

Wisconsin Medicaid for the Elderly, Blind or Disabled Divestment

What is divestment?

Divestment is when you or your spouse:

- Give away income and/or assets for less than fair market value.
- Avoid taking income or assets you are entitled to, such as a pension income or an inheritance.
- Buy certain types of assets, such as a life estate, loan, or annuity.

What is fair market value?

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 or sold below value.

What is an annuity?

An annuity is an investment product that provides you a series of fixed periodic income payments over time.

How does divestment affect Medicaid?

Divestment can delay your ability to get Medicaid long-term care benefits. When you apply for Medicaid and you had a divestment within the past 60 months, you may be subject to a divestment penalty period.

What is a divestment penalty period?

A divestment penalty period is the amount of time Medicaid will not cover long-term care benefits. If you have a divestment penalty period and are eligible for Medicaid, you cannot get coverage for long-term care

services, but you may still be able to get coverage for Medicaid card services.

What is Medicaid long-term care?

There are two types of Medicaid long-term care coverage:

- Institutional Medicaid provides coverage of medical services if you reside in a medical care facility, such as skilled nursing facilities, intermediate care facilities, institutions for mental disease, and hospitals, for 30 or more days.
- Home and Community-Based Services Waiver Programs allow you to get long-term care services in a community setting (for example, your home) rather than in a nursing home or hospital. Community waiver programs include:
 - Family Care.
 - Family Care Partnership.
 - IRIS (Include, Respect, I Self-Direct).

What are Medicaid card services?

Medicaid card services include health care services, like doctor visits and lab work, but does not include long-term care services, like adult day care, home modifications, and supportive home care, or the costs associated with services provided for individuals living in a nursing home.

How long is a divestment penalty period?

To figure out the number of days for a divestment penalty period, divide the value of the income or assets you divested by the

current average nursing home rate. The average nursing home daily rate is updated annually. The current rate, effective July 1, 2019, is \$287.29.

$$\frac{\text{The value of the income or assets you divested (\$)}}{\text{The current average nursing home daily rate (\$)}} = \text{Divestment penalty period (days)}$$

The divestment penalty period begins when you are first eligible to get Medicaid benefits. This could be:

- The date you applied for Medicaid long-term care benefits (institutional or community waiver programs).
- The date you entered a long-term care facility or requested community waiver services.

Example 1

Paul gave \$10,000 to his niece on January 1. He was admitted to a nursing home and applied for Institutional Medicaid on July 1, 2019. Paul is eligible for Institutional Medicaid, but he will have a divestment penalty period because he gave away money that he could have used toward his care. To calculate Paul's divestment penalty period, divide the \$10,000 he divested to his niece by the nursing home average daily rate of \$287.29. Paul's divestment penalty period is 34 days. Paul can begin receiving card services immediately, but he cannot start getting Institutional Medicaid services until August 3.

- The average cost of nursing home care is \$287.29 per day, so his divestment penalty period is 34 days (\$10,000 divided by \$287.29 = 34.81).
- Partial days are rounded down to the nearest whole number (34.81 days is rounded down to 34 days).

- The penalty period starts July 1 and ends August 3 (31 days in July and 3 days in August = 34 days).
- On August 4, Paul can get coverage for his institutional long-term care.

Example 2

Jim sold his home to his daughter for \$100,000 on February 2. Because the fair market value of the home was \$200,000, the \$100,000 difference is considered a divestment. Jim was admitted to a nursing home and applied for Institutional Medicaid on July 19, 2019. The agency determines Jim is otherwise eligible for Medicaid but will have to serve a divestment penalty period. To calculate Jim's divestment penalty period, the agency would divide the \$100,000 he divested by the nursing home average daily rate, which is currently \$287.29. Jim's divestment penalty period would be 348 days.

- The average cost of nursing home care is \$287.29 per day, so his divestment penalty period is 348 days (\$100,000 divided by \$287.29 = 348.08).
- Partial days are rounded down to the nearest whole number (348.08 days is rounded down to 348 days).
- The penalty period starts July 19, 2019 and ends June 30, 2020.
- On July 1, 2020, Jim can get coverage for his institutional long-term care.

Example 3

Jane divested \$20,000 on July 15. She was admitted to a nursing home and applied for Institutional Medicaid on July 20. The agency determines she is able to enroll in Medicaid and can get card services, but she cannot get coverage for institutional long-term care because she has a divestment penalty period due to divesting on July 15.

