

0354

RESOURCES GENERALLY

0354.05

RESOURCE LIMITS

REV:01/2002

Each determination of eligibility (new, reopening or redetermination) requires a review of resources, which includes sending at least one bank statement (AP-91). Resources are also reviewed at the time of a reported change, or when information is received which indicates a change has occurred, or that unreported resources may exist (Income Eligibility Verification System match, etc.). Resources must be verified by a review of documents related to the resource, with copies of the documentation kept for the case file.

The Resource limits for individuals and couples are:

CATEGORICALLY NEEDY RESOURCE LIMITS*

Resource	Individuals	Couples
Real Property and Personal Property	\$2,000	\$3,000
Property Essential for Self-Support	Excluded	
Burial Spaces	Excluded	
Life Insurance	\$1,500	\$1,500(each)
Burial Set-Aside	Up to \$1,500 Individual & Spouse (See Limits in Section 0356.45).	
Home and Adjoining Land	Excluded as a resource if living in it.	
Automobile	One is potentially excludable based on use. Otherwise, the FAIR MARKET VALUE up to a threshold of \$4,500 is excluded. (Section 0356.30)	
RSDI Retroactive Payments	Excluded for up to six (6) months under provisions in Section 0356.60.	

* Note: The Low Income Aged and Disabled Coverage Group (Section 0370.70), entitled to the Categorically Needy scope of services, is subject to the Medically Needy Resource Limit.

MEDICALLY NEEDY RESOURCE LIMITS - ALL GROUPS

RESOURCE	INDIVIDUAL	COUPLE
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Basic Limit	\$4,000	\$6,000
Life Insurance	\$4,000 Face Value for each individual. If Face Value(s) exceeds this threshold, evaluate as per Section 0356.20.	
Burial Set-Aside**	Up to \$1,500 each individual (See limits in Section 0356.45).	
Automobile	One is potentially excludable based on use. Otherwise, the FAIR MARKET VALUE up to a threshold of \$4,500 is excluded. (Section 0356.30)	
RSDI Retroactive Payments	Excluded for up to six (6) months under provisions in Section 0356.60.	
Tangible Personal Property (personal valuables, antiques, jewelry, pleasure boats, etc.)	\$5,000 threshold limit per household.	

0354.10 RESOURCE DEFINITIONS

REV:06/1994

A RESOURCES is either real or personal property which the applicant/recipient can use (either directly or by sale or conversion) to provide for his/her basic needs for food, clothing, shelter or medical care. Third Party Resources for medical care, such as health insurance, are not countable resources in eligibility determinations.

- o REAL PROPERTY is land and generally whatever is erected or growing upon or attached to land. Real property also includes any interest in land. Examples of real property and interests in land include a lot with or without a house, a life estate, a remainder estate, mineral rights, easements, and leaseholds.
- o PERSONAL PROPERTY in a broad sense is everything that is subject to ownership that is not real property. It includes tangible and intangible personal property.
 - TANGIBLE PERSONAL PROPERTY includes movable and tangible things such as animals, furniture, automobiles, jewelry, boats, and merchandise.
 - INTANGIBLE PERSONAL PROPERTY includes such rights as stock, bonds, savings accounts, checking

accounts, certificates of deposit, cash, and promissory notes.

0354.10.05 Countable/Excluded Resources

REV:06/1994

Resources are further defined based upon whether they are countable or excluded in the process of determining eligibility for Medical Assistance.

- o **COUNTABLE RESOURCE:** A resource, whether real or personal property, that is counted toward a resource limit. Countable resources are available to the applicant, and are not excluded;
- o **EXCLUDED RESOURCE:** A resource that is not counted toward the resource limit because of a specific exclusion in policy. Some resources are totally excluded regardless of value (e.g. the home of an applicant, or an automobile used for transportation for medical care); some resources are excluded to the extent they do not exceed a specific threshold amount (e.g. life insurance face value limit). See Section 0356, EVALUATION OF RESOURCES.

0354.10.10 Resource Transfer

REV:06/1994

A RESOURCE TRANSFER is the conveyance of right, title, or interest in either real or personal property from one person to another.

The conveyance may be by sale, gift, or other process.

0354.10.15 Compensation/Consideration

REV:06/1994

COMPENSATION/CONSIDERATION is all real and/or personal property, or any other right or item of value that is received by an applicant/recipient pursuant to a binding contract in exchange for a resource. The recipient may receive the consideration or compensation prior to, at the time of, or after the transfer.

Items of value that serve as consideration or compensation include money, food, shelter, services, stocks, bonds, etc.

