EXAMPLES OF RESOURCE EXEMPTIONS
(This is not an exhaustive list of exemptions)

REAL PROPERTY (REAL ESTATE)

1. The real property was the Resident's principal place of residence and the Resident intends to return home.
   a. To apply, the Resident must provide written statement to JFS of his or her intent to return home.
2. The spouse or the Resident's "dependent" child, stepchild, parent, stepparent, grandparent, aunt, uncle, niece, sibling (step or half), cousin, or in-law resides in the home.
3. The Resident co-owns the real property with someone besides his or her spouse, and the joint owner provides JFS a written statement indicating that:
   a. The real property is the joint owner's principal place of residence;
   b. A sale of the real property would force the joint owner to move; and
   c. The joint owner has no other living quarter readily available.

CASH / BANK ACCOUNTS

1. If any account of the Resident and/or spouse is co-owned with another person, the portion of the funds contributed by the third party are excluded if the following is provided to JFS:
   a. A written statement from the Resident or spouse regarding:
      i. Ownership of the funds;
      ii. The reason for establishing the joint account;
      iii. Who makes or made deposits to and withdrawals from the account;
      iv. How the withdrawals our spent; and
   b. Corroborating written statements from other account holder(s); and
   c. If ownership for prior periods needs to be established, financial statements or income statements or work records may need to be produced.
2. If the funds were from income received, the funds are exempt only for the month in which the income was received.
3. If the funds were the result of an unanticipated non-reoccurring lump-sum payment, they are excluded only for the month in which they were received. Examples of unanticipated non-reoccurring lumpsum payments are:
   a. Gifts, prizes, or awards;
   b. Retirement or pension funds;
   c. Judgments and out-of-court settlements;
   d. Proceeds received as the beneficiary of a life insurance policy, including social security lump-sum death benefits; and

   e. Workers compensation payments when received as a lump-sum.

4. If the funds were the result of a lump-sum retroactive payment from supplemental security income (SSI) or retirement, survivors, disability insurance (RSDI), they are excluded for nine (9) months following the month of receipt. Additionally, the Resident must provide verifications of:
   a. The source, amount, and the date of receipt of the retroactive payment.

LIFE INSURANCE POLICIES

1. If the life-insurance policy does NOT have a cash-surrender value, the policy will be exempt.
2. If the Resident and spouse's life-insurance policies have a cash-surrender value, and if the combined face value (the amount of the death benefit) of each policy is equal to or less than $1,500, it or they will be exempt. For example, if there are 2 policies, both with cash-surrender values, one with a face value of $500 and the other with a face value of $1,100, neither policy will be exempt because the combined face value exceeds $1,500.

COMMUNITY SPOUSE RESOURCE ALLOWANCE (CSRA)

If the Resident is married with a community spouse who is not receiving or applying for Medicaid, a portion of the married couple's total combined assets can be excluded, thus not counted towards the resource limit. Below is how the CSRA is calculated, which is preceded by definitions of key terms that are necessary in determining the CSRA:

DEFINITIONS

1. Community Spouse Resource Allowance ("CSRA") – This is the amount of a married couple's assets that are excluded towards the Resident's total countable assets.

2. Snapshot Date – The Snapshot Date is the date the Resident first entered a hospital or nursing home for a continuous period of 30 days or more (i.e., the date after the day the Resident last slept at home). For example, if the Resident entered the hospital on January 1 and then admitted directly to the facility on August 1, the Snapshot Date would be January 1.

3. Snapshot Total – This is the amount of a married couple's total countable assets existing on the Snapshot Date.

4. Medicaid Date – This is the date Medicaid coverage is needed.

5. Medicaid Date Total – This is the amount of a married couple's combined assets as they exist on the Medicaid Date.

6. Spend Down Total – This is the amount of assets that need to be spent down to obtain eligibility.

7. Maximum CSRA – This is the maximum amount that is allowed to be excluded as the CSRA (for 2020, the Maximum CSRA is $128,640).

8. Minimum CSRA – This is the minimum amount that is allowed to be excluded as the CSRA (for 2020, if half of the couple's assets falls at or below $25,728, the non-applicant spouse can retain 100% of the couple's joint assets, up to $25,728).

