

# Resource Verification

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A decorative footer graphic consisting of three overlapping colored triangles at the bottom of the slide. The left triangle is yellow, the middle is green, and the right is blue. The text "Helping People Live Better Lives." is centered in the yellow area.

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# Application Processes

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- Only process Medicaid for individuals who are requesting assistance, individuals who have filed the correct application and have submitted any required verifications.
  - An application will not ask resource questions if the individual is under the age of 65 or the individual does not indicate that they have a physical or mental disability.
  - Resource attestation and AVS Consent can be obtained by calling the individual using the Consent Line. See the [Consent Line Process Guide](#) for more information.
  - Resource information can also be obtained on the MILTC-63 for an individual who would like a Non-MAGI determination, or if an individual wants to add a person to their case at the time of renewal, the renewal form in conjunction with the MILTC-51 is needed. (See Policy Memo dated 05/01/2014 - “[Adding a Person to a Medicaid Case](#)” on MERL for more information).

**NOTE:** The MILTC-51 does not ask for any resource information and only requests the information needed to make a MAGI eligibility determination. **Resource information and AVS Consent can be obtained via phone call using the Consent Line or on the MILTC-63 for an individual who would like a Non-MAGI eligibility determination.**

- Refer to [Standalone Application Chart](#) for more information.
- Refer to [Resource Spend Down Guide](#) for more information.



# Verification of Resources and Policy

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- Resource verification **must** be completed prior to running budgets and determining eligibility to ensure an accurate eligibility determination is made. All resource ownership must be documented in NFOCUS narratives.
- Non-MAGI program eligibility requires staff to review resources at initial **and** ongoing eligibility determinations for persons with disabilities, aging adults and individuals who are medically needy with a share of cost. **477 NAC 23-003.02** - Verification of Resources. Budgets must also be reviewed for resources that have been updated by Economic Assistance (EA) Staff.
  - Supplemental Security Income (SSI) and individuals in 1619(b) status are **exempt** from resource review because the Social Security Administration (SSA) monitors the recipient's income and resources. **477 NAC 23-003.02(A)** - Exceptions.
- The Asset Verification Service (AVS) **must** be used as the primary source of verification, if available to verify assets at initial application, renewal, and for changes to accounts or certain living arrangements. See [AVS Procedural Guide](#) for additional information.
  - Financial institutions participating in AVS can be found [FI Network Nebraska](#).
  - Accounts unable to be verified by AVS, Early Warning banks, and limited participation banks, can be found in the document [FI Network Nebraska](#).
- If a report is received indicating a change in living arrangement (e.g., institutionalized care), the worker must review the case to determine if there are any resources that may be losing their exclusion, such as a home or a vehicle. If there are resources that will no longer be excluded, then the ownership and equity value of the resource must be verified.

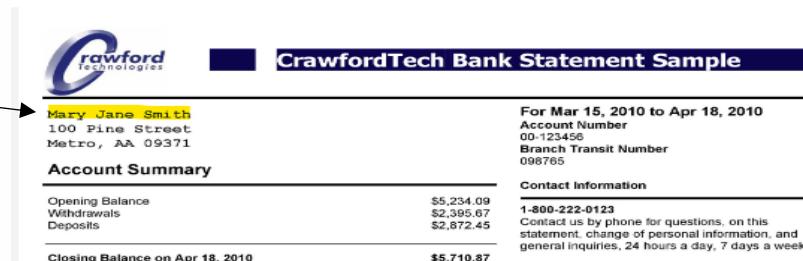


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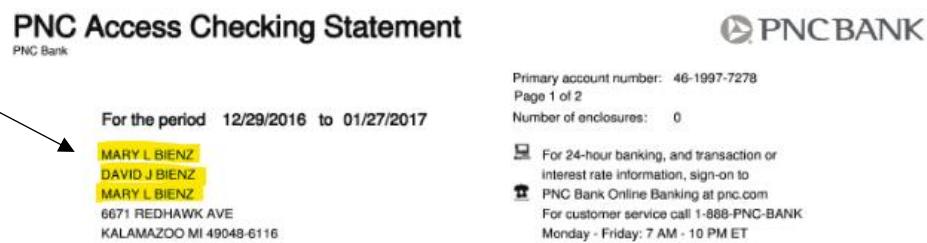
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# Verifying Terms of Ownership

- It is important to understand the different ownership types for resources and the difference between them to ensure resources are either included or excluded correctly in Medicaid budgeting.
- **Sole Ownership:** is a designation on a resource that means an individual is the only owner of the resource.
  - *Example:* Mary Smith is the sole owner on this bank account.