0354.10.20 Fair Market Value (FMV)

REV:06/1994

The Fair Market Value (FMV) of property (real and personal) is the amount for which the property can be expected to sell on the open market in the geographic area involved and under existing economic conditions at the time of the determination.

0354.10.25 Equity Value

REV:06/1994

Equity value is the FMV less the amount of any legal encumbrances.

0354.10.30 Uncompensated Value (UV)

REV:06/1994

The Uncompensated Value (UV) is the Equity Value of a transferred resource minus the amount of compensation/consideration received by the applicant/recipient in exchange for the resource.

0354.15 DIFFER/RESOURCES FROM INCOME

REV:06/1994

Resources are items such as property, cash, bank accounts, other financial instruments, real estate, buildings, etc. that are owned by or available to individuals. Resources must be distinguished from income. The general rule is: A RESOURCE is that which is owned at the beginning of the month. INCOME is that which is received during the month. Income that is not spent within the month in which it is received becomes a resource at the beginning of the next month.

0354.20 RESOURCE CONVERSION OR SALE

REV:06/1994

A resource that is converted from one form to another does not result in income to the applicant. A previously excluded resource may become a countable resource if converted into another form (e.g. an excluded auto is sold for \$400 in cash. The cash received becomes a countable resource - not income). Conversely, a countable resource may become excluded (e.g. an excludable auto is purchased with \$400 in cash), but in no event does income result from the transaction.

EXAMPLE: Mr. Bush is receiving MA benefits. He owned a home in which he lived valued at \$25,000. The home was an excluded resource. He sold his home to a niece for \$15,000 on 10/5/89 because he could no longer maintain the home. His only other resource is a savings account for \$1,000. His countable resources are now \$15,000 (the actual value received) plus \$1,000 (other nonexcludable resource) for a total of \$16,000. His resources exceed the Medically Needy limit, and he is no longer eligible for MA. The fact that the sale was for less than the FMV is irrelevant as long as he lives in a community setting, however, the agency representative records the date of the transfer, and other pertinent information about the transfer on the DHS-2 and InRHODES Statement of Need Transfer Panel. The uncompensated value of the transfer may render him ineligible for payment for nursing facility services should he become institutionalized at a later date (See Section 0360, RESOURCE TRANSFERS).

0354.25 REPLACEMENT OF A RESOURCE

REV:06/1994

When a recipient sells a home and the proceeds are used to purchase a new home within three months, the money obtained from the sale of the home cannot be considered a resource.

Cash (e.g. an insurance settlement) received for the purpose of repairing or replacing an excluded resource that is lost, damaged, or stolen is excluded as a resource for a period of nine months with an additional nine-month extension for good cause.

Similarly, in-kind replacement of a lost, damaged, or stolen excluded resource is also an excluded resource.

0354.30 AVAILABILITY OF A RESOURCE

REV:01/2002

In order to be countable in the determination of Medical Assistance eligibility, a resource must be available to the applicant. The applicant must be able to use the resource to provide food, shelter, clothing, or convert it into a form in which it can be used to meet needs.

- o A resource is considered to be available both when actually available, and when the applicant has the legal ability to make such sum available for support and maintenance.
- o Resources are not available when a legal impediment exists which precludes the applicant from making the resource available for support, maintenance or medical care.

Applicants/Recipients are required, as a condition of eligibility, to cooperate with the Department in making resources available. See Section 0308, COOPERATION REQUIREMENTS.

0354.35 EXCLUDED RESOURCES

REV: 07/2008

In determining eligibility for Medical Assistance, for both Categorically Needy and Medically Needy SSI-related individuals/couples, the following resources are EXCLUDED:

- o THE HOME AND ASSOCIATED LAND;
- o HOUSEHOLD GOODS AND PERSONAL EFFECTS, up to a maximum of \$2,000 for Categorically Needy, up to a maximum of \$5,000 for Medically Needy.

