

CHANGE NOTICE FOR MANUAL, NO. 08-02, Transfer of Resources and Homesite

DATE: September 28, 2001

Manual: Aged, Blind and Disabled Medicaid

Change No. 08-02

To: County Directors of Social Services

Effective: October 1, 2001

I. BACKGROUND

For long term care recipients, the State of North Carolina has not penalized the transfer of a homesite that has been made income producing. The State allowed this based on the provision that the homesite becomes an excludable resource once it is made income producing. Transfers of resources that are excluded at the time of transfer are allowable.

Research indicates federal law permits states to continue to define a homesite that is made incoming producing as the homesite. When using this definition, the only time the transfer of the homesite is allowable is if it is transferred to a qualified person as described by policy.

II. CONTENT OF THE CHANGE

A. Effective October 1, 2001, the transfer of a homesite that has been made income producing to someone other than that allowed by policy shall be considered a transfer subject to a sanction penalty for payment of cost of care.

The definition of homesite when evaluating for transfer is changed. MA-2230 and MA-2240 are revised to reflect these changes.

- If the homesite is made income producing, it is no longer a countable resource. This policy has not changed.
 - The policies regarding changes made in ownership interests of real property (for example, tenancy-by-entirety changed to tenancy-in-common) have not changed. When a person acts to eliminate or reduce his ownership interest in real property, it must be evaluated as a non-allowable transfer.
- B. MA-2230 and MA-2240 are revised, based on clarification from the Attorney General's Office, to define a valid deed as one that has been signed, delivered and accepted. A deed of gift must be registered within two years of the date it is signed in order for it to remain valid. Other deeds do not have to be registered to remain valid.**
- C. The lookback period in MA-2240 is renamed lookback date. MA-2240 is also revised to state that, when the community spouse becomes institutionalized, a new lookback date must be established for him.**
- D. Treatment of property contiguous to the principal place of residence when the applicant/recipient or financially responsible person has no ownership interest in the principal place of residence is clarified in MA-2230 and MA-2240.**
- Although up to \$12,000.00 of value in the contiguous property is excluded, it is not a homesite. It is simply excluded real property.
 - A transfer of this property must be evaluated for a sanction under the rules applicable to non-homesite transfers.
 - If a non-allowable transfer is made, the transfer will be evaluated for sanction based on the total value of the contiguous property.
 - If this property is made income producing and then transferred, it is an allowable transfer because it was an excluded resource at the time of transfer.
- E. Annuities structured to disburse minimal payments until the end of the person's life expectancy, when a "balloon payment" is made, are addressed. These types of annuities are considered to be not actuarially sound and, therefore, are a non-allowable transfer. MA-2240 is revised to include this policy.**

III. EFFECTIVE DATE AND IMPLEMENTATION INSTRUCTIONS

- A. This policy change is effective October 1, 2001.**

B. Implementation Instructions

Apply this policy to any transfers made on or after October 1, 2001. This applies to pending applications, redeterminations or changes in situations.

For annuities, apply this policy to any annuities for pending applications, redeterminations or changes in situation.

IV. MAINTENANCE OF MANUAL

**A. Remove MA-2230, pages 15-16 and 27-38.
Insert MA-2230, pages 15-16 and 27-38.**

**B. Remove MA-2240, pages 1-18.
Insert MA-2240, pages 1-21.**

If you have any questions, please contact your Medicaid Program Representative.

Nina M. Yeager
Director

(This material was researched and written by Renee Boston, Policy Consultant, Medicaid Eligibility Unit.)