

Eligibility Option Analysis

Extend the look back period for asset transfers to 60 months.
Begin the asset transfer penalty period in the month of Medicaid application.

The Department supports both related asset transfer options.

The intent of changing the look back period to 60 months is to monitor more closely and for a longer period the transfer of assets solely for the purpose of Medicaid eligibility. The Asset Transfer Survey (attached summary) reported that there have been an increased number of calls and inquiries by attorneys and families involving financial planning and asset protection for Medicaid eligibility. The Survey also indicated that most applicants were aware of the 36 months look back period on asset transfers, planned accordingly, and waited to apply when the look back period had expired. Those who do serve penalty months are often individuals who experience sudden unexpected medical problems that result in the need for nursing home care and attempt to transfer assets inappropriately, or individuals who did make a transfer anticipating good health for the 36 months period who face unexpected early medical problems. A 60 months look back period would make it more difficult to anticipate the need for Medicaid and make transfers solely to qualify for Medicaid. This policy is already being pursued by other states through the waiver process.

Related to this would be the recommended change to have the asset transfer penalty period begin with the month of application. The survey illustrated that most nursing home applicants have already served their penalty periods before receiving nursing home benefits and therefore incur no expenses that would have been paid during the penalty period, as intended. By waiting to begin the penalty period at application, an estimated average of 8 months of nursing home care would be the responsibility of the individual rather than a cost to Medicaid. Based on July 1999-June 2000 average Medicaid costs for an elderly institutionalized individual, this would save Medicaid approximately \$19,087 (\$5,154 in general fund expenditures) for each individual affected by this change. If we assume this would affect 148 individuals annually (according to the survey, 74 individuals have applied in the past six months who had transferred assets which would have caused ineligibility under this proposed change), the savings would be \$762,792 in state general fund annually—a total savings of \$2,824,876 combined state and federal Medicaid dollars every year.