

CHANGE NOTICE FOR MANUAL

DATE: August 6, 2002

Manual: State/County Special Assistance for Adults

CHANGE NO: 03-02

To: County Directors of Social Services

Effective: August 1, 2002

I. BACKGROUND AND DESCRIPTION OF CHANGES

In order to reduce program expenditures, Aged, Blind, and Disabled Medicaid eligibility policy will change regarding the treatment of life estate and tenancy-in-common property. This change is anticipated to be effective for Medicaid on October 1, 2002.

Effective July 1, 2002, life estate interest and tenancy-in-common interest in real property became an excluded resource for Special Assistance. To remain consistent with Medicaid, Special Assistance is changing resource policy regarding these types of property interests.

Effective August 1, 2002, life estate interest and tenancy-in-common interest in real property is a countable resource for Special Assistance. As with other real property, the individual may rebut the value of life estates or tenancy-in-common interest.

A minor change in wording was also included in the lump sum procedures to clarify how to treat lump sums received during the application process.

II. EFFECTIVE DATE – AUGUST 1, 2002

III. IMPLEMENTATION OF CHANGE FOR APPLICATIONS

Apply this change to all applications in process on or taken on or after August 1, 2002, when determining eligibility for any month August 2002 or later. Apply the policy in effect on July 1, 2002, if assistance is requested for the month of July 2002.

IV. IMPLEMENTATION OF CHANGE FOR ONGOING CASES

- A. Apply these changes effective August 1, 2002.
- B. Immediately begin to review all non-SSI Special Assistance cases that were approved on or after July 1, 2002, and for whom redeterminations were completed on or after July 1, 2002, to determine if those recipients have excluded life estates or tenancy-in-common interest in real property. Complete the review by August 31, 2002. You may use NCXPTR reports such as "DHREJ CASEWORKER SUPERVISOR RPT" to identify those cases.
- C. If you identify a recipient as having one of these types of resources, take the following actions:
1. Redetermine eligibility using the new policy.
 2. Determine if the property is excludable under some other rule. For example, if the property was the recipient's homesite, it may be excluded if the recipient states intent to return.
 3. If you need additional information from the recipient, request it and allow 12 calendar days to provide the information.
 4. If the countable value of the resource results in excess resources, advise the recipient in writing of excess resources and his options for reducing his reserve including:
 - a. Rebuttal of the value, if he believes the value to be incorrect.
 - b. Selling the resource and using the proceeds to meet his expenses until resources are reduced to allowable limits. If the recipient states his/her intent to sell the property, the property may be excluded up to 3 months to allow time for the sale, following instructions below.

NOTE: There is currently no transfer penalty for SA. However, if the recipient requests information regarding transfers, advise the recipient that transferring property may affect eligibility for future SA and Medicaid benefits.

5. Allow the recipient 12 calendar days to provide information that reduces countable resources or to state intent to sell. If the information is not received by the deadline, send a timely notice proposing termination for excess resources.

D. Exclusion of a Resource while Recipient Attempts to Sell

1. Recipients who become ineligible due to this change will be allowed time to convert the resources to cash so that they will be able to use it to pay their expenses.
2. If the recipient states his intent to sell the resource, exclude it while he attempts to sell the resource. Exclude it through the third month following the month the recipient was notified of the excess resources or until it is sold. (If notice is sent in August, exclude the property until the end of November.)
3. Allow 10 calendar days from the date he states his intent to sell the resource to provide proof of attempt to sell the resource. Acceptable proof of attempt to sell the resource is one of the following:
 - a. Listing the property with an agent. The recipient must provide a copy of the contract.
 - b. Regular advertisement (at least weekly) in a local newspaper that is published at least weekly. (Every other week the recipient must provide a dated copy of the advertisement or statement from the newspaper.)
 - c. Regular advertisements (at least weekly) in other media. The recipient must provide proof from the media outlet; e.g. copy of a contract, receipt documenting the purchase of advertising space or time.
 - d. If the recipient has entered into negotiations with a potential buyer, the written statement of the potential buyer.
 - e. Other documentation that in the county's opinion establishes the recipient's attempt to sell the resource.
4. If acceptable proof of the attempt to sell is not received within 12 calendar days, send timely notice of termination for excess resources.
5. If acceptable proof of the attempt to sell is received prior to the end of the timely notice period, exclude the property until it is sold or the end of the 3 month period, whichever occurs first.
6. If the recipient has not reported the resource sold by the beginning of the third month, contact the recipient to verify if he has sold the resource.

- a. If he has not sold it, send a timely notice proposing termination for excess resources effective the last day of the third month.
- b. If the recipient provides proof of sale of the resource prior to the last day of the third month, count the amount received less any outstanding liens and expenses incurred in selling the resource (agent's commissions, cost of advertising, etc if it is retained by the recipient. Count the resource beginning the first moment of the month following the month of receipt. If the amount received results in excess resources, propose termination for excess resources as soon as possible following timely notice procedures

Expenses must be documented by the written statement of a bank or other financial institution that held a lien on the property, real property closing statement, statement of attorney or agent handling the sale, receipts for advertising, or other documentary evidence that the county finds convincing.
- c. If the recipient provides proof of sale of the resource after the end of the third month, do not reopen the terminated case. He must reapply.

V. MAINTENANCE OF MANUAL INSTRUCTIONS

Replace SA-3200, Resources and Table of Contents
Insert SA-3200 Figure 3

If you have any questions regarding this information, please contact your Adult Programs Representative or Jackie Franklin, SA Program Consultant, at 919-733-3677.



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Adult and Family Services Section