

Bulletin Number: MSA 12-09

Distribution: Bridges Eligibility Manual (BEM) Holders

Issued: March 30, 2012

Subject: Medicaid Eligibility and Divestment Penalties

Effective: May 1, 2012

Programs Affected: Medicaid Programs which can incur a divestment penalty

Additions to the BEM glossary of certain terms will help local office specialists to determine whether an asset was divested or if there is the potential for elder abuse. While these additions and updates are not changes to policy, they formalize policy definitions used by the legal community.

Specifically the definitions are:

- Arm Length Transaction (new definition added to glossary)
- Fair Market Value (expanded definition added to glossary)
- Homestead (expanded definition added to glossary)
- Resource (definition added to glossary from chapter)

As they appear in the glossary:

Arm Length Transaction: A transaction between two parties who are not related and are presumed to have roughly equal bargaining power. It consists of three elements; it is voluntary, each party is acting in their own self-interest, and it is on an open market. By definition a transaction between two relatives is not an arm's length transaction. (Italics indicates new language)

Fair Market Value: The amount of money the owner would receive in the local area for his asset (or his interest in an asset) if the asset (or his interest in the asset) was sold on short notice, possibly without the opportunity to realize the full potential of the investment. That is, what the owner would receive and a buyer willing to pay on the open market and in an arm's length transaction. (Italics indicates new language)

Homestead: The residence that a person owns (or is buying) and usually lives. The homestead includes all adjoining property, any other buildings on the property, but does not include other residences on the property. (Italics indicates new language)

Resource: All the client and spouse's assets and income. That is, all cash and any other personal property, as well as any real property that an individual (or the spouse) owns, has the right or power to convert to cash, and is not legally restricted from using for the individual's support and maintenance. An asset does not stop being a resource just because it has no current market value. (Italics indicates new language)

Manual Maintenance

Retain this bulletin until it has been incorporated into the Bridges Eligibility Manual.

Questions

Any questions regarding this bulletin should be directed to Provider Inquiry, Department of Community Health, P.O. Box 30731, Lansing, Michigan 48909-8231, or e-mail at ProviderSupport@michigan.gov. When you submit an e-mail, be sure to include your name, affiliation, and phone number so you may be contacted if necessary. Providers may phone toll-free 1-800-292-2550.

Approved

A handwritten signature in black ink that reads "Stephen Fitton". The signature is written in a cursive, flowing style.

Stephen Fitton, Director
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