# FTATE OF CONNECTICUT DEPARTMENT OF SOCIAL SERVICES OFFICE OF LEGAL COUNSEL, REGULATIONS AND ADMINISTRATIVE HEARINGS 55 FARMINGTON AVENUE HARTFORD, CT 06105

2015 SIGNATURE CONFIRMATION

CLIENT ID #:	I
<b>HEARING ID #: 621960</b>	

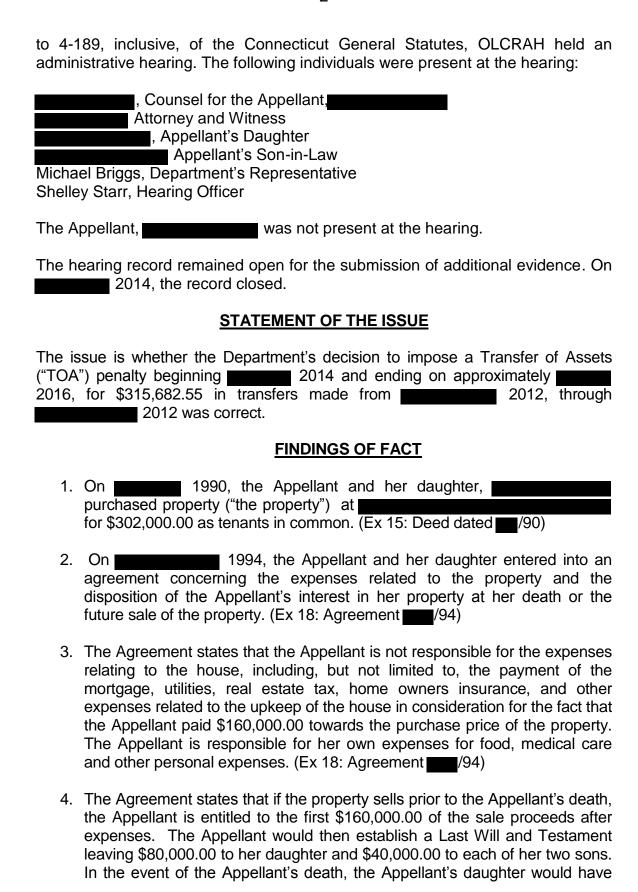
## **NOTICE OF DECISION**

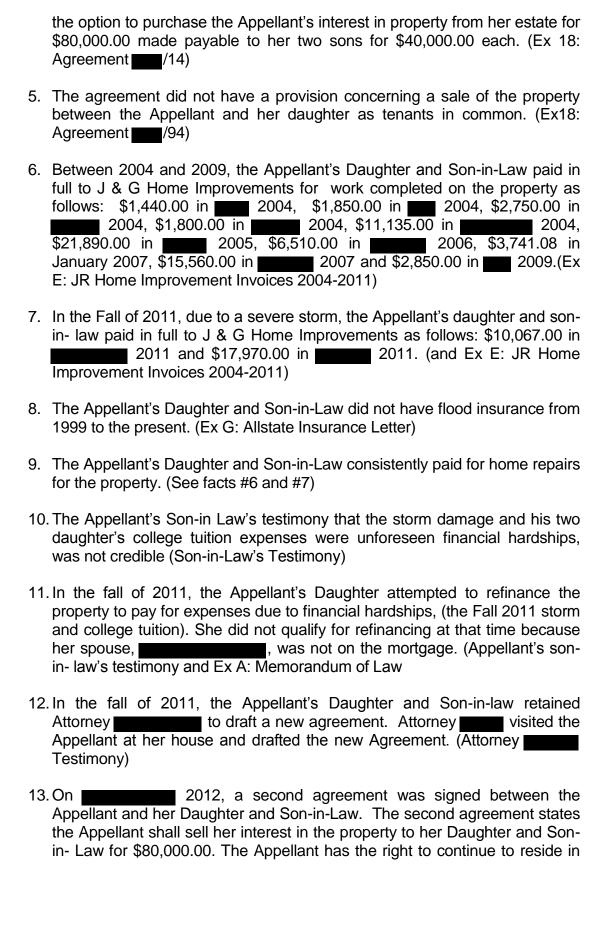
## **PARTY**



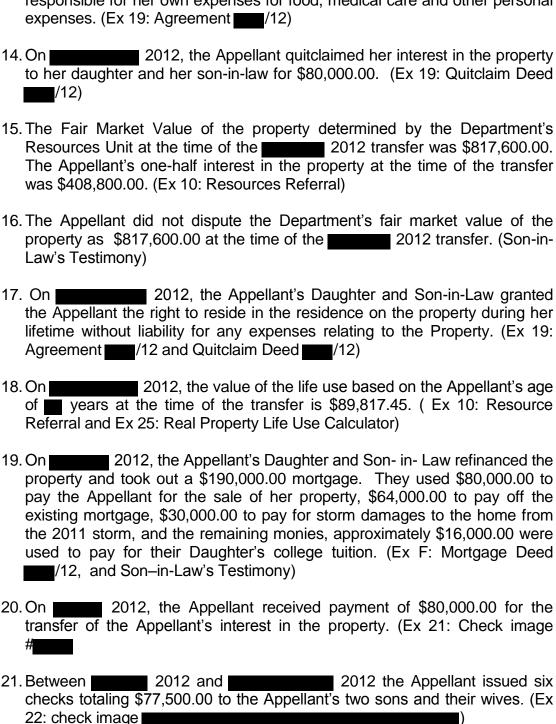
# PROCEDURAL BACKGROUND

On 2014, the Department of Social Services (the "Department") sent (the "Appellant") a Notice of Action ("NOA") imposing a transfer of assets penalty for the period from 2014 through approximately 2016.
On 2014, Counsel for the Applicant, requested an administrative hearing to contest the Department's decision to impose a penalty on the Applicant's Long Term Care Medicaid benefits.
On 2014, the Office of Legal Counsel, Regulations, and Administrative Hearings ("OLCRAH") issued a notice scheduling the administrative hearing for 2014.
On 2014, Counsel for the Applicant, requested to reschedule the fair hearing date.
On 2014, the Office of Legal Counsel, Regulations, and Administrative Hearings ("OLCRAH") issued a notice scheduling the administrative hearing for 2014.
On 2014, in accordance with sections 17b-60, 17b-61 and 4-176e

