Transfer of Resources

How Transferring Resources Affects Long-Term Care Medicaid Benefits
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Ohio Medicaid pays for a large portion of long-term care services for certain Ohioans living in nursing homes or other long-term care settings. Because long-term care services are so expensive, many Ohioans seek help with these costs from the Medicaid program.

Ohioans applying for Medicaid long-term care services must meet certain requirements. One requirement is a review of the applicant’s resources completed by the caseworker. This process includes a review of resources transferred to another person within five years before applying for Medicaid.

Resources are often called assets. Examples of resources are: cash, stocks, bonds, house (if applicant is not residing there), real property, life insurance policies, annuities, trusts, etc.
Transfers

A transfer is a change in ownership of an asset from one person to another person. There are certain resource transfers that are considered proper and others that are considered improper.

The caseworker will ask for information about the applicant’s and spouse’s (if any) resources and transfers that occurred up to five years before the application date. (This period of time is called the look-back period.) This information is important because it helps caseworkers calculate an applicant’s financial resources and determine whether resources were properly transferred.

Proper Transfers

There are certain resources which can be transferred without penalty. These are called proper transfers.
Examples of Proper Transfers (including transfers for less than fair-market value):

- Transfer of the home (still considered the principal place of residence) to an applicant’s:
  - Spouse
  - Child younger than age 21
  - Child age 21 and older who is blind or permanently and totally disabled*
  - Adult child who lived in the home for at least two years immediately prior to the date the applicant was placed in a long-term care facility, and who provided care which allowed the applicant to reside at home rather than in an institution or facility
  - Brother/sister who has an ownership interest in owning the home (must be a documented, legal interest) and lived in the home for at least one year immediately prior to the date the applicant was placed in a long-term care facility
Transfer of resources other than a home:

- To/from the applicant's spouse or to another for the sole benefit** of the applicant's spouse
- To the applicant's child, or to a trust established solely for the benefit of the applicant's child, who is blind or permanently and totally disabled*
- To a trust established for the sole benefit of an individual younger than 65 years of age who is blind or permanently and totally disabled

*As determined by the Social Security Administration

**A "transfer for the sole benefit" is a transfer that cannot benefit any individual or entity except the spouse, the blind or disabled child, or the blind or disabled individual, at the time of the transfer or at any time after the transfer.
An improper transfer is a transfer of real and/or personal property for less than the fair market value of the item that occurs on or after the look-back date (see page 12).

Examples of Assumed Improper Transfers:

- Any transfer that reduces the applicant’s resources in order to qualify for Medicaid.
- Any transfer that disposes of property that could be sold to pay for the support and medical care of the applicant.
- A transfer for love and consideration is not considered a transfer for fair market value.
- Any annuity owned by and payable to the applicant that is not expected to finish paying out within the applicant’s expected lifetime.
If the applicant believes an assumed improper transfer was proper:

The applicant must use clear, convincing and credible evidence to prove the transfer was proper. Evidence must show:

- the purpose for transferring the resource;
- the attempts to dispose of the resource at fair market value;
- the reasons for accepting less than the fair market value of the resource; and
- the applicant's relationship, if any, to the person to whom the resource was transferred.
Restricted Medicaid Coverage Period

If the caseworker finds improperly transferred resources, Medicaid will not pay for long-term care services for a specified period of time. This period of time is called the Restricted Medicaid Coverage Period (RMCP). The RMCP will not affect whether someone can live in a long-term care facility - it only affects Medicaid’s payment for his/her care. This restriction applies to care received:

• in an institutional setting,

• through home and community-based services waivers, and

• through the Program of All-Inclusive Care for the Elderly (PACE).
When does the restricted period start?

The start of the RMCP depends on the date of the improper transfer. For improper transfers of resources that occurred before February 8, 2006, the RMCP begins the first day of the month the resources were transferred.

For improper transfers of resources that occurred on or after February 8, 2006, the RMCP begins the date the applicant is otherwise eligible for Medicaid payment of long-term care services or the first day of the month after which the resources were transferred, whichever is later.

The length of the RMCP varies depending on the amount of the improper transfer(s). If all other eligibility criteria are met, Medicaid will pay for long-term care once the restricted coverage period is over.
Undue Hardship

If the applicant thinks the RMCP causes a hardship, he or she can ask the caseworker to review the case to determine undue hardship. Examples of a hardship could be depriving the applicant of:

- medical care (which endangers the applicant’s health or life),
- food,
- clothing,
- shelter, and/or
- other necessities of life.

If the caseworker finds the RMCP will cause an undue hardship, the RMCP is eliminated and Medicaid coverage of long-term care services begins immediately.

For more information and answers to your questions, please call:

Medicaid Consumer Hotline:
1-800-324-8680

TTY/TDD for hearing impaired:
1-800-292-3572
When improperly transferred resources are returned to the applicant:

- No penalty for transferring resources can be assessed. However, these resources will be considered when determining continued eligibility.

- When only part of the improperly transferred resource or its equivalent value is returned, the RMCP can be modified but not eliminated.
Important Terms

Baseline date: the first date upon which the individual has both applied for Medicaid and was placed in a long-term care facility or applied for services through a waiver or PACE.

Look-back date: a date up to 60 months prior to the baseline date.

Look-back period: begins with the look-back date and ends with the baseline date.

Personal property: any property that is not real property (see below) such as: cash, jewelry, household goods, tools, life insurance policies, automobiles, promissory notes, etc.

Real property: land, including buildings or immovable objects attached permanently to the land.

Resource limit: the maximum combined value of all resources an individual can have and
ownership interest in and still qualify for Medicaid.

**Resources**: cash, personal property and real property an applicant and/or the applicant’s spouse has an ownership interest in, has the legal ability to access in order to convert to cash (if not already cash), and is not legally prohibited from using for support and maintenance.

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Transfers that occur during this time and after the baseline date will be examined for improper transfers.

**look-back date**

**look-back period**

60 months

**baseline date**

**Applies for Medicaid and enters a long-term care setting**

Transfers that occur before the look-back date will not be examined.
This information is not intended to replace, change or obsolete any portion of the Medicaid Eligibility Manual (MEM) or department rule. Additional copies can be requested by faxing to: (614) 728-7724.