- **Joint Ownership:** is a designation on a resource that means two or more individuals share ownership of the resource. Also known as joint tenancy and tenancy in common.
  - *Example:* Mary and David Bienz are joint owners on this account.



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# Verifying Terms of Ownership, *cont.*

- **Payable on Death (POD):** is a designation on a resource that automatically transfers the resource to a beneficiary upon the death of all account owners and co-owners. Also known as a Transfer on Death (TOD) and Totten Trust.
  - This designation allows for by-passing probate court (protects the resource from estate recovery) and voids other estate planning/will designations.
  - *Example:* John Smith is the sole account owner. When he passes away his account will be payable on death (POD) to his sister Jane Smith.
  - Not allowable as an ownership designation on property for Medicaid eligibility per Neb. Rev. Stat. § 68-919.
    - An individual applying for or receiving Nebraska Medicaid must update their resource ownership to remove Payable on Death if they have POD as a designation on property they own.
      - NOTE: Staff must not take action on requiring the individual to update the POD designation on bank accounts. These accounts are subject to review through the Estate Recovery process.

## Wells Fargo Simple Business Checking

Account number: 2778759171 • March 5, 2016 - April 6, 2016 • Page 1 of 4



John Smith POD Jane Smith  
PO BOX 861  
TANNERSVILLE NY 12485-0861

### Questions?

Available by phone 24 hours a day, 7 days a week:  
Telecommunications Relay Services calls accepted  
**1-800-CALL-WELLS** (1-800-225-5935)  
TTY: 1-800-877-4833  
En español: 1-877-337-7454

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# Procedure

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- Clarification was added to the AVS Procedural Guide regarding information needed on an account statement for adequate account verification. The AVS response must be used as the primary source for verification, if available. Refer to the [AVS Procedural Guide](#) to determine when phone and/or paper verification is required. If phone and/or paper verification is needed, request most recent monthly statement with ending monthly balance. Statement should include:
  - Client name;
  - Financial institution or bank name;
  - Statement date;
  - Account number (at least the last 3 digits if applicable; and
  - Account balance.

Incomplete account statements are a common error trend found in NEARS reviews.



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# Procedure – *Cont.*

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- If an account statement is not available, a conference call with the financial institution may be completed to verify a bank account, including a Guardian/Conservator account, [ABLE \(ENable\)](#), or investment account.
  - Client attestation is acceptable for Direct Express, ReliaCard, and nursing home accounts, unless information is questionable or results in excess resources (see the [Medicaid Resource Verification Plan](#) for additional information). This information must be documented in the narrative.
  - Mobile Payment/Digital Wallet Account (Venmo, PayPal, Cash App, Zelle, etc.) are a person-to-person payment network. The worker must determine from a conversation with the individual if the account is business or personal. If business related (Ex: hairdresser, nail technician, etc.) this may be an indication of employment.
    - Regardless of what the use of the account is for the individual must provide an account/transaction statement or screenshot that includes an ending/current balance of the account.
  - The [Medicaid Resource Verification Plan \(MRVP\)](#) and the [AVS Procedural Guide](#) must be used to assist staff in determining applicable procedure to follow when obtaining and verifying resource verification. For additional information about the Medicaid Resource Verification Plan (MRVP) see the next slide.



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# Medicaid Resource Verification Plan

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The Medicaid Resource Verification Plan ([MRVP](#)), is an all-inclusive document that enables the worker to easily access information on Medicaid resources and verification requirements. Definitions and examples are also included for each resource.

## Items found on the MRVP include:

- **Accounts** - Cash on Hand, Bank Accounts, Nursing Home Accounts, Direct Express/Relia Cards, College Savings (NEST 529), Mobile Payment/Digital Wallet Accounts, & [Guardian or Conservator Funds](#).
- **Burial Funds** - Pre-Need Burial Trust, Burial Insurance Policy, Burial Space Items Held in Contract, Money/Account Designated for Burial, Burial Spaces (Plot). Also see [WINK-ed Burial Resources](#).
- **Income Producing** - [Land Contract](#), Life Estate, [Revocable, Assignable or Saleable Annuities](#), Elective Share of a Spouse's [Augmented Estate](#), Collectable Unpaid Notes or Loans, [Promissory Notes](#) or Personal Loans. Trust & Annuities Review: [Trust & Annuity Process Guide](#), [WINK – Augmented Estate](#).
- **Investments** - Certificate of Deposit (CD), Publicly Traded Stocks & Mutual Funds, Bonds, Individual Retirement Accounts (IRA), 401K/403(b), and Other Investments.
- **Property** - Home, Real Property, Trailer/Manufactured House, [Motor Vehicles](#), Farm & Business Equipment, Life Estate, Land Leases.
- **Miscellaneous** – [Special Needs Trust](#), [Testamentary Trust](#), [Pooled Trust](#), Life Insurance, Tax Return, Livestock/Poultry and Crops, Household Goods & Other Personal Effects, Contents of Safe Deposit Box.



