud.

No person shall be discriminated against because of race, color, national origin, sex, age, mental or physical disability, creed, religion, or political belief when applying for employment, or when applying for, or receiving benefits or services from the Iowa Department of Human Services, or any of its vendors, Purchase of Service providers, or contractors.

If you have reason to believe that you have been discriminated against for any of the above reasons, you may write to:

**Department of Human Services
Bureau of Equal Opportunity
5th Fl Hoover State Office Building
Des Moines Iowa 50319-0114**

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