

From: Shok, Marc C.

Sent: Wednesday, May 12, 2010 4:29 PM

To: DSS-DL-EligibilityStaff

Subject: Change in the Community Spouse Protected Amount Calculations; Loan Proceeds as Excluded Assets

Importance: High

Good afternoon –

The Governor has signed Public Act 10-73, which has an immediate impact on the way you determine eligibility for long term care Medicaid assistance. There are two important changes:

First, community spouses will be allowed to retain spousal assets up to the maximum amount allowed under federal law - \$109,560. For example, if the spousal assets as of the date of institutionalization are \$100,000, the Community Spouse Protected Amount (CSPA) will be \$100,000. If the spousal assets are \$200,000 as of the date of institutionalization, the CSPA will be \$109,560. If the spousal assets are \$300,000 as of the date of institutionalization, the CSPA will be \$109,560. **This change is effective for eligibility determinations for May 2010 forward.**

The second change is that we will disregard the proceeds of a loan as an asset if the funds are kept separate from other counted assets. Example – client obtains a home equity loan of \$50,000 in May 2010. The loan proceeds are excluded as income in the month of receipt. The client places the funds into a dedicated account. When these funds become an asset under Medicaid rules on June 1st, they will be excluded as assets. Although the funds are excluded as assets, any transfers made for less than fair value will result in transfer of asset penalties. **This change is effective for eligibility determinations for May 2010 forward.**

Policy revisions are underway. Please contact the P.A. Consultant assigned to your office if you have any questions.

Thanks!

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