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# Lowest Daily Balance vs. Encumbrance

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To eliminate confusion when entering account balances, the following process must be followed:

1. Refer to the [AVS Procedural Guide](#) to determine when phone and/or paper verification is required.
2. Enter ending account balance(s) from AVS or bank/financial institution statement(s).
3. If the result is that the individual has excess resources for their current Medicaid category, then use the lowest daily account balance.
4. If the individual still has excess resources using the lowest daily balance, then encumber the account with any deposited income. Refer to next slide for additional information.
5. Refer to the [MRVP](#) for additional guidance.

**NOTE:** For individuals receiving institutionalized care, the deposited income can only be used as an encumbrance if obligations such as SOC or POS have not been paid for the month by the date of the lowest daily balance used.



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# Account Balance and Deposited Income Deduction

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- There is an exception to deducting the deposited income for individuals who reside in an institutionalized living arrangement.
- For individuals in an institutionalized living arrangement, their income **must not be deducted** if their POS/SOC has already been paid to the facility by the date of the lowest balance.
  - **Why?**
    - In these situations, the POS/SOC is an obligation of the individual's income to pay for their care. If the agency allowed the deposited income to be deducted from the lowest balance, it would be “double deducting” the same income – Once when the POS/SOC was paid and then again from the lowest balance.
- If not deducting their income has an impact on eligibility, deduct the individual's personal needs allowance from the lowest daily balance.
  - **Why?**
    - The individual's personal needs allowance is not obligated to pay for their care; however, the amount is still included in the individual's deposited income that is counted in their budget.
    - Thus, the individual gets a full month before this income is counted as a resource, and the agency must deduct the amount from the lowest daily balance, if necessary.
      - If reviewing bank statements, and the individual is receiving institutionalized care (LTC), the bank statements must be reviewed for resource transfers. Additional information maybe needed if the transfers are present, as this could indicate a resource deprivation. Refer to next slide for additional information.

# Deprivation of Resources

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**Deprivation of Resources:** A transfer, sale, or change of ownership for which fair market value is not received by an individual requesting coverage of long-term care is reviewed for a deprivation of resources sanction. The fair market value of a resource at the time the resource was disposed of must be verified. [For more information see the Deprivation of Resources Process Guide.](#)

## Examples of deprivation of resources includes:

- Recorded transfer of ownership of real property;
- Not receiving the spousal share of an augmented estate;
- Purchase of a life estate in another individual's home without meeting the 12- month requirement to reside there;
- Promissory notes, loans, mortgages, and contract sales for less than fair market value or which are for at least fair market value and are not enforced;
- Purchase of an irrevocable, non-assignable annuity, if Medicaid is not the preferred beneficiary and the annuity is issued on or after February 8, 2006;
- Purchase of any contract or financial instrument, including an endowment or insurance, where the criteria for fair market value are not met;
- Resources transferred to a pooled trust established for the benefit of a person 65 years old or greater at the time of transfer;
- Any transfer above the protected spousal reserved amount to a community spouse;
- Transfer or sale of life insurance policies for less than fair market value;
- Transfer or gift of any resource to a third party for less than fair market value.



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# Deprivation of Resources – *Cont.*

When an individual goes into an institutionalized living arrangement a 60 month look back period must be completed on all resources to determine potential deprivation. AVS will automatically search 60 months back if the ‘Request Type’ is submitted as NA or SA.

If AVS shows flags indicating transfers (as shown below), bank statements must be requested and reviewed. During review, the worker must attempt to reconcile the transfer amount and review other leads to unreported resources, income or expenses.

Date	Interest Earned	Balance
▼ 07/01/2022	\$0.00	\$12,542.65
▲ 06/01/2022	\$0.00	\$42,181.42
05/01/2022	\$0.00	\$2,514.55
04/01/2022	\$0.00	\$2,493.53
03/01/2022	\$0.00	\$3.13

Deprivation findings must be correctly calculated, and details documented under the Deprivation narrative sub-heading.