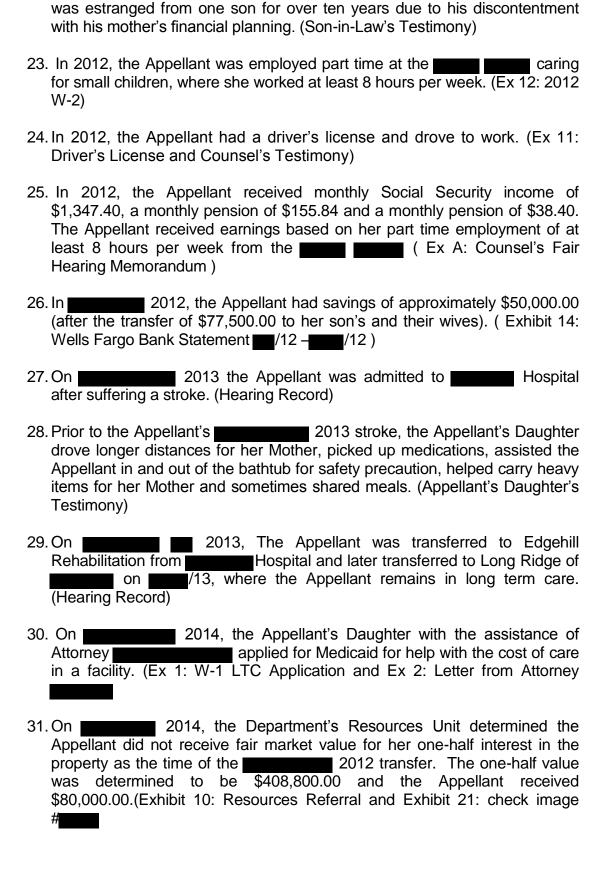


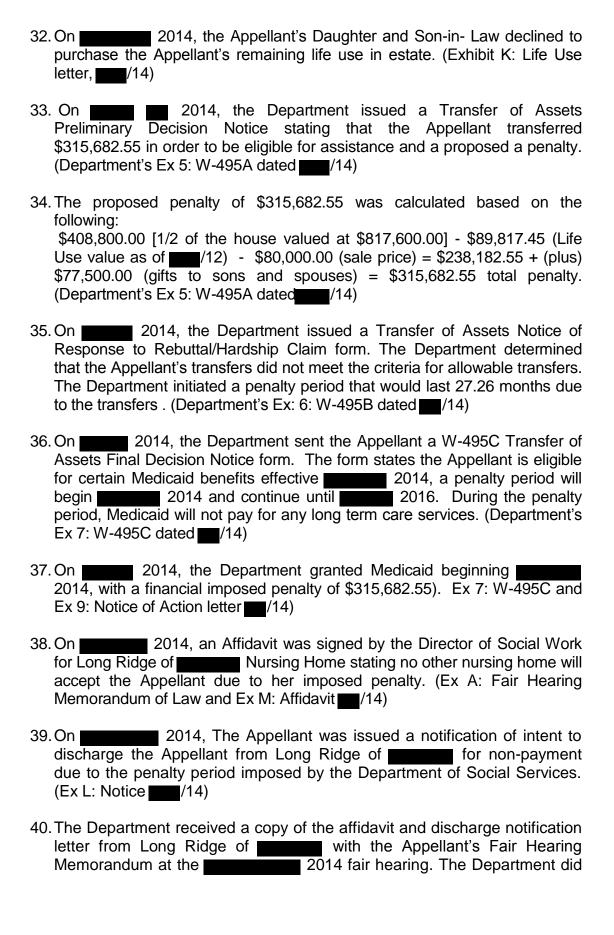


the property during her lifetime without liability for any expenses relating to the Property, including, but not limited to, the payment of the mortgage, utilities, real estate tax, home owners insurance and any other expenses relating to the upkeep of said property, however the Appellant shall be responsible for her own expenses for food, medical care and other personal expenses. (Ex 19: Agreement ——/12)



22. The Appellant has three children, a daughter and two sons. The Appellant





not have the opportunity prior to the hearing to review the new evidence regarding the proposed discharge of the Appellant form the nursing home. (Ex A: Fair Hearing Memorandum of Law and Ex L: intent to discharge letter, [11]/14).

## **CONCLUSIONS OF LAW**

- Section 17b-2; 17b-262 of the Connecticut General Statutes provides the Department is the state agency in Connecticut that administers the Medicaid program pursuant to Title XIX of the Social Security Act. The Department may make such regulations as they are necessary to administer the medial assistance program.
- 2. Section 17b 261b(a) of the Connecticut General Statutes provides that the Department is the sole agency to determine eligibility for assistance and services under the programs it operates and administers.
- 3. Section 17b-80 (a) of the Connecticut General Statutes provides the Department shall grant aid only if the applicant is eligible for that aid.
- 4. UPM § 3029.03 provides the transfer of assets policy for transfers that occurred on or after February 8, 2006.
- 5. UPM 4005.05 (B)(2) provides that, for purposes of establishing eligibility for Medicaid, the Department considers an asset available when it is actually available to the individual or when the individual has the legal right, authority power to obtain the asset, or to have it applied for, his or her general or medical support.
- 6. UPM § 3029.05 states that there is a period established, subject to the conditions described in this chapter, during which institutionalized individuals are not eligible for certain Medicaid services when they or their spouses dispose of assets for less than fair market value on or after the look-back date specified in section C of this policy. This period is called the penalty period, or period of ineligibility.

UPM § 3029.05(B)(1) provides that the policy contained in this chapter pertains to institutionalized individuals and to their spouses.

UPM §3029.05(B)(2) provides that an individual is considered institutionalized if he or she is receiving:

- a. LTCF services; or
- b. services provided by a medical institution which are equivalent to those provided in a long-term care facility; or
- c. home and community-based services under a Medicaid waiver (cross references: 2540.64 and 2540.92).

