# STATE OF CONNECTICUT **DEPARTMENT OF SOCIAL SERVICES** OFFICE OF LEGAL COUNSEL, REGULATIONS, AND ADMINISTRATIVE HEARINGS **55 FARMINGTON AVENUE** HARTFORD, CT 06105-3725

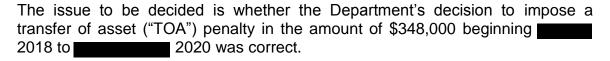
2019 Signature Confirmation Client ID# Request # **NOTICE OF DECISION PARTY** Atty. Kinga Kostaniak 31 High St. New Britain, CT. 06051

# PROCEDURAL BACKGROUND

On 2019, the Department of Social Services (the "Department") sent (the "Appellant") a Notice of Action ("NOA) granting Medicaid L01 Long Term Care ("LTC") program effective 2018 however due to Transfer of Assets the Department will impose a penalty of \$348,000 effective 2020.
On 2019, the Appellant requested an administrative hearing to contest the Department's decision to impose such penalty.
On, 2019, the Office of Legal Counsel, Regulations, and Administrative Hearings ("OLCRAH") issued a Notice scheduling the administrative hearing for, 2019.
On, 2019, in accordance with sections 17b-60, 17-61 and 4-176e to 4-189 inclusive, of the Connecticut General Statutes, OLCRAH held an administrative hearing. The following individuals were present at the hearing:
, Appellant, was not present due to her disability. , son of Appellant and Representative Kinga Kostaniak, ESQ. Rembish & Lasaracina LLC, Appellant's attorney Amy Cherrez, Department Representative via telephone Eleana Toletti, Fair Hearing Support in the Middletown Office Almelinda McLeod, Hearing Officer

The hearing record was held open for the submission of additional evidence. On 2019 the hearing record was closed.

# STATEMENT OF THE ISSUE



# FINDINGS OF FACT (FOF)

- The Appellant is years old and a resident of a long term care nursing facility as of 2018. The Appellant is the ("IS") institutionalized spouse. (Hearing record)
   The Appellant is married to who continues to reside in the community; he is the ("CS") community spouse. (Hearing record)
   In 2016, the IS and her CS sold their home, liquidated life insurance policies and annuities and moved into
- insurance policies and annuities and moved into assisted living located in connecticut. (Hearing record)
- 4. The assisted living was paid for by their social security checks and their pensions. (Appellant's sons testimony)
- 5. The IS and her CS have 4 adult children identified as (Hearing record)
- 6. The IS and her CS gifted their adult children a total of \$348,000.00. They each received \$87,000 comprising of \$53,000 each from the sale of the Appellant's home and then 2 issuances of \$17,000 for each from the liquidation of their various annuities. (Hearing record)
- 7. In the month of \_\_\_\_\_\_ 2016, the IS and the CS gifted the following checks from a \_\_\_\_ Bank # \_\_\_\_\_: (Exhibits B and C, checks & payments)

Transaction date:	Check #	Gifted to:	Amount Gifted:
	9013		\$17,000.00
	9014		\$17,000.00
	9015		\$17,000.00
	9016		\$17,000.00

8. In the month of 2016, the IS and CS gifted the following checks from the (Exhibits B and C)

Transaction date: Check # Gifted to: Amount Gifted:

Transaction date:	Check #	Gifted to:	Amount Gifted:
	9020		\$17,000.00
	9021		\$17,000.00
	9022		\$17,000.00
**************************************	9023		\$17,000.00

9. In the month of 2016, the IS and CS gifted the following checks from the (Exhibits B and C)

Transaction date:	Check #	Gifted to:	Amount Gifted:
	9027		\$53,000.00
	9028		\$53,000.00
	9029		\$53,000.00
	9030		\$53,000.00

- 11. The bank account used for the ..., LLC is the ... (Exhibit D, and copy of ..., LLC bank card)
- 12. made the following deposits into the Investments, LLC. from her account with (Exhibit B. checks & payments)

Transaction date:	Check #:	Amount of Deposit:
/16	6781	\$17,000.00
/16	6786	\$17,000.00
/16	6813	\$53,000.00

