



APPLE HEALTH (MEDICAID) MANUAL REVISION

Revision #	041
Chapter / Section	Long term services and supports (LTSS) Lump sum income and Long-Term Services and Supports (LTSS)
Issued Date	1/1/2018
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Summary of Revision

<https://www.hca.wa.gov/free-or-low-cost-health-care/program-administration/lump-sum-income>

No change in policy regarding lump sum and LTSS, but clarifying the language in the AH manual.

Apple Health (Medicaid) Manual revision via track changes:

Lump sum income and Long term services and supports (LTSS)

Revised 1/1/2018 Purpose: How are lump sums counted for aged, blind, disabled (SSI-related) and long term care Medicaid.

Lump Sums LTSS

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Lump sums are money received in the form of a non-recurring payment including, but not limited to: lottery, bingo, or gambling winnings, inheritance, income tax refunds, rebates, retroactive payments, and insurance settlements.

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For long-term care, we use the SSI-related WACs to determine their effect on eligibility:

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- The SSI-related WAC specifically excludes SSI and RSDI retroactive payments as income in the month of receipt, and as a resource for 9 months following the month of receipt.

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WAC [182-512-0700](#) SSI-related medical-Income eligibility

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WAC [182-512-0550](#) SSI-related medical-All other excluded resources

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- Unspent portion of non-recurring lump sum is counted as a resource on the first of the month following its receipt. (With the exception of any RSDI or SSI retroactive payment indicated above)

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Note: What is RSDI? RSDI is Retirement and Survivors Disability Insurance payments under Title II of the Social Security Act.

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- All other lump sums must be looked at based on whether the agency could anticipate their receipt, and therefore anticipate their effect on eligibility, as well as reporting requirements and advance notice requirements for recipients. This includes retroactive VA payments.

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- For recipients, in most cases we will not be able to anticipate the lump sum and therefore the lump sum will not count as income.

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- Due to reporting requirements and the need to provide advance notice, a lump sum may not affect eligibility until the month following the change of circumstance report. [See Change of Circumstance reporting requirement.](#)

As Income (WAC [182-513-1325](#), [182-513-1330](#), [182-512-0650](#)):

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- Anticipated nonrecurring lump sum payments are treated as income in the month received. Any remainder is considered a resource in the following month. Retroactive SSI and RSDI payments are an exception. They are always excluded as income in the month of receipt. To be anticipated means that the client reported to us early that they were going to be receiving a lump sum or we learned about the upcoming payment from some other source. It also means that we learned about it early enough that it could affect eligibility.

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- For applicants, a lump sum is income in the month received if we knew about the lump sum at the time we were making our eligibility decision.

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- For recipients, a lump sum is income in the month received if we knew about it early enough we could allow for 10-days' advance notice if the lump sum would cause the benefits to be reduced or terminated.
- Income that has been anticipated in a different amount than was actually received is not an overpayment if the anticipated amount was reasonable. If the anticipated amount was based on false information or information known at the time to be incomplete, or if the agency made an error in calculation, there may be an overpayment.

Unanticipated nonrecurring lump sums can't be counted as income in the month received because SSI-related and LTC medical programs must budget prospectively. We can only count income that can be anticipated. However, any amount remaining the first of the month after the month of receipt will be a resource. Even though the remaining amounts become a resource, retroactive SSI and RSDI are excluded for up to 9 months following the month of receipt.

As Resources (WAC [182-513-1350](#); [182-512-0300](#)):

- For most lump sums, the amount the person still has (unspent portion) on the first of the month following receipt is a resource, unless specifically excluded as a resource.
- For applicants, the amount remaining following the month of receipt would be counted for resource eligibility.
- For recipients, use reporting requirements and advance notice when determining the effect of the remaining lump sum on resource eligibility.

Example #1 Anticipated Retroactive Social Security:

Bill receives a letter March 1 from Social Security that he has been approved for Social Security Disability insurance (SSDI, a type of RSDI) and will be sent \$15,000 retroactive SSDI on April 4. Bill expects to receive it in April.

Although he has 30 days to report the receipt of the lump sum, and knows he will not receive the money until April, he is so excited he calls his financial worker on March 1 to tell of his Social Security approval.

Since we know about the payment early enough to affect eligibility, the \$15,000 is an anticipated lump sum, and can't be counted as income in April because it is an excluded income type.

Further, beginning May 1, any unspent portion is excluded as a resource for 9 months, or from May 1 through January 31.