UPM § 3029.05(C) provides that the look-back date for transfers of assets is a date that is 60 months before the first date on which both the following conditions exist: (1) the individual is institutionalized; and (2) the individual is either applying for or receiving Medicaid

The Department correctly determined that the transfers in 2012 through 2012 occurred within the 60 month look back period.

UPM § 4000.01 defines fair market value as the amount at which an asset can be sold on the open market in the geographic area involved at the time of the sale as a result of reasonable, bona fide efforts to gain the highest possible price in an arm's length transaction.

The Department correctly determined that the Appellant did not receive fair market value for the ½ interest in the property she quit claimed to her Daughter and Son-in-Law on \$2012 for \$80,000.00.

7. UPM § 3029.05 D (1) (2) provides that the Department considers transfers of assets made within the time limits described in 3029.05 C, on behalf of an institutionalized individual or his or her spouse by a guardian, conservator, person having power of attorney or other person or entity so authorized by law, to have been made by the individual or spouse. In the case of an asset that the individual hold in common with another person or persons in joint tenancy, tenancy in common or similar arrangement, the Department considers the asset (or affected portion of such asset to have been transferred by the individual when the individual or any other person takes an action to reduce or eliminate the individual's ownership or control of the asset.

The Department correctly considered the Appellant's ½ interest in the property purchased by the Appellant and her Daughter at as tenants in common.

8. UPM § 3001.01 defines a "transfer of an asset" as the conveyance of interest in property, the disposal of an asset in some other way or the failure to exercise one's right to property.

The Department was correct to consider the Appellant's ½ interest in ownership of the property at the time of the 2012 quit claim to her Daughter and Son- in- Law.

The Department was correct to consider the transfer of assets of \$77,500.00 issued to various family members during the time period

# of 2012 through 2012.

9. UPM Section 0500 Glossary of Terms defines compensation as all money, notes, real or personal property, food, shelter or service received in exchange for something of value.

UPM 3029.30 provides compensation in exchange for a transferred asset is counted in determining whether fair market value was received.

### A. Compensation Which is Counted

- 1. When an asset is transferred, compensation is counted when it is received at the time of the transfer or any time thereafter.
- Compensation received prior to the time of the transfer is counted if it was received in accordance with a legally enforceable agreement.
- 3. Compensation may include the return of the transferred asset to the extent described at 3029.10.

## B. Value of Compensation

Each form of compensation is assigned a dollar value to compare with the fair market value of the transferred asset.

- 1. In determining the dollar value of services rendered directly by the transferee, the Department uses the following amounts:
  - for all services of the type normally rendered by a homemaker or home health aid, the current state minimum hourly wage for such services;
  - b. for all other types of services, the actual cost.
- 2. Out-of-pocket payment by the transferee may include capital alterations necessary to allow the transferor continued use of the home to avoid institutionalization.
- 3. Compensation in the form of real or personal property is compared using its fair market value.

The Department was correct when it determined that compensation was not a factor and that compensation was not paid above the value of the asset transferred. Per the terms of both the 1994 and 2012

agreements, the Appellant had no obligation for any costs associated with the property. The Appellant was only responsible for her own food, medical care and other personal expenses. Since the Appellant had no obligation to pay expenses relating to the property, then the payments made by her daughter for the mortgage, taxes, home maintenance and repairs cannot be used as a form of compensation from the penalty amount.

10. UPM Section 3029.15 B provides that an institutionalized individual or the individual's spouse is considered to have transferred an asset exclusively for a purpose other than qualifying for assistance under circumstances which include, but are not limited to, the following: the Department considers a transferor to have met his or her foreseeable needs if, at the time of the transfer, he or she retained enough income and other assets to cover basic living expenses and medical costs as they could reasonably been expected to exist based on the transferor's health and financial situation at the time of the transfer.

The Department correctly determined the Appellant did not meet her foreseeable needs. The Appellant was years old at the time of transfers. She did not have any long term care insurance and she was not fully self supporting. Given the Appellant's age, declining health and independence, and her financial situation at the time of the transfers, she did not meet her foreseeable needs.