THE CSRA CALCULATION

1. Identify the Snapshot Date ____________
2. Snapshot Total - Add the total value of the married couple's countable assets as they existed on the Snapshot Date____________
3. CSRA - Divide the Snapshot Total (line 2) in half:
   a. If the number is equal to or greater than the Maximum CSRA, the CSRA is then the Maximum CSRA; or
   b. If the number is equal to or less than Minimum CSRA, the CSRA is then the Minimum CSRA; or
   c. If the number is less than the Maximum CSRA but greater than the Minimum CSRA, the CSRA equals the Snapshot Total (line 2) divided by 2.
   d. Identify the CSRA ____________
4. Medicaid Date - Identify the Medicaid Date, the date coverage is needed ____________
5. Medicaid Date Total - Add the total value of the married couple's countable assets as they exist or existed on the Medicaid Date ____________
6. Spend Down Total – Take the Medicaid Date Total (line 5) and subtract the CSRA (line 3d) and the Resident's $2,000 allowance (i.e., line 5 – line 3d – $2,000 = Spend Down Total) ____________
7. If the Spend Down Total is:
   a. $0 or less, the Resident is asset eligible
   b. Greater than $0, the Resident must spend down the Spend Down Total to obtain eligibility

EXAMPLES OF RESOURCE SPEND DOWN

(This is not an exhaustive list of resource spend down examples)

REAL PROPERTY (REAL ESTATE)

1. Sell the real property and use cash appropriately.
2. Provide a mortgage or open-ended mortgage to the facility to secure any debt due or that will become due (note—once the cost of care secured by the mortgage becomes greater than the property's equity value, the real estate will be eliminated as a resource as its equity value will then be $0).
3. Transfer the real property to the Resident's adult blind or disabled child.

CASH / BANK ACCOUNTS

1. Use the funds to pay the facility.
2. Use the funds to pay off other debt owed by the Resident and/or spouse.
3. Use the funds to pay for renovations to an exempt house or real estate.

LIFE INSURANCE POLICIES

1. Cash out the policies and use the funds to pay the facility.
2. The Resident and/or spouse irrevocably assigns the life-insurance policy to a funeral home to purchase a preneed burial and/or funeral.

QUALIFIED INCOME TRUST ("QIT")

There are 3 necessary components in establishing and managing a QIT; failure to satisfy all 3 components will result in a Medicaid denial.

1. **Component #1** - Execution of the QIT Declaration

   a. To establish a QIT on behalf of the Resident, the QIT Declaration (the trust agreement) must be signed by the Grantor and the Trustee, which can be the same person.

   b. A QIT Declaration template can be found on ODM's website.

2. **Component #2** - Creation of the QIT Account

   a. The QIT is a Trust. A Trust is a separate legal entity. Like a person or business, a Trust can receive, manage and use property belonging to it. For the QIT to receive and distribute the Resident's income, an Account must be established.

   b. The QIT Account must:

      i. Be titled using the name of the Resident followed by "QIT Account" or "Trust Account" (*e.g.*, John Q. Resident QIT Account);

      ii. Have its own account number;

      iii. It must show the monthly deposits made; and

      iv. It must show the monthly distributions made—the amount, to whom the distribution was made, and the date of each distribution.

3. **Component #3** - Funding and Distributing from the QIT Account

   a. If a QIT is required, the effective Medicaid eligibility start date corresponds with the month in which both the QIT is established and the QIT Account is properly funded—accordingly, it is critical that the QIT and QIT Account are established timely AND that the QIT Account is funded timely.

      i. *Funding the QIT*

         (1) To properly fund a QIT Account:

            (a) Only the Resident's monthly income can be deposited to it;

            (b) The amount of the Resident's income that **must** be deposited each month into the QIT Account is the portion that exceeds the applicable income limit; and

            (c) An effort must be made to have the Resident's income directly deposited into the QIT Account; if this cannot be done, evidence must be retained that shows that the proper amount of the Resident's income is being deposited in the QIT Account each month—*e.g.*, bank statements and/or cancelled checks.

ii. *Distributing from the QIT*

(1) There are 4 allowable distributions from the QIT Account that must be made each month if applicable and in the following order:

(a) The Resident's monthly personal needs allowance;

(b) If applicable, the maintenance allowance for the spouse or for family dependents of the Resident as determined by JFS;

(c) Incurred medical or long-term care expenses of the Resident, which includes the Resident's monthly patient liability or any approved unpaid past medical or long-term care expense; and

(d) If applicable, up to $15 per month for bank fees, attorney fees, and other expenses required to establish and administer the trust—ODM may increase this amount if requested.