North Carolina
Department of Health and Human Services
Division of Medical Assistance
Recipient Services EIS
1985 Umstead Drive – 2512 Mail Service Center - Raleigh, N.C.
27699-2512
Courier Number 56-20-06

Michael F. Easley, Governor
Carmen Hooker Odom, Secretary

Nina M. Yeager, Director

October 2, 2002

RE: Legislative Changes for
Medicaid Eligibility

Dear County Director of Social Services,

As part of the State's cost containment initiatives in the Medicaid Program, the General Assembly approved several changes to eligibility policies. The purpose of this letter is to inform you of these changes and their tentative effective dates. The policies are as follows:

<u>Count parental income for pregnant minors</u>

In the MPW program, parental income will be counted for pregnant women under the age of 21 living with their parents or temporarily absent. This policy is effective October 1, 2002.

<u>Consider equity value of 'income producing property'</u>

We currently exclude all equity value of income producing property in the Aged, Blind and Disabled Medically Needy (MN) coverage groups when the net annual income equals at least 6% of the equity. For the Categorically Needy Aged, Blind and Disabled groups, we currently follow SSI's '$6000/6%' methodology. The General Assembly directed DMA to start following SSI '$6000/6%' methodology for MN groups. This will have its greatest impact on nursing home recipients, so the General Assembly also instructed DMA to make every effort to mitigate any hardship this change might cause. We are researching SSI policies to determine how best to implement the '$6000/6%' change in MN. We plan to implement the new policy effective December 1, 2002.

Some of you may be aware that when the General Assembly first proposed adopting SSI methods for property, the changes included counting the value of life estates and tenancy-in-common property. However, the final legislation did not include life estates and tenancy-in-common.

Tighten transfer of assets policy

This provision expands the imposition of transfer penalties to non-allowable transfers of tenancy-in-common property and non-homesite income producing property. This change will be issued December 1, 2002.

Expand transfer of assets policy

Federal law requires states to follow transfer of asset policies for institutionalized persons (e.g. persons in nursing homes and CAP recipients). Federal law also gives states the option to expand transfer of assets policies to non-institutionalized persons. The General Assembly has directed DMA to expand transfer of asset penalties to non-institutionalized persons receiving certain in-home services, such as Personal Care Services.

We are studying how best to implement this change, which will require modifications both to EIS and to the Medicaid Claims Processing System operated by EDS. At this time we anticipate implementation will be effective in early 2003.

I hope this information is helpful. We will provide policy details and implementation details prior to the effective dates of each provision.

Nina M. Yeager