- The average cost of nursing home care is \$287.29 per day, so her divestment penalty period is 69 days (\$20,000 divided by \$287.29 = 69.62).
- Partial days are rounded down to the nearest whole number (69.62 days is rounded down to 69 days).
- The penalty period starts July 20 and ends September 26 (12 days in July, 31 days in August, and 26 days in September = 69 days).
- On September 27, Jane can get coverage for her institutional long-term care.

Example 4

Tom divested \$25,000 on July 15. He is living in his home. He applied for Medicaid on July 20 to receive long-term care services in his home through Family Care. Tom meets all of the requirements for Family Care and is otherwise eligible for Medicaid through community waiver services, but he is over the income limit for other forms of Medicaid. Because he has divested and is over the income limit, Tom will have to meet a deductible before he can be eligible for card services. Members cannot receive card services through home and community-based waivers Medicaid while they are serving a divestment penalty period.

- The average cost of nursing home care is \$287.29 per day, so his divestment penalty period is 69 days (\$25,000 divided by \$287.29 = 87.02). Partial days are rounded down to the nearest whole number (87.02 days is rounded down to 87 days).
- His penalty period starts July 20, and ends October 14 (12 days in July, 31 days in August, 30 days in September, and 14 days in October = 87 days).
- On October 15, Tom may be able to get coverage for his home and community-based waiver services. Tom must contact his

aging and disability resource center (ADRC), www.findmyadrc.org, in the 45 days prior to his divestment penalty period ending to reapply for long-term care services.

Where can I get more information?

- Contact your ADRC. To find information for your ADRC, go to www.findmyadrc.com.
- Refer to the ForwardHealth Enrollment and Benefits Handbook, P-00079, www.dhs.wisconsin.gov/library/p-00079.htm.
- Call Member Services at 800-362-3002 (voice) or 711 (TTY).
- Contact your local income maintenance agency. To find information for your agency, go to www.dhs.wisconsin.gov/forwardhealth/imagency/index.htm.

This document is being issued pursuant to 42 CFR § 447.205 - Public notice of changes in Statewide methods and standards for setting payment rates.

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- Provides free aids and services to people with disabilities to communicate effectively with us, such as:
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 - Written information in other formats (large print, audio, accessible electronic formats, other formats).
- Provides free language services to people whose primary language is not English, such as:
 - Qualified interpreters.
 - Information written in other languages.

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You can also file a civil rights complaint with the U.S. Department of Health and Human Services, Office for Civil Rights, electronically through the Office for Civil Rights Complaint Portal, available at <https://ocrportal.hhs.gov/ocr/portal/lobby.jsf>, or by mail or phone at:

U.S. Department of Health and Human Services
200 Independence Avenue, SW
Room 509F, HHH Building
Washington, D.C. 20201
800-368-1019, 800-537-7697 (TDD)

Complaint forms are available at <http://www.hhs.gov/ocr/office/file/index.html>.

Español (Spanish) ATENCIÓN: si habla español, tiene a su disposición servicios gratuitos de asistencia lingüística. Llame al 844-201-6870 (TTY: 711).	Deutsch (Pennsylvania Dutch) Wann du Deitsch (Pennsylvania Dutch) schwetzscht, kannscht du ebber griegie as dich helfe kann mit Englisch, unni as es dich ennich eppes koschte zellt. Ruf 844-201-6870 uff (TTY: 711).
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繁體中文 (Traditional Chinese) 注意：如果您使用繁體中文，您可以免費獲得語言援助服務。請致電 844-201-6870 (TTY: 711)。	Français (French) ATTENTION : Si vous parlez français, des services d'aide linguistique vous sont proposés gratuitement. Appelez le 844-201-6870 (ATS : 711).
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Русский (Russian) ВНИМАНИЕ: Если вы говорите на русском языке, то вам доступны бесплатные услуги перевода. Звоните 844-201-6870 (телетайп: 711).	Shqip (Albanian) KUJDES: Nëse flisni shqip, për ju ka në dispozicion shërbime të asistencës gjuhësore, pa pagesë. Telefononi në 844-201-6870 (TTY: 711).
한국어 (Korean) 알림: 한국어 지원 서비스를 무료로 이용하실 수 있습니다. 844-201-6870 (TTY: 711) 번으로 전화해 주십시오.	Tagalog (Tagalog – Filipino) PAUNAWA: Kung nagsasalita ka ng Tagalog, maaari kang gumamit ng mga serbisyo ng tulong sa wika nang walang bayad. Tumawag sa 844-201-6870 (TTY: 711).
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