



## APPLE HEALTH (MEDICAID) MANUAL REVISION

Revision #	016
Chapter / Section	Long Term Care 182-513-1350 Excess Home Equity
Issued Date	10/21/2016
Revision Author	Rob Peters
Division	Aging and Long Term Supports Administration (ALTSA) Home and Community Services (HCS)
Phone	360-725-2524
Email	<a href="mailto:Robert.Peters@dshs.wa.gov">Robert.Peters@dshs.wa.gov</a>

<http://washhca.prod.acquia-sites.com/free-or-low-cost-health-care/program-administration/excess-home-equity>

### Summary of Revision

Updated clarifying information under the excess home equity

**Apple Health (Medicaid) Manual revision via track changes:**

### Excess home equity

Revised October ~~24, 2013~~, 2016

Section 6014 of the Deficit Reduction Act (DRA) of 2005 included a new provision which is a limitation on the payment of Long-Term Services and SupportsLTSSC services ~~(Medicaid services in a medical institution or a Home and Community Based Waiver)~~. The DRA states "this applies to individuals who are determined eligible for Medicaid with respect to nursing facility or other long-term care services." This means that the home equity limits apply to any services that are based on meeting nursing

facility level of care or intermediate care facility for the intellectually disabled level of care.

WAC 182-513-1350 Defining the resource standard and determining resource eligibility for SSI-related long-term care (LTC) services

**Clarifying Information**

WAC 182-513-1350 (8) is the rule for excess home equity. The current excess home equity standard is found in the LTC medical standards.

Definition of a home:

Federal SSI related Policy Manual

WAC 182-512-0350 SSI related medical

The excess home equity is not an eligibility factor for non-institutional Medicaid health care coverage. It is a limitation on payment for long-term services and supports (LTSS). This LTSS includes Community First Choice (CFC), PACE, HCB ~~W~~waiver and institutional Medicaid. A primary residence would not be counted as a resource under regular community Medicaid rules.

Even if there is a legal impediment to accessing equity above the limit, it would still render the person ineligible for LTSS unless a hardship waiver is approved under WAC 182-513-1367.

Individuals with an equity interest in their home greater than the excess home equity limits are ineligible-not eligible for nursing facility and other long-term care servicesLTSS. ~~(this includes Home and Community based Waivers).~~

This is a pass/fail provision. If an applicant or recipient has equity interest over the standard in the home, there is no eligibility for payments of LTSS long-term care services. The resource availability rules, under WAC 182-512-0250, do not apply to the excess home equity provision.~~Putting the home up for sale does not allow conditional eligibility when there is excess home equity.~~ Deny an application based on reason code 410 excess home equity. The system will generate information regarding hardship waivers described in WAC 182-513-1367. For recipients, terminate the case following 10 day notice rules. Reason code 410 will generate information regarding excess home equity and hardship waivers. The ACES system is programmed to do this for all K and L track programs.

~~The ACES system is programmed to do this for all K and L track programs. The denial/termination reason code 410 Excess home equity.~~ Unless one the following criteria is met/satisfied, excess home equity is based on limit will apply to LTSS:

- On LTC services prior to 5/1/2006, and still on LTC with no break in service
- A spouse, dependent minor child, or disabled or blind adult child are living in the home
- The home is essential for self-support
- Hardship Waiver due to application of the rule has been approved

Excess home equity provision is a pass/fail provision

The excess home equity provision applies to the first determination of eligibility as well as at future redeterminations. The home equity provision does not apply to individuals who applied and were determined eligible before May 1, 2006 and have no break in LTC eligibility after May 1, 2006.

The amount of the individual's equity interest in the home should be based solely on the current market value of the home, minus any encumbrances such as mortgages or other loans that are secured by the home. If the overall equity interest in the home is shared by co-owners equity interest is determined according to POMS SI 0110.510. (fractional interest determination).

CMS guidance indicates that an allegation that home equity should not be counted because of a legal impediment to selling or transferring the home does not prevent a determination of the individual's equity interest. Such an allegation may be a legitimate reason for the state to consider waiving the application of the excess home equity requirement because of a hardship. (See Hardship Waiver).

The excess home value is not applied to the resource standard. It is a pass/fail provision.

How is reverse mortgage line of credit treated?

The most popular option to reduce equity interest is through a reverse mortgage. The equity value is reduced by deducting the debt from the current market value. The homeowner will have to receive the money for it to reduce equity.

Costs relating to obtaining the reverse mortgage can be included to reduce the home equity if the costs are paid out of the loan proceeds. (They become part of the outstanding debt). If the person pays out of pocket costs up front, they do not reduce the equity.

## Excess home equity and LTC Partnership Rules

The home equity is not protected per se under the LTC Partnership rules. A person can take out a home equity loan converting equity into [an](#) otherwise countable resources and then the equity will be treated as any other resources will be treated.

### **Example #1**

Applicant recently entered a nursing home. Equity in the home is \$625,000. There is no spouse or dependents. Applicant intends to return home.

In this example, the application is denied due to excess home equity provisions.

### **Example #2**

Applicant recently entered a nursing home. Equity in the home is \$625,000. There is no spouse or dependents. Applicant's representative has put the home up for sale.

In this example, the application is denied due to excess home equity provisions. Putting the home up for sale does not negate this provision as it is a pass/fail test for LTC services. The applicant can look into the possibility of a reverse mortgage.

### **Example #3**

Applicant recently entered a nursing home. Equity in the home is \$625,000. The community spouse lives in the home.