- When an individual is not currently residing in a specified living arrangement (therefore not subject to a penalty period) and a transfer of assets is discovered or suspected, details must be documented.
- See [Deprivation of Resources Process Guide](#) and [Charitable Giving Guidance](#) for additional details.

# Trusts and Annuities

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Collecting the necessary information for a client's trust or annuity is essential in cutting down on review time and limit errors. While policy staff, along with legal services, review trusts and annuities, not all trusts and annuities require central office review. The items listed below do not require central office review:

- Burial trusts
- Revocable trusts (Revocable trusts are considered an available resource. See **477 NAC 23-003.05(A)(vi)(2)(f)**)
- TIAA CREF retirement annuities (determine monthly and use as income).
- Civil Service pensions and annuities (determine monthly and use as income).
- Military pensions and annuities (determine monthly and use as income).

## **The documents needed prior to sending Irrevocable Trust cases to central office for review include:**

- A complete copy of the trust, including all amendments and attachments. Be sure to include Schedule A, the listing of the items held in trust. Ensure the document states 'Irrevocable Trust.'
- A copy of the legal documents establishing the trust.
  - See the [Trust and Annuity Guide](#) for handling requirements for Special Needs Trusts, Testamentary Trusts, Pooled Trusts, or similar documents.
- Identity of the person or persons funding the trust.
- A copy of the most recent financial statements, or current accounting records, showing the current balance as well as information regarding dispersals.



# Trusts and Annuities – *Cont.*

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## Note the following:

- For Current Pay SSI clients, a copy of the trust is not required.
- If real property is included in a trust, a copy of the recorded deed is required.
- An IM-1 cannot be signed for property that is included in a trust and property included in a trust cannot be listed on the IM-73.

## Annuities

An annuity is a financial instrument that allows the owner or beneficiary the right to receive periodic payments, either for life or a term of months or years. Some annuities, such as Civil Service and Military pensions, are counted as unearned income, while other annuities are counted as a resource. The verification process is the same for all types of annuities.

An Annuity Verification form is needed for all immediate annuities, as well as a complete copy of the annuity contract, including the issuance letter and application form.

The Annuity Verification Request, as well as the Beneficiary Change form, can be generated in the Medicaid program case window. The form is signed by the annuitant, and then forwarded to the company to be completed.



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# Life Insurance

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**Types of Life Insurance policies:** 477 NAC 23-003.05(A)(iv)

- **Whole Life Insurance** - Provides coverage through the life of the insured, as long as the premiums are paid. May or may not accrue a cash value.
- **Term Life Insurance** - Provides coverage for a specified period. May or may not accrue a cash value.

Life Insurance policies must be verified at application and renewal. Cash values continue to grow over time, therefore, verification at renewal is needed. If the policy is determined to be excluded (see next slide), verification at renewal is not required. Term Life Insurance values must be verified at renewal unless the original documentation on file verifies that the policy will not accrue a cash value.

## Requirements for Life Insurance verification:

- Name and address of the financial institution / Life Insurance company;
- Name of the policy owner;
- Policy number;
- Original face value; and
- Current cash surrender value shown on the most recent statement.

Refer to the [WINK-ed Burial Resources & Pre-Need Burial Desk Aid](#) for life insurance designated for burial.



# Life Insurance – *Cont.*

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The cash surrender value of a Life Insurance policy, minus any outstanding loans against the policy, is considered a countable resource **477 NAC 23-003.02(A)**. The cash value minus any outstanding loans is also known as the *net cash surrender value*.

Do **NOT** use cash surrender value tables to verify a Life Insurance policy. Cash surrender value tables are estimated projections only and may not be accurate.

## Excluded Life Insurance Policies:

- Burial Insurance whose terms specifically provide that the proceeds can only be used to pay the burial expenses of the insured. The policy must be verified as Burial Insurance-Irrevocable.

**477 NAC 23.003.05(A)(iii)    477 NAC 23.003.05(A)(iii)(1)    477 NAC 23.003.05(A)(iii)(2)**

- Life Insurance policies whose proceeds are irrevocably assigned for the purpose of burial. The irrevocable assignment must be verified, and the cash value of policy should be equal to the amount of goods/services purchased.
- Life Insurance policies with a combined original face value of \$1,500 or less per individual

**477 NAC 23-003.05(A)(iv)(5)    477 NAC 23-003.05(A)(iv)(5)(a)**



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# Property / Home

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The individual's principal residence is excluded as a resource if the individual is still living in the home. The property or home must still be entered into NFOCUS and excluded.

