

Department of Health & Human Services
Centers for Medicare & Medicaid Services
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601-5519



SEP 06 2007

Mr. Paul Reinhart, Director
Medical Services Administration
Michigan Department of Community Health
Capitol Commons Center
400 S. Pine Street
P.O. Box 30479
Lansing, Michigan 48909

Dear Mr. Reinhart:

Enclosed for your records is an approved copy of the following State Plan Amendment (SPA).

Transmittal # 07-008

Transfer of Assets, Deficit Reduction Act of 2005,
Section 6016 – Effective July 1, 2007

If you have any questions, please contact Cynthia Garraway by telephone at (312) 353-8583 or by e-mail at Cynthia.Garraway@cms.hhs.gov.

Sincerely,

A handwritten signature in black ink, which appears to read 'Verlon Johnson'. The signature is written in a cursive style and is positioned above the printed name of the sender.

Verlon Johnson
Associate Regional Administrator
Division of Medicaid and Children's Health

cc: Nancy Bishop

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

07 - 08

2. STATE:

Michigan

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH FINANCING ADMINISTRATION
DEPARTMENT OF HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2007

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN

AMENDMENT TO BE CONSIDERED AS NEW PLAN

AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:
Section 6016 of the DRA of 2005

7. FEDERAL BUDGET IMPACT:

a. FFY 07 _____ \$ (646,269) _____

b. FFY 08 _____ \$ (2,585,079) _____

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Supplement 9b to Attachment 2.6-A, pages 1 thru 5

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

N/A - new pages

10. SUBJECT OF AMENDMENT:

Eligibility - Transfer of Assets

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT

COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:

Paul Reinhart, Director

Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME:
Paul Reinhart

14. TITLE:
Director, Medical Services Administration

15. DATE SUBMITTED:
June 22, 2007

16. RETURN TO:

Medical Services Administration
Program/Eligibility Policy Division - Federal Liaison Unit
Capitol Commons Center - 7th Floor
400 South Pine
Lansing, Michigan 48933

Attn: Nancy Bishop

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

June 22, 2007

18. DATE APPROVED: SEP 06 2007

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPE NAME:

Verlon Johnson

22. TITLE:

Associate Regional Administrator

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Transfer of Assets

1917 (c) For transfers of assets for less than fair market value made on or after February 8, 2006, the agency provides for the denial of certain Medicaid services.

1. Institutionalized individuals are denied coverage of certain Medicaid services upon disposing of assets for less than fair market value on or after the look-back date.

The agency does not provide medical assistance coverage for institutionalized individuals for the following services:

Nursing facility services;

Nursing facility level of care provided in a medical institution;

Home and community-based services under a 1915(c) or (d) waiver.

2. Non-institutionalized individuals:

The agency applies these provisions to the following non-institutionalized eligibility groups. These groups can be no more restrictive than those set forth in section 1905(a) of the Social Security Act.

The eligibility groups are those described in:

1902(a)(10)(A)(i)(II); 1634(c); 1902(m)(1); 1902(a)(10)(A)(ii)(V);
1902(a)(10)(E)(i); 1902(a)(10)(E)(iii) and (iv); 1634(b); 1634(d); 1905(q);
1619(a) and (b); 1905(s); 1905(v)(1); and, 42 CFR 435.135

The agency withholds payment to non-institutionalized individuals for the following services:

Home health services (section 1905(a)(7));

Home and community care for functionally disabled elderly adults (section 1905(a)(22));

Personal care services furnished to individuals who are not inpatients in certain medical institutions, as recognized under agency law and specified in section 1905(a)(4).

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State of MICHIGAN

Transfer of Assets

The following other long-term care services for which payment for medical assistance is otherwise made under the agency plan:

Services provided under a 1915(c) waiver.

3. Penalty Date – The beginning date of each penalty period imposed for an uncompensated transfer of assets is the later of:

- the first day of a month during or after which assets have been transferred for less than fair market value;

The State uses the first day of the month in which the assets were transferred.

The State uses the first day of the month after the month in which the assets were transferred.

Or

- the date on which the individual is eligible for medical assistance under the State Plan and is receiving institutional level care services described in paragraphs 1 and 2 that, were it not for the imposition of the penalty period would be covered by Medicaid;

and,

which does not occur during any other period of ineligibility for services by reason of a transfer of assets penalty.

4. Penalty Period – Institutionalized Individuals

In determining the penalty for an institutionalized individual, the agency uses:

the average monthly cost to a private patient of nursing facility services in the State at the time of application;

the average monthly cost to a private patient of nursing facility services in which the individual is institutionalized at the time of application.

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State of MICHIGAN

Transfer of Assets

5. Penalty Period – Non-institutionalized Individuals

The agency imposes a penalty period determined by using the same method as is used for an institutionalized individual, including the use of the average monthly cost of nursing facility services;

imposes a shorter penalty period than would be imposed for institutionalized individuals, as outlined below:

6. Penalty period for amounts of transfer less than cost of nursing facility care

Where the amount of the transfer is less than the monthly cost of nursing facility care, the agency imposes a penalty for less than a full month, based on the option selected in item 4.

The State adds together all transfers for less than fair market value made during the look-back period in more than one month and calculates a single period of ineligibility that begins on the earliest date that would otherwise apply if the transfer had been made in a single lump sum.

7. Penalty periods – transfer by a spouse that results in a penalty period for the individual

(a) The agency apportions any existing penalty period between the spouses using the method outlined below, provided the spouse is eligible for Medicaid. A penalty can be assessed against the spouse, and some portion of the penalty against the individual remains.

(b) If one spouse is no longer subject to a penalty, the remaining penalty period must be served by the remaining spouse.

8. Treatment of a transfer of income

When income has been transferred as a lump sum, the agency will calculate the penalty period on the lump sum value.

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State of MICHIGAN

Transfer of Assets

When a stream of income or the right to a stream of income has been transferred, the agency will impose a penalty period for each income payment.

For transfers of individual income payments, the agency will impose partial month penalty periods using the methodology selected in 6. above.

For transfers of the right to an income stream, the agency will base the penalty period on the combined actuarial value of all payments transferred.

9. Imposition of a penalty would work an undue hardship

The agency does not impose a penalty for transferring assets for less than fair market value in any case in which the agency determines that such imposition would work an undue hardship. The agency will use the following criteria in making undue hardship determinations:

Application of a transfer of assets penalty would deprive the individual:

- (a) of medical care such that the individual's health or life would be endangered; or
- (b) of food, clothing, shelter or other necessities of life

10. Procedures for Undue Hardship Waivers

The agency has established a process under which hardship waivers may be requested that provides for:

- (a) notice to a recipient subject to a penalty that an undue hardship exception exists;
- (b) a timely process for determining whether an undue hardship waiver will be granted; and,
- (c) a process, which is described in the notice, under which an adverse determination can be appealed.

These procedures shall permit the facility in which the institutionalized individual is residing to file an undue hardship waiver application on behalf

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Transfer of Assets

of the individual with the consent of the individual or the individual's personal representative.

11. Bed Hold Waivers for Hardship Applicants

The agency provides that while an application for an undue hardship waiver is pending in the case of an individual who is a resident of a nursing facility:

___ Payments to the nursing facility to hold the bed for the individual will be made for a period not to exceed ___ days. (may not be greater than 30)

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