

Bulletin Number: MSA 18-28

Distribution: Bridges Eligibility Manual (BEM) Holders

Issued: August 31, 2018

Subject: Divestment Penalties for Individuals Applying for Medicaid Under the MI Choice Waiver Program

Effective: October 1, 2018

Programs Affected: MI Choice Waiver Program

The Deficit Reduction Act of 2005 revised the calculation of a penalty for Medicaid applicants who transferred assets for less than fair market value. The revision meant that persons could not enroll in the MI Choice waiver because a divestment penalty could not be applied. The MI Choice Waiver is the Home and Community Based Services waiver approved under Section 1915(c) of the Social Security Act.

In April 2018, the Centers for Medicare & Medicaid Services (CMS) released State Medicaid Director (SMD) Letter 18-004 to establish new guidelines that make it possible to start a penalty period while receiving waiver services. Under the revised guidance, a divestment penalty may be applied when the state has:

- determined that the applicant meets financial and non-financial requirements for Medicaid;
- determined that the applicant meets the level of care criteria for the 1915(c) waivers;
- determined that the applicant has an individual person-centered service plan in place; and
- confirmed there is an available waiver slot for the applicant's placement.

As an adjunct under the new guidelines, the first period of continuous care for determining the Initial Asset Assessment is a period of at least 30 consecutive days where the institutionalized spouse/applicant has been, or is expected to be, in a hospital and/or long-term care (LTC) facility and/or receiving personal care services listed under the approved state waiver. The penalty period begins on the date that the state has confirmed that all the above (bulleted) requirements are met.

Manual Maintenance

Retain this bulletin until the information is incorporated into the Bridges Administrative Manual.

Questions

Any questions regarding this bulletin should be directed to Provider Inquiry, Department of Health and Human Services, 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



Kathy Stiffler, Acting Director
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