

08 MAY 11 PM 2:54

Fax Transmission Coversheet

DATE: May 11, 1998 Number of Copies 7
(Include Cover Sheet)

SUBJECT: Lump Sum
Requirements

ORIGINAL: 1872
COPIES: Jewett
Sandusky
Legal (2)

TO: John Jewett
FAX # 783-2664

FROM: Judy Johnson
FAX # (717) 772-6451

CONTACT PERSON: Judy Johnson
OFFICE PHONE: 772-7811

If there are any problems with the transmission of this FAX, please notify the contact person at the Office phone. Thank you.

**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE**

OFFICE OF INCOME MAINTENANCE
BUREAU OF POLICY
P.O. BOX 2675
HARRISBURG, PENNSYLVANIA 17105-2675

FAX

ORIGINAL: 1872
 COPIES: Jewett
 Sandusky
 Legal (2)

February 9, 1995

90 MAY 11 PM 3:02

Medicaid Letter Number: 98-19

Subject: Application of the Aid to Families with Dependent Children (AFDC) Lump Sum Rule in AFDC-Related Medicaid Cases - ELIGIBILITY

This is to provide policy clarification on how to apply the AFDC policy to Medicaid's treatment of lump sums for Medicaid eligibility determinations. We have reevaluated our position and determined that this AFDC policy need not be applied when determining income in AFDC-related Medicaid only cases. A state has the option to apply AFDC policy, but is not required to do so.

AFDC LUMP SUM POLICY

Under AFDC rules, when a family's income exceeds the need standard because of a nonrecurring lump sum payment (e.g., retroactive Title II, lottery winnings, inheritance, personal injury award), the lump sum is added to any other income and the total divided by the need standard. The resulting number is the number of months that the family is ineligible for AFDC. (States have the option to shorten this period under certain circumstances.)

PAST MEDICAID POLICY

For Medicaid purposes in the past, we have required states to apply the AFDC lump sum policy in AFDC-related Medicaid only cases. When applying this policy, we have allowed the states the option to:

- o divide the lump sum by the applicable Medicaid standard (e.g., the medically needy or poverty level standard); or
- o divide the lump sum by the AFDC need standard for the size family involved.

The resulting number is the number of months that the standard used counts as income in the Medicaid eligibility determination.

NEW POLICY

Under the new policy, states have the option to:

- o apply the AFDC lump sum policy as in the past; or
- o treat a lump sum as income in the month in which it is received and as a resource if retained after that month.

The new policy on the treatment of lump sums will be addressed in the State Medicaid Manual (SMM) and in the Code of Federal Regulations at the earliest opportunity.

If you have any questions, please contact Donna Fischer of my staff at (215) 596-1324.

/s/

Dennis Gallagher, Chief
 Medicaid Operations Branch
 Division of Medicaid

20 CFR (SSI requirements for Aged, Blind & Disabled)

§416.1204a

20 CFR Ch. III (4-1-85 Edition)

admission is the date established by the Immigration and Naturalization Service as the date of admission for permanent residence. The resources of the sponsor's spouse are included if the sponsor and spouse live in the same household. Deeming of these resources applies regardless of whether the alien and sponsor live in the same household and regardless of whether the resources are actually available to the alien. For rules that apply in specific situations, see §416.1186a(d).

(a) Exclusions from the sponsor's resources. Before we deem a sponsor's resources to an alien we exclude the same kinds of resources that are excluded from the resources of an individual eligible for SSI benefits. The applicable exclusions from resources are explained in §§416.1210 (paragraphs (a) through (l) and (k) through 416.1237. For resources excluded by Federal statutes other than the Social Security Act, as applicable to the resources of sponsors deemed to aliens, see the appendix to subpart K, Income. We next allocate for the sponsor or for the sponsor and spouse (if living together). (The amount of the allocation is the applicable resource limit described in §416.1205 for an eligible individual and an individual and spouse.)

(b) An alien sponsored by more than one sponsor. The resources of an alien who has been sponsored by more than one person are deemed to include the resources of each sponsor.

(c) More than one alien sponsored by one individual. If more than one alien is sponsored by one individual the deemed resources are deemed to each alien as if he or she were the only one sponsored by the individual.

(d) Alien has a sponsor and a parent or a spouse with deposable resources. Resources may be deemed to an alien from both a sponsor and a spouse or parent (if the alien is a child) provided that the sponsor and the spouse or parent are not the same person and the conditions for each rule are met.

(e) Alien's sponsor is also the alien's ineligible spouse or parent. If the sponsor is also the alien's ineligible spouse or parent who lives in the same household, the spouse-to-spouse or parent-to-child deeming rules apply instead of the sponsor-to-alien deeming rules. If

the spouse or parent deeming rules cease to apply, the sponsor deeming rules will begin to apply. The spouse or parent rules may cease to apply if an alien child reaches age 18 or if either the sponsor who is the ineligible spouse or parent, or the alien moves to a separate household.

(f) Alien's sponsor also is the ineligible spouse or parent of another SSI beneficiary. If the sponsor is also the ineligible spouse or ineligible parent of an SSI beneficiary other than the alien, the sponsor's resources are deemed to the alien under the rules in paragraph (a), and to the eligible spouse or child under the rules in §§416.1202, 1205, 1291, 1236, and 1237.

(20 FR 6002, Mar. 20, 1957)

§416.1204a Deeming of resources where Medicaid eligibility is affected.

Section 416.1161a of this part describes certain circumstances affecting Medicaid eligibility in which the Department will not deem family income to an individual. The Department will follow the same standards, procedures, and limitations set forth in that section with respect to deeming of resources.

(40 FR 5747, Feb. 14, 1966)

§416.1205 Limitation on resources.