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 Retroactive payments from SSI or RSDI, including benefits a client receives under the interim assistance reimbursement agreement with the Social Security Administration, are excluded as a resource for nine months following the month of receipt. Month 1 of the count is the month following receipt.¶
 This exclusion applies to: ¶
 Payments received by the client, spouse, or any other person financially responsible for the client.¶
 SSI payments for benefits due for the month(s) before the month of continuing payment.¶
 RSDI payments for benefits due for a month that is two or more months before the month of continuing payment; and¶
 Proceeds from these payments as long as they are held as cash, or in a checking or savings account. The funds may be commingled with other funds, but must remain identifiable from the other funds for this exclusion to apply. This exclusion does not apply once the payments have been converted to any other type of resource.¶

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Because it is an excluded resource, Bill can transfer the lump sum monies within the 9 month exclusion period without causing a transfer penalty.

If Bill is married and has a community spouse, he can transfer any resource to his spouse without penalty.

Example #2 Unanticipated Retroactive Veteran's Administration (VA):

Bill is active on COPES and receives \$15,000 retroactive VA Benefits on April 4. He reports the receipt of the funds on May 1. This report is timely. The \$15,000 is considered an unanticipated lump sum and can't be counted as income in April.

Beginning May 1, any unspent portion is a countable resource. However, because he reported the change timely, it does not affect May's eligibility. The agency must give advance notice to close the case effective 5/31. There is no overpayment for May.

We will determine whether Bill is resource eligible June 1.

If he is married and has a community spouse, he can transfer the money to his community spouse before June 1 and it will not affect his resource eligibility nor cause a transfer penalty.

If he is not married and spends the money before June 1, he will need to disclose how the money was spent so we can determine whether he was compensated. We will need to determine if any of it was transferred without adequate consideration causing a transfer penalty.

Example #3 Anticipated Retroactive VA:

Bill is active on COPES and receives a letter March 1 from Veterans Affairs that he has been approved for Veterans Benefits and will be sent \$15,000 retroactive VA on April 4. He expects to receive it in April.

Although he needs to report the payment within 30 days of receipt (he has until May 3), he is so excited he calls his financial worker on March 1 to tell of his Veteran Benefit approval.

Because we know about the payment early enough to affect eligibility and retroactive VA benefits are not excluded, the \$15,000 is an anticipated lump sum and is countable income for the month of April.

Further, any unspent portion is a countable resource beginning May 1.

If he is married and has a community spouse, he can transfer the money to his community spouse before May 1 and it will not cause a transfer penalty.

Example #4 Unanticipated Inheritance:

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Mary is a COPES client and her aunt died and left Mary \$50,000 cash in her will. Mary learned of the inheritance on July 10 at the reading of the will and knew it would be sent to her in September. Mary received the cash on September 15. She reported it to us within thirty days on October 10.

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The \$50,000 is an unanticipated lump sum and can't be counted as income in September. It does not matter that Mary knew she was getting it before she received it. She was not required to report it until she received it and then had 30 days to report the receipt of the lump sum. Beginning November 1, any unspent portion is potentially a countable resource.

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We will determine whether Mary is resource eligible November 1.

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If she is married and has a community spouse, she can transfer the money to her community spouse before November 1 and it will not affect her resource eligibility nor cause a transfer penalty.

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If she is not married and spends the money before November 1, she will need to disclose how the money was spent so we can determine whether she was compensated. We will need to determine if any of it was transferred without adequate consideration causing a transfer penalty.

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Example #5 Anticipated Inheritance:

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Mary is a COPES client and her aunt died and left Mary \$50,000 cash in her will. Mary learned of the inheritance on July 10 at the reading of the will and knew it would be sent to her September 8.

Mary was concerned about how the cash would affect her COPES services and called her financial worker on August 1 to find out. During the call she disclosed the money would be sent to her by the attorney on September 8.

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Mary knew when the money would be received and informed the agency early enough that we could prospectively budget it for September. Send advance notice because the \$50,000 is an anticipated lump sum and must be counted as income in the month of September. COPES services would close effective August 31 because her income is too high. Inform the case manager of the termination effective August 31 and there may be a potential the client would need to be reassessed for eligibility by October 1.

Beginning October 1, any unspent portion is potentially a countable resource.

If she is married and has a community spouse, she can transfer the money to her community spouse before October 1 and it will not cause a transfer penalty. However, we would need to redetermine resource eligibility as a couple since there has been a 30-day break in eligibility of institutional services.

If she is not married and spends the money before October 1, she will need to disclose how the money was spent so we can determine whether she was compensated. We will need to determine if any of it was transferred without adequate consideration causing a transfer penalty.

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Worker Responsibilities

When a lump sum affects resource eligibility, propose termination giving 10 day advance notice. On the termination notice indicate the following text:

Your resources are currently over the resource standard described in WAC [182-513-1350](#). If resources are at or below the resource standard by the first of the following month, provide verification of the value of resources as of the first. Provide this verification within 30 days. A reconsideration of the termination will be completed and if eligible your case will be reinstated. Keep in mind, transfer of asset rules described in WAC [182-513-1363](#) apply for long-term care services. If you are married a redetermination of the couple's resources are required when there is a break of at least 30 days of service per WAC [182-513-1350](#).

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