

**AGED AND DISABLED WAIVER (ADW)****17.25 ASSETS**

The determination of countable assets is the same as for SSI-Related Medicaid. See Chapter 11. The SSI-Related Medicaid asset limit for one person is used. For transfers of resources see Chapter 17.9 and 17.10. See Chapter 17.10 for the spousal assessment of assets. Both apply to ADW applicants.

**NOTE:** The Worker, Supervisor and/or agency Hearing Representative are involved in any Fair Hearing for the ADW Program only when the reason for the adverse action was the determination of financial ineligibility.

**A. TRANSFER OF RESOURCES PENALTY FOR AN APPLICANT**

When an individual is an applicant for ADW, a penalty does not start until he is actually a recipient of an institutional level of care, nursing facility level of care or ADW that Medicaid would pay for, were it not for imposition of the transfer penalty. The penalty does not begin for the ADW applicant unless he enters a nursing facility or facility providing an institutional level of care since he cannot become Medicaid eligible for waiver services due to the penalty and the penalty period can not begin until Medicaid begins paying for waiver services.

**EXAMPLE:** A 70-year old lady applies for ADW Services in July 2012 but transferred \$100,000 to her daughter in January 2010. She is subject to a transfer of resources penalty for 15.7 months. Her health deteriorates and she is admitted to a nursing facility in September 2012 for several months. She cannot receive payment for ADW services from July through September 2012 due to the transfer of resources. Her penalty period cannot begin until she goes into the nursing home. Her penalty period begins in September 2012 and she will be eligible for ADW services in August 2013, if otherwise eligible, with a partial month penalty of 6 days in September 2013.

**EXAMPLE:** A 67-year old man applies for ADW services in August 2011, but transferred \$50,000 to his son in February 2012. He is subject to a 7-month penalty. He never begins receiving waiver services since Medicaid never begins payment for these services due to the penalty. He never entered a nursing home or equivalent institutional level of care, so the penalty period never began.

**B. TRANSFER OF RESOURCES PENALTY FOR A RECIPIENT**

When an individual is a recipient of ADW services and transfers resources without receiving fair compensation, a penalty is applied after proper notice. The penalty period is determined using the following procedure and lasts for the number of whole and/or partial months determined by the following calculation.

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The total amount transferred during the look-back period is divided by the State's average, monthly nursing facility private pay rate of \$211.95/day or \$6,359/month.

When the remaining amount of the transfer is less than the average monthly private pay cost of nursing facility care, the agency imposes a penalty for less than a full month. The partial month's penalty is converted to a number of days for which the individual is ineligible for payment for ADW services.

The partial month's penalty is determined as follows:

- Step 1: The total amount transferred is divided by the State's average monthly nursing facility private pay rate of \$6,359.
- Step 2: Multiply the number of whole months from Step 1 by the average private pay rate of 6,359.
- Step 3: Subtract the amount in Step 2 from the total amount of all transfers. The remainder is the amount used to determine the number of days the individual is ineligible for ADW in the partial month of the penalty period.
- Step 4: The Step 3 amount is divided by the average daily rate of \$211.95 to determine the number of days of ineligibility in the last month of the penalty period.

**EXAMPLE:** An individual makes an uncompensated transfer of \$24,534 after approval for ADW Waiver services and Medicaid.

Step 1:	\$24,534	Uncompensated transfer amount
	<u>÷ 6,359</u>	State's average monthly nursing facility pay rate
	3.8	Number of months for penalty period
Step 2:	\$ 6,359	State's average monthly nursing facility private pay rate
	<u>X 3</u>	Whole months in penalty period
	\$19,077	
Step 3:	\$24,534	Total uncompensated transfer amount
	<u>- 19,077</u>	Amount for 3 whole months in penalty period
	\$ 5,457	Partial month penalty amount

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Step 4:	\$5457.00	
	<u>÷\$211.95</u>	Average daily rate
	= 25.75	Number of ineligible days for partial month

The partial penalty is imposed for the number of whole days only. If a recipient of ADW services transfer's resources in July and advance notice is provided for August closure, the penalty period runs for 3 full months from August through September, with a partial month penalty calculated for October of 26 days. The individual becomes eligible for ADW on October 26<sup>th</sup>, if he meets all other requirements.

**EXAMPLE:** A woman is receiving ADW services and transfers her home to her daughter without compensation in June 2011. The value of the home is \$100,000. After advance notice, the penalty period is July 2011 through September 2012 for 15 whole months. A partial month penalty is calculated for October 2012, the 16<sup>th</sup> month, based on \$4615 remaining of the total penalty amount.  $\$4615 \div \$211.95 = 21.77$  days of ineligibility in October 2012. Any fractional days are dropped and the length of the penalty is based on the number of whole days. If otherwise eligible, ADW is approved October 22, 2012.

**EXAMPLE:** Mr. J. enters a nursing facility in October 2011 and applies for Long-Term Care Services. He has a transfer penalty of 1.17 months. The whole month penalty is applied for October 2011 and the partial month penalty is added to his November 2011 contribution for his cost of care. He is approved for ADW Waiver and will return to his home on November 1, 2011. The partial month penalty is recalculated into days for November 2011.