In this example, the home is excluded. The excess home equity provision does not apply if the spouse (or dependents) are living in the home.

### **Example #4**

Applicant recently entered a nursing home. Equity in the home is \$552,000. In addition to the home, there is non-contiguous property worth \$625,000 that is up for sale. There is no spouse or dependents. The applicant intends to return to the home.

The excess home equity provision only applies to the individual's home. In this example, the home equity value is under the standard. The individual intends to return home, so it is excluded from eligibility.

The 2nd piece of property is over the excess home provision, however was not the individual's primary home. The excess home provision does not apply to this 2nd piece of property. The property is listed for FMV, therefore we can look at conditional eligibility as the [houseproperty](#) is listed for sale.

### **Example #5**

Applicant recently entered a nursing home. Equity in the home is \$~~527~~54,000. The

1/1/2012~~5~~ excess home equity standard is \$525~~2~~,000. The individual has no other resources.

The application is denied based on excess home equity. In this example we cannot apply the \$2,000 that is over the standard toward the \$2,000 resource standard. The home equity can exceed the standard by \$1 and the case would need to be denied.

### **ACES information regarding excess home equity programming**

Promoted 4/1/2007 Note: Information indicated here until ACES manual is updated with processing instructions.

CR 403962 – Home Equity Value Exceeds \$552,000

#### **Request:**

In order to comply with the requirements of the Federal Deficit Reduction Act of 2006, Aging and ~~Disabilities-Long-Term Supports~~ Administration (~~AL TSAADSA~~) requests that ACES support a new federal rule which states that any individual with an equity value of \$552,000 or more in their primary residence be disqualified from receiving ~~Long Term Care (LTC)-LTSS services~~ unless certain criteria are met.

#### **Enhancement:**

The ~~new~~ \$552,000 home equity limits apply to:

- All ~~C~~, K, and L-track coverage groups.
- All individuals who apply for ~~LTSS~~ coverage on or after 05/01/06.
- All ~~LTSS~~ recipients who applied on or after 05/01/06 and have accrued home equity of more than \$552,000.
- Any ~~LTSS~~ individual who has a break from receiving ~~LTSS~~ services after 05/01/06 that is greater than 30 days.

The ~~new~~ \$552,000 home equity limit does not apply to individuals who applied for or were receiving ~~LTSS~~ services prior to 05/01/06 and have not had a break in service greater than 30 days since 05/01/06.

The following criteria shall exempt a primary residence from the new equity limit rule:

- A spouse, dependent minor or disabled adult child are living in the home;
- The home is essential for self-support; or

- The individual would suffer undue hardship due to application of the rule, such as a legal impediment to selling the home or otherwise accessing the home equity.

~~Eligibility related to the equity value limit for LTSSC individuals receiving services under the MNIW, MNRW, and MN Hospice programs will need to be determined by the user. These individuals are currently receiving LTC services under S99, G95 or G99 coverage types as a processing alternative.~~

### **Screen Changes:**

#### **(INST)**

- The existing HCCP/MPC Date field was renamed Apprvl Dt, and the Plan Apprvl Src field was renamed Apprvl Src.
- A new HCB End date field was added for users to record the date that HCB waived services ended for an individual.

#### **(RES2)**

- A new Equity Value Amount field was added. This field displays the system calculated equity value. The system calculated value will be the difference between the FMV Amount and the Encumbrance Amount.
- Two new Property Type valid value codes were created to identify exempt property:
  - ES – Essential to Self-Support
  - HW – Hardship Waiver Approved

### **Eligibility Review Processing Changes:**

- Workers will be required to update the Real Property Type, FMV Amount, Encumbrance Amount and the associated verification codes for any real property type coded on (RES2) screen prior to competing the recertification of a LTSSC AU.
- Workers will be required to confirm the existing exemptions still applied during application and review processing.

### **New Reason Code:**

- Reason Code **410 – Excess Home Equity – LTC** will be used to designate that an individual has been denied or terminated when the calculated equity value is in excess of \$552,000.
- The following text and WAC reference will display on Letter 006-01 (Termination for AU) and Letter 004-03 (Denial for AU) when an AU is denied or terminated with new Reason Code **410:Excess Home Equity – Long Term Care**  
You don't qualify for Long Term Care services because the equity in your home is over the limit. You may receive services if we approve an undue hardship waiver. We approve hardship waivers when you can show that without services:
  - You will be deprived of housing, food, clothing or medical care, and
  - Your life or health will be endangered.

*Your request must:*

- Tell us in writing the reason you need an undue hardship waiver.
- Be signed and returned within days of the date of denial or termination of services.
- Include the name, address and telephone number of the person writing the request.

You may authorize your representative, guardian, or facility where you live to file an undue hardship waiver request for you. See WAC rule [182-513-1367](#)  
Aces.online:Re

- **Client >> Resource** page: A new “Equity Amount” field was added to display the new calculated value.
- **Client >> Institution** page: A new “End Date” field was added to display the HCB/MPC Services end date.

### **Edit Message:**

- Users will receive edit 2206 - home equity denial for LTC SVCS only. Determine Medicaid eligibility on the (ELIG) screen when an individual is denied or terminated with Reason Code 410 – Excess Home Equity – LTC.
- Users will also receive edit 2205 - HCB/MPC Services end date cannot be prior to approval date on the (INST) screen if the HCB/MPC end date is prior to the begin date.