(a) Individual with no eligible spouse. An aged, blind, or disabled individual with no spouse is eligible for benefits under title XVI of the Act if his or her nonexcludable resources do not exceed \$1,500 prior to January 1, 1983, and all other eligibility requirements are met. An individual who is living with an ineligible spouse is eligible for benefits under title XVI of the Act if his or her nonexcludable resources, including the resources of the spouse, do not exceed \$2,250 prior to January 1, 1985, and all other eligibility requirements are met.

(b) Individual with an eligible spouse. An aged, blind, or disabled individual who has an eligible spouse is eligible for benefits under title XVI of the Act if their nonexcludable resources do not exceed \$2,250 prior to January 1, 1985, and all other eligibility requirements are met.

Vertical text on the right margin, possibly a scanning artifact or reference code.

20 CFR Ch. III (4-1-95 Edition)

use or parent deeming rules apply, the sponsor deeming rules begin to apply. The sponsor or rules may cease to apply if an individual reaches age 18 or if either parent who is the ineligible spouse dies, or the alien moves to a separate household.

alien's sponsor also is the ineligible or parent of another SSI beneficiary if the sponsor is also the ineligible or ineligible parent of an individual other than the alien, major's resources are deemed to an under the rules in paragraph d to the eligible spouse or child the rules in §§416.1202, 1205, 1204, and 1207.

2005, Mar. 30, 1987]

204a Deeming of resources are Medicaid eligibility is affected.

Section 416.1161a of this part describes certain circumstances affecting aid eligibility in which the Department will not deem family income individual. The Department will use the same standards, procedures, limitations set forth in that section with respect to deeming of resources.

5797, Feb. 15, 1984]

1205 Limitation on resources.

Individual with no eligible spouse. A blind, or disabled individual with no spouse is eligible for benefits under title XVI of the Act if his or her countable resources do not exceed \$1,000 prior to January 1, 1985, and all eligibility requirements are met. An individual who is living with an ineligible spouse is eligible for benefits under title XVI of the Act if his or her countable resources, including the resources of the spouse, do not exceed \$1,000 prior to January 1, 1985, and all eligibility requirements are met.

Individual with an eligible spouse. A blind, or disabled individual who has an eligible spouse is eligible for benefits under title XVI of the Act if his or her countable resources do not exceed \$2,260 prior to January 1, 1985, and all other eligibility requirements are met.

Social Security Administration, 1985

(c) Effective January 1, 1985 and later. The resource limits and effective dates for January 1, 1985 and later are as follows:

Effective date	Included	Excluded and spouse
Jan. 1, 1985	\$1,000	\$2,260
Jan. 1, 1986	1,000	2,260
Jan. 1, 1987	1,000	2,260
Jan. 1, 1988	1,000	2,260
Jan. 1, 1989	1,000	2,260

[20 FR 2001, Sept. 20, 1985]

§416.1207 Resource determinations.

(a) General. Resource determinations are made as of the first moment of the month. A resource determination is based on what assets an individual has, what their values are, and whether or not they are excluded as of the first moment of the month.

(b) Increase in value of resources. If, during a month, a resource increases in value or an individual acquires an additional resource or replaces an excluded resource with one that is not excluded, the increase in the value of the resource is counted as of the first moment of the next month.

(c) Decrease in value of resources. If, during a month, a resource decreases in value or an individual spends a resource or replaces a resource that is not excluded with one that is excluded, the decrease in the value of the resource is counted as of the first moment of the next month.

(d) Treatment of items under income and resource counting rules. Items received in cash or in kind during a month are evaluated first under the income counting rules and, if retained until the first moment of the following month, are subject to the rules for counting resources at that time.

(e) Receipts from the sale, exchange, or replacement of a resource. If an individual sells, exchanges or replaces a resource, the receipts are not income. They are still considered to be a resource. This rule includes resources that have never been counted as such because they were sold, exchanged or replaced in the month in which they were received. See §416.1206 for the rule on resources disposed of for less than fair market value (including those disposed of during the month of receipt).

§416.1208

Example: Miss L., a disabled individual, receives a \$200 unemployment insurance benefit on January 10, 1985. The benefit is unearned income to Miss L. when she receives it. On January 14, Miss L. uses the \$200 payment to purchase shares of stock. Miss L. has exchanged one item (cash) for another item (stock). The \$200 payment is never counted as a resource to Miss L. because she exchanged it in the same month she received it. The stock is not income; it is a different form of a resource exchanged for the cash. Since a resource is not countable until the first moment of the month following its receipt, the stock is not a countable resource to Miss L. until February 1.

[20 FR 422, Feb. 11, 1987]

§416.1208 New funds held in financial institution accounts are counted.

(a) General. Funds held in a financial institution account (including saving checking, and time deposits, and known as certificates of deposit) are an individual's resource if the individual owns the account and can use the funds for his or her support and maintenance. We determine whether an individual owns the account and can use the funds for his or her support and maintenance by looking at how the individual holds the account. This is reflected in the way the account is titled.

(b) Individually-held account. If an individual is designated as sole owner by the account title and can withdraw funds and use them for his or her support and maintenance, all of the funds, regardless of their source, are that individual's resource. For as long as these conditions are met, we presume that the individual owns 100 percent of the funds in the account. This presumption is non-rebuttable.

(c) Jointly-held account—(1) Account holders include one or more SSI claimants or recipients. If there is only one SSI claimant or recipient account holder on a jointly held account, we presume that all of the funds in the account belong to that individual. If there is more than one claimant or recipient account holder, we presume that all the funds in the account belong to those individuals in equal shares.

(2) Account holders include one or more desamers. If none of the account holders is a claimant or recipient, we presume that all of the funds in a jointly-held account belong to the desamer(s), in equal shares if there is more than one

4161
Just
of
Cur