- After entering the property and its value, select the *Exclusions/Disregards* tab.
- Choose 'Home' as the exclusion reason.
- After running budgets, ensure the principal residence is correctly being excluded.

Property used for self-employment is excluded as a resource if the property is used for the individual's trade or business. Non-business property that is used to produce goods or services essential to daily activities is an excluded resource up to \$6,000 equity.

- Additional conditions apply for individuals engaged in self-employment

**477 NAC-22.003.03**

**477 NAC 23-003.06(14)**



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# Life Estates

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Real property in which a client and/or spouse has a “life interest.” These may be identified on the deed by the words “life use” or “for use.”

Must be verified at initial application, at renewal if changes have occurred or if a change is reported that affects eligibility. Any income the individual receives from the life estate must be counted as unearned income in the individual’s Medicaid budget. If the life estate is sold, the proceeds are counted as a resource. **477 NAC 23-003.05(A)(vi).** Review for deprivation if the individual is in institutionalized care (e.g., nursing home or waiver).

In order to determine how to treat a life estate held by an individual you will need to ask for a copy of the deed to the property in question. A follow up question regarding any potential income should also be asked.

# Land Leases and Land Contracts

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A **land lease** is property owned by the applicant that is being rented out. These must be verified at initial application, at renewal if changes have occurred or if a change is reported that affects eligibility. Value must be added to NFOCUS.

- The equity value of the land is a countable resource.
  - Request a copy of the recorded deed.
  - Request the equity value of the property.

A **land contract** is an agreement when the seller of a property also finances the purchase. These must be verified at initial application, at renewal if changes have occurred or if a change is reported that affects eligibility. Value must be added to NFOCUS.

- The property in question is not counted as resource, but the contract is subject to certain conditions and the payments are counted as unearned income. (Appendix [477-000-031](#)).
  - Request a copy of the agreement to sell/purchase.
  - Request Trustee deed and/or promissory note (if available).



# Resource Reminders

## Cash on Hand:

- Cash on hand must be reviewed at the initial eligibility determination and renewal. See the [Medicaid Resource Verification Plan](#) for additional information.
- We cannot assume that the individual's cash resource remains the same at renewal.
- If there is no attestation on the individual's renewal form and there is a cash resource in the current budget, call the individual for an attestation, and document in the case narrative. If unsuccessful, send a VR for verification.

Review the Expert system to ensure that the individual's ownership percentage of resources is correct.

For jointly-owned resources, see **477 NAC 23-003-07(B)**

## Account Balances:

- Only VERIFIED account balances must be included in a Medicaid budget.
  - AVS is always the primary source of verification.
- EA may update the individual's account balances to their attested balance from their EA application or interview.
  - Ensure that the balance included in the individual's Medicaid budget is a verified balance.

**NOTE:** Medicaid cannot accept attestation to the balance of an individual's bank account.

## Retirement Accounts (IRA, 401(k), 403(b), etc.):

Retirement accounts are considered resources, even though there may be a penalty for withdrawal. Job-related retirement accounts held by the employer or otherwise not accessible due to age or employment status restrictions, are excluded as resources. **477 NAC-23-003.06 #19**



# Resource Reminders

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## Bonds:

- Must be verified at initial application AND renewal because the values will always change year to year. U.S. savings bonds are excluded for the initial 12-month mandatory retention period [477 NAC 23-003.06](#).

**TIP:** The US Treasury has an [online calculator](#), and instructions, to determine the current value of a savings bond.

## Vehicles:

- Countable vehicles must be verified at initial application AND renewal because the values will change year to year. Refer to the [Vehicle Verification Guide](#) for additional information.
- EA may update the individual's vehicles using an attestation from the individual's EA application or interview; a review of EA narratives maybe required.
- The verified value of all vehicles must be entered into the Expert system. The narrative must include how the value was verified.

**TIP:** [Kelly Blue Book](#) and [NADA](#) guides have listings for vehicles.

## Business Interest:

Interest the individual owns in any business must be verified. Verifications include: the partnership agreement, articles of incorporation, any other documents that pertain to the rights of the applicant to sell or control the business, and any other legal documentation of the agreement.



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# Resource Verification

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Questions or comments? [DHHS.MedicaidQA@nebraska.gov](mailto:DHHS.MedicaidQA@nebraska.gov)



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