11. Conn. Gen. Stat. § 17b-261a (a) provides any transfer or assignment of assets resulting in the imposition of a penalty period shall be presumed to be made with the intent, on the part of the transferor or the transferee, to enable the transferor to obtain or maintain eligibility for medical assistance. This presumption may be rebutted only by clear and convincing evidence that the transferor's eligibility or potential eligibility for medical assistance was not a basis for the transfer or assignment.

UPM Section 3029.10 (E) provides that an otherwise eligible institutionalized individual is not ineligible for Medicaid payment of LTC services if the individual, or his or her spouse, provides clear and convincing evidence that the transfer was made exclusively for a purpose other than qualifying for assistance.

UPM Section 3029.10 (F) provides that an institutionalized individual, or his or her spouse, may transfer an asset without penalty if the individual provides clear and convincing evidence that he or she intended to dispose of the asset at fair market value.

The Appellant's Representatives did not provide clear and convincing

evidence that the transfers were made exclusively for a purpose other than to qualify for assistance.

12.UPM § 3029.05 (F) (2) provides that the length of the penalty period is determined by dividing the total uncompensated value of all assets transferred on or after the look-back date described in 3029.05 C by the average monthly cost to a private patient for long-term care services in Connecticut. Uncompensated values of multiple transfers are added together and the transfers are treated as a single transfer.

UPM § 3029.05 (G) (1) (a) (b) (C) (2) provides that during the penalty period the following Medicaid services are not covered: LTCF services; and services provided by a medical institution which are equivalent to those provided in a long-term care facility; and home and community-based services under a Medicaid waiver. Payment is made for all other Medicaid services during a penalty period if the individual is otherwise eligible for Medicaid.

The Department correctly imposed a transfer of assets penalty for the period from 2012 through 2012 when granting Medicaid for Long term care for the Appellant.

The Department made an \$800.00 mathematical error and did not correctly calculate the penalty. The Department incorrectly averaged a 27.26 months penalty period (\$315,682.55 (total penalty) / \$11,581.00 average cost of care equals 27.26 months)

The Correct penalty calculation is 27.33 months penalty period due to (\$316,482.55 (total penalty) / \$11,581.00 average cost of care equals 27.33 months)

### **DISCUSSION**

After reviewing the evidence and testimony, I uphold the Department's action to impose a transfer of assets penalty.

The Appellant did not receive fair market value for her ½ interest in the property that she quit claimed to her Daughter on 2012 for \$80,000.00. The Appellant does not dispute the fair market value of the property as determined by the Department at the time of the transfer. The Appellant's Attorney argued that the creation of the second agreement in 2012 was an accelerated plan based on the 1994 Agreement allowing the Appellant's Daughter to receive her ½ interest in for \$80,000.00. I found no language in the 1994 agreement allowing

for the purchase of the Appellant's ½ interest prior to her death. I found no provision concerning the sale between the Appellant and her Daughter prior to her Death. The provision that was included in the 1994 agreement was to allow the Appellant's Daughter, in the event the house has not been sold on the death of the Appellant, for the Daughter to have the right to purchase the ½ interest in said property.

After the Appellant received \$80,000.00 from her daughter and son-in- law in exchange for her ½ interest in the property, she gifted \$77,500.00 to her sons and their families. I find no language in the agreement that provides that the Appellant may dispose of the assets prior to the time of her death. The Attorney asserted that the Appellant created the second agreement in 2012, to honor her obligation to her family and to create family harmony. Based on testimony, the Appellant's sons, particularly one son, was never in harmony with his mother and did not visit his mother for over ten years.

In addition, the Appellant's Attorney argued that the Appellant made the transfers as compensation to her daughter. I find that the circumstances do not meet the criteria in regulations to meet compensation. Both agreements clearly state that the Appellant had no responsibility for the expenses relating to the property. Since the Appellant was not responsible for any property expenses, the Department was correct to not count the Appellant's Daughter's shelter costs of mortgage, construction, repairs and related as compensation.