If the valuation exceeds these thresholds, the Excess amount is countable toward the basic resource limit;

- o ONE AUTOMOBILE is excluded if needed for employment, transportation to medical care, or if modified for use by a handicapped household member. Otherwise the first \$4,500 of Fair Market Value is excluded, with any balance over the \$4,500 threshold counting toward the basic resource limit;
- o LIFE INSURANCE with a face value less than \$1,500 for Categorically Needy, less than \$4,000 for Medically Needy;
- o BURIAL SPACES;
- o IRREVOCABLE BURIAL CONTRACTS OR TRUSTS;
- o FUNDS SET ASIDE FOR BURIAL, up to a maximum of \$1,500;
- o RETROACTIVE RSDI AND SSI BENEFITS, for a limited period;
- o RESOURCES NECESSARY FOR SELF-EMPLOYMENT;
- o RESOURCES DESIGNATED BY SSA FOR A PLAN OF SELF-SUPPORT for a blind or disabled individual;
- o RESOURCES EXCLUDED BY SPECIFIC STATUTES;
- o RESOURCES DISREGARDED DUE TO PAYMENTS TO AN LTC FACILITY UNDER A QUALIFIED STATE LONG TERM CARE INSURANCE PARTNERSHIP POLICY
(see Sec. 0382.80ff on the Qualified Long Term Care Insurance Partnership program).

0354.40 RESOURCE REDUCTION

REV:01/2002

If an applicant or recipient is found to be ineligible due to excess countable resources as of the first moment of the month, s/he is notified that eligibility does not exist via the InRHODES Eligibility

Notice. Included within the Notice is a description of the possibility of resource reduction.

An applicant whose countable resources exceed the basic resource limitation may establish eligibility on the basis of resources if:

- o S/he incurs (or has incurred) outstanding allowable medical bills or other allowable expenses that equal or exceed his/her excess resources; AND,
- o S/he reduces the excess resources to the appropriate resource limit by actually paying the allowable expenses or fees, and submitting verification thereof within thirty days of the date of the rejection or closing notice. Both the expenditure of the resource and submission of verification of the expenditure and the reduced resource must occur within the thirty day time period.

The bills used to establish eligibility cannot be incurred earlier than the first day of the third month prior to the date of an application that is eventually approved. Allowable bills, which the applicant has paid and used to reduce resources, may not be the same bills that have been used to meet an income spenddown.

The agency representative must see the receipts for bills that have been actually paid in order to verify that resources have been properly reduced.

0354.40.05 Date of Eligibility

REV:06/1994

An individual who reduces resources and is otherwise eligible will be eligible as of the date the incurred allowable expenses were equal to or exceeded the amount of his or her excess assets, subject to verification that the excess resource was actually expended on the allowable expense. In no event shall the first day of eligibility be earlier than the first day of the month of application. An applicant cannot establish eligibility by resource reduction in the retroactive period.

The applicant will be required to verify that:

- o S/he incurred the necessary amount of expenses; and,
- o His or her excess resources were reduced to the allowable resource limit by expenditure of the excess resource on the allowed expense.

0354.40.10 Allowable Expenses

REV:04/2001

Only certain expenses may be used to establish eligibility by reduction of excess resources. These expenses are as follows:

- o Medical Expenses that would be allowed under the policy on the Flexible-test of income. See Section 0368, FLEXIBLE TEST OF INCOME.
- o Certain fees required for: a) an individual to make income or resources available; or b) an incompetent individual, who needs a court-appointed guardian, to access or consent to necessary medical treatment, including applying for Medical Assistance. Only the fees indicated in Sections 0354.40.10.05 through 0354.40.10.15 are allowable under this provision.

0354.40.10.05 *Guardian/Conservatorship Costs*

REV:04/2001

Applicants who have court-appointed guardians or conservators are generally required to pay court-approved guardian/conservator's fees. Such fees include but are not limited to court filing fees, the cost of a Probate Bond, court-approved guardianship/conservatorship fees, and court-approved legal fees.

Allowable court-approved expenses not covered by other sources for items listed in Section 0354.40.10, subject to the Rhode Island Supreme Court approved fee schedule (currently \$30 per hour for guardians under "Executive Order" Number 95-01) may be considered. When such guardianship fees have been approved by probate courts, related guardian ad litem fees not exceeding \$250 may also be recognized. The applicant must submit a copy of the Probate Court Order and any supporting documentation, including an itemized bill for any allowable guardianship/conservatorship expenses.

The case is referred to the Office of Legal Counsel by the Regional Manager for a decision on the amount of the allowable deduction. The referral must contain a brief description of the case, a copy of the Probate Court Order, an itemized bill from the guardian, and any other supporting documentation. The total amount allowed must be reasonable and shall be based on the hours approved by the particular Probate Court for items listed in 0354.40.10 at the rate of compensation paid for guardians ad litem in Family court as specified in the then-current Rhode Island Supreme Court Executive Order on fee schedules.

0354.40.10.10 *Legal Fees*

REV:06/1994

Individuals who incur legal fees resulting from legal action to obtain income or resources for their support may expend excess resources to pay such fees.

