



ForwardHealth for Elderly, Blind or Disabled

Divestment

Divestment is giving away one's resources, such as income, non-exempt assets and property for less than fair market value in order to enroll in ForwardHealth for Elderly, Blind or Disabled (EBD). Divestment is also an action taken to avoid receiving income or assets that one is entitled to receive. For example, waiving pension income or disclaiming an inheritance.



Note: Fair market value is an estimate of the price an asset could have been sold for on the open market at the time it was given away.

When applying for ForwardHealth for Elderly, Blind or Disabled (EBD), “Divestment” is important if:

- You are living in or entering a nursing home or hospital for a stay of 30 days or more.
- You are applying for ForwardHealth EBD — Community Waivers Program.
- You are applying for ForwardHealth EBD — Family Care.
- You are applying for ForwardHealth EBD — PACE or Partnership

The “divestment penalty period”

A divestment penalty period is a period of time when ForwardHealth EBD will not pay for nursing home care or long term care benefits through the Community Waivers Program, Pace, Partnership, or Family Care. Persons may still be able to get limited ForwardHealth EBD card services during the divestment penalty period.

Divestment penalty period and how it is calculated

When you apply, you will be asked whether any financial resources have been transferred to another person within the past 36 months (60 months for trust funds). If you transferred financial resources during this time period, and did not receive fair market value for your transfers, a divestment penalty period will be calculated.

Divestments that occurred prior to January 1, 2009

A divestment penalty period is calculated based on:

- Value of transferred resources,
- Date the divestment occurred,
- Date of application or date of entry into an institution, and
- Current average monthly private nursing home rate.

Example: On January 1, 2008, John Smith transferred \$84,486 in cash, CDs and stocks to the American Red Cross. On July 30, 2008, he is admitted to a nursing home and applies for ForwardHealth EBD. Because he transferred these assets within 36 months of applying for ForwardHealth EBD, a divestment penalty period will be determined. The months of the Divestment penalty period are determined by dividing the divested amount (\$84,486) by the current monthly average private nursing home rate (\$6,259), which would be 13.49. John Smith is not able to enroll in Institutional ForwardHealth EBD from January 2008 through January 2009.

Divestments that occurred on or after January 1, 2009

A divestment penalty period is calculated based on:

- Value of transferred resources
- The date on which the individual is institutionalized (or requesting Community Waivers, Family Care, PACE, or Partnership), has applied for ForwardHealth EBD, and is otherwise able to enroll in ForwardHealth EBD but for the imposition of the divestment penalty period
- Current average daily private nursing home rate

Example: Jane divested \$20,000 on January 15, 2009. She was admitted to a nursing home, applied for Institutional ForwardHealth EBD on January 20, 2009 and was able to enroll in ForwardHealth EBD. The average daily cost of nursing home care is \$205.77 so the calculated penalty period for the divestment is 97 days (\$20,000 divided by 205.77 = 97.19). Partial days in which Jane is not able to get benefits will be rounded down (97.19 days is rounded down to 97 days). The penalty period runs from January 20, 2009 through April 26, 2009 (12 days in January, 28 days in February, 31 days in March, and 26 days in April). On April 27, ForwardHealth EBD will begin to pay for the cost of Jane's institutional care.

For More Information:

- Contact Member Services at 1-800-362-3002 (TTY) and translation services are available) or
- Your local county or tribal agency.

Information provided in this document is general. To find out more detailed information, contact your local county or tribal agency.

The Department of Health Services is an equal opportunity employer and service provider. If you have a disability and need to access this information in an alternate format, or need it translated to another language, please call (608) 266-3356 or 1-888-701-1251 (TTY). All translation services are free of charge.

For civil rights questions, call (608) 266-9372 or 1-888-701-1251 (TTY).



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