The exhibits support that the Appellant's Daughter and Son-in- Law paid for home improvements pertaining to the property throughout the time period of 2004 through 2011. The Son-In- Law asserts that the need for a second agreement in 2012 was due to property damage incurred as the result of a severe storm in 2011 that caused massive damage to the basement. The record reflects that expenses incurred during that time period for repair of storm damage were paid in full. Therefore there appears to be no need to refinance at that time as the repairs had been paid in full.

While the 2011 storm may have been unexpected, evidence supports that the Appellant's Daughter, in terms of both agreements, was responsible for the costs associated with the property. I did not find that the Daughter and Son-in-Law suffered any extra financial hardship. The fact that they had two Daughters' in college was not an unexpected hardship. While it may be true that they may not have had an extra reserve for future home improvements, and did not have flood insurance, they had funds to pay for repairs due to the 2011 storm.

The Appellant was elderly at the time of the transfers. Although she was not diagnosed with any chronic progressively debilitating condition, she was showing signs of slowing such as driving only short distances and the need for assistance with bathing and errands. The Appellant did not meet her foreseeable needs as she did not retain assets to cover her future living expenses and medical costs. Based on the age of the Appellant of years at the time of the transfers and her financial

situation prior to the time of the transfers, the Appellant liquidated assets she could have reasonably foreseen to be needed in her future.

Based on the evidence and testimony provided the Appellant transferred her assets for the purpose of qualifying for Medicaid. Evidence supports that the Appellant did not receive fair market value for her property at the time of transfer. There was no convincing evidence that the transfers were made for another purpose, and the Appellant did not retain sufficient funds for her future needs.

## **DECISION**

The Applicant's appeal is **DENIED**.

#### **ORDER**

- 1. The Appellant's appeal with respect to the transfer of assets penalty is denied.
- 2. The Department must correct the penalty period as stated in Conclusion of Law #12
- 3. The Department must verify eligibility factors of the Appellant's claim of undue hardship and provide the Appellant a response to the claim.
- 4. Compliance with this order shall be submitted to the undersigned no later than 2015.

Shelley Starr Hearing Officer

cc: Alexis Kiss, Operations Manager, DSS Regional Office # 32, Stamford

## RIGHT TO REQUEST RECONSIDERATION

The appellant has the right to file a written reconsideration request within **15** days of the mailing date of the decision on the grounds there was an error of fact or law, new evidence has been discovered or other good cause exists. If the request for reconsideration is granted, the appellant will be notified within 25 days of the request date. No response within 25 days means that the request for reconsideration has been denied. The right to request a reconsideration is based on §4-181a (a) of the Connecticut General Statutes.

Reconsideration requests should include <u>specific</u> grounds for the request: for example, indicate <u>what</u> error of fact or law, <u>what</u> new evidence, or <u>what</u> other good cause exists.

Reconsideration requests should be sent to: Department of Social Services, Director, Office of Administrative Hearings and Appeals, 55 Farmington Avenue, Hartford, CT 06105-9902.

#### RIGHT TO APPEAL

The appellant has the right to appeal this decision to Superior Court within 45 days of the mailing of this decision, or 45 days after the agency denies a petition for reconsideration of this decision, provided that the petition for reconsideration was filed timely with the Department. The right to appeal is based on §4-183 of the Connecticut General Statutes. To appeal, a petition must be filed at Superior Court. A copy of the petition must be served upon the Office of the Attorney General, 55 Elm Street, Hartford, CT 06106 or the Commissioner of the Department of Social Services, 55 Farmington Avenue Hartford, CT 06105. A copy of the petition must also be served on all parties to the hearing.

The 45 day appeal period may be extended in certain instances if there is good cause. The extension request must be filed with the Commissioner of the Department of Social Services in writing no later than 90 days from the mailing of the decision. Good cause circumstances are evaluated by the Commissioner or the Commissioner's designee in accordance with §17b-61 of the Connecticut General Statutes. The Agency's decision to grant an extension is final and is not subject to review or appeal.

The appeal should be filed with the clerk of the Superior Court in the Judicial District of New Britain or the Judicial District in which the appellant resides.