0354.40.10.15 Tax Assessments

REV:06/1994

Individuals ordered by the Internal Revenue Service, the Rhode Island Division of Taxation, or other State or municipal taxing authority to pay income taxes may expend excess resources to pay the taxes.

0354.40.15 Examples of Resource Reduction

REV:06/1994

The following are hypothetical cases involving resource reductions:

- o MR. M files an application on 7/21. As of 7/1, he has a savings account of \$3075 and an automobile with a countable value of \$975, for a total of \$4,050. On 7/10, he withdrew \$125 from the bank for automobile repairs, reducing his resources to \$3,925. He is ineligible as of 7/1 and the change in resources during July does not affect his INELIGIBILITY. He has no allowable expenses on which to expend the excess resource. He remains ineligible in July. He may be eligible in August if his countable resources are \$4,000 or less on 8/1.
- o MR. E is a Categorically Needy individual who does not receive SSI. As of 3/1, he had a \$2,000 life insurance policy with a cash surrender value of \$800, a savings account valued at \$900 and an excluded automobile, for a total of \$1,700. On 3/5, he sold his automobile for \$1,000 and deposited the money in his savings account. His countable resources then amounted to \$2,700 (the sale of the car is considered a "converted" resource) and that is the amount he had as of 4/1. The increase in his resources does not affect his ELIGIBILITY for March. He is ineligible as Categorically Needy for April, and is notified that he is Medically Needy. He has no allowable expenses on which he can expend excess resources. He will remain Medically Needy until the month following the month his resources are reduced to \$2,000 or less; i.e., he is not Categorically Needy for as long as the excess resources are retained and THROUGH the month that his resources are reduced to within the resource limit.
- o MS. D applies for recertification on 5/1. She had \$3,700 in her savings account. On 5/3, she received a \$460 RSDI check which was directly deposited in her savings account. She is eligible for the month of May since the \$460 is income in the month of receipt. However, she retains the \$460, and consequently exceeds the resource limit for June 1, with total resources of \$4,160. She is notified on 6/2 that she is ineligible due to excess resources, and her case is closed effective June 13th. On June 20th, she enters the hospital. Her Medicare deductible is \$676 (the Part A deductible as of January 1, 1993). She opts to reduce her resources by expending

\$160 on the outstanding deductible for the hospital bill. She re-establishes eligibility effective June 20th.

- o MS. I applies for recertification on 7/20. She had \$3,975 in her savings account as of 7/1. On 7/31, \$43 in interest was added to her account, for a total of \$4,017. She is ELIGIBLE in July. As of 8/1, the interest is a cash resource and she is INELIGIBLE for August. She has no allowable expenses incurred or outstanding in August on which she can expend excess resources. On August 10th, she reduces her resources to below \$4,000 by purchase of a pair of shoes. She will NOT REGAIN eligibility for the month of August even though her resources are again within the resource limit. The earliest she CAN REGAIN ELIGIBILITY is September 1, if her resources are within allowable limits as of the first moment of that month.
- o MR. C applied on July 15th for help with a hospital bill of \$12,000 incurred between June 2nd and June 15th. He had total countable resources of \$6,485 on June 1st. He paid \$2,000 on June 29th toward the bill from his cash resources, leaving countable resources of \$4,485 on July 1st. He was notified on July 30th that he was ineligible due to excess resources, and that he could reduce resources to establish eligibility. He expended an additional \$500 toward the hospital bill on August 20th. He presented verification of the expenditure and the reduced resources on August 25th, and was determined to be eligible effective July 1st in the ongoing period. He was ineligible for copayment of the balance of the hospital bill from June, because June is a retroactive month.
- o MR. D has resources of \$6,500 on the first of July. He incurs allowable medical expenses of \$8,000 during a hospitalization from July 5th through July 20th. He applies for Medical Assistance on July 29th. He is rejected on August 10th due to excess resources and is apprised of the ability to reduce resources to establish eligibility. On August 20th, he purchases an excludable automobile for \$3,000, reducing his countable resources to \$3,500. He does NOT establish eligibility for July or August. He reapplies in September, has countable resources within the limit, and is otherwise eligible. He is accepted effective September 1st.
- o MRS. P has resources of \$10,000 on August 1. She is hospitalized August 10th, incurring a bill of \$22,000 between August 10th and August 17th. She files an application for Medical Assistance on August 30th. On September 12th, she is determined ineligible due to excess resources and notified of the possibility that she could reduce resources to become eligible. On September 15th, she paid \$6,000 toward the hospital bill. She was subsequently certified eligible effective August 10th.