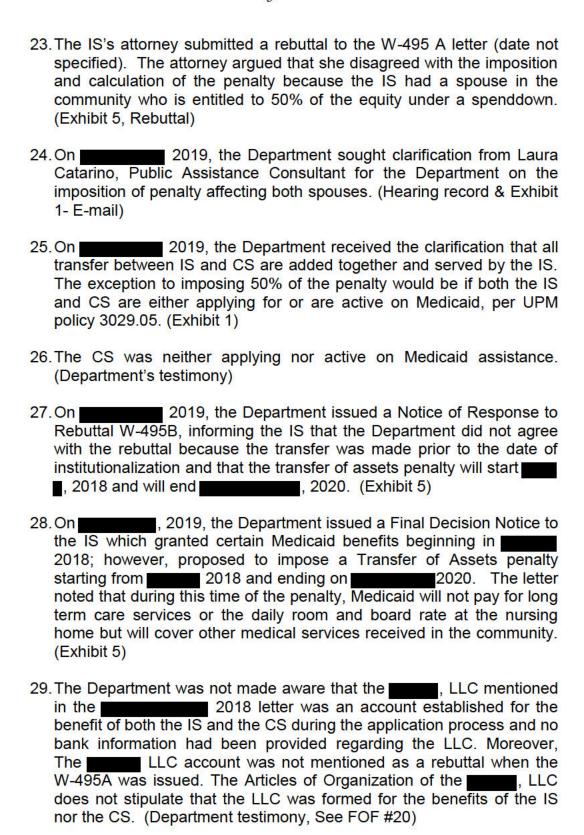
13. made the following deposits into the \_\_\_\_\_, LLC from her account with \_\_\_\_\_ (Exhibit B)

( — / CI III		
Transaction date:	Check #:	Amount of Deposit:
	5784	\$17,000.00
/16	5788	\$17,000.00
/16	5882	\$53,000.00

14. made the following deposits into the made, LLC from her account from (Representative's testimony)

Transaction date:	Amount of Deposit:
16	\$17,000.00
16	\$17,000.00

/16	\$53,000.00			
15. r	made the followin	g deposits into the . (Exhibit		
Transaction date:	Check #:	Amount of Deposit	1	
/16	1497	\$17,000.00		
/16	195325	\$17,000.00		
/16	9030	\$53,000.00	1	
/ 10	3030	ψ55,000.00	J	
\$62,014.17 gene reviewed and a	\$62,014.17 generating monthly income of \$793.89 for him; which was reviewed and approved by Dan Butler, the Department's principle attorney. (Hearing summary & Exhibit 8, W-765 Allianz annuity option			
to her declining	health as a res	mitted into ult from issues wi I brain surgery.	th Alzheimer's, 2	
admitted into Applinto	18. Prior to that, the IS had been in and out of hospitals until she was admitted into Apple Rehabilitation for a short while until finally admitted into Healthcare and Rehabilitation on 2018. (Representative's testimony)			
10 PA PARAMETER NAME OF THE PARAMETER OF	olication for Medi	ice of Rembish & caid Long Term Cay fee & payment le	are assistance on	
20.00 2018, the Appellant's representative explained that from the LLC, a monthly income of \$1500.00 was transferred through the Account for the benefit of the IS and the CS to help with rent, food, utilities and etc. from 2017 to 2018. After the Appellant became institutionalized, the monthly income transferred to the CS from the LLC was reduced to \$500.00 per month. (Exhibit 7, Explanation of Income letter)				
	ick period in the		2018,	
Notice informing	(A.C.)	tment issued a Pre insfer of \$348,000 \ bit 5- W-495A)	-	



30. The Articles of Organizations states each of the 4 children own 25% of the membership interest of the LLC and each is entitled to the full benefits and privileges of the membership subject to terms and conditions of the LLC. (Exhibit 10, Articles of Organization, LLC)

31. For the purposes of this hearing, checks and ledgers were provided indicating payments from LLC account # was paid towards the cost of care for the following months totaling \$79,500.00: (Exhibit D)

Pay Date	Months	Amount paid
/18	2018	\$11,250.00
/18	2018	\$11,625.00
/18	2018	\$11,250.00
/18	2018	\$11,625.00
18	2019	\$11,625.00
19	. 2019	\$10,500.00
/19	2019	\$11,625.00
Total:		\$79,500.00

- 32. From the \_\_\_\_\_, LLC account, a payment of \$6,000.00 was made to the CS to pay towards their 2016 IRS Tax bill. (Exhibit G, 2016 Tax papers)
- 33. From the \_\_\_\_\_, LLC account, a payment of \$2000.00 was made to the law firm representing the IS in the title XIX Medicaid application process. (Exhibit F, Attorney letter & fees)
- 34. As of the date of the Appellant's application for Medicaid in 2018, the average private—pay cost of care in a nursing home in Connecticut is \$12,851.00 per month. (F.H. Exhibit 1, Long Term Services and Supports table)
- 35. The issuance of this decision is timely under section 17b-61(a) of Connecticut General Statutes, which requires that a decision be issued within 90 days of the request for an administrative hearing. The Appellant requested an administrative hearing on 2019. This decision, therefore, was due no later than 2019. However, the hearing record, which had been anticipated to close on 3019, did not close for the admission of evidence until 2019 at the Appellant's request. Because this 15 day delay in the close of the hearing record arose from the Appellant's request, this final decision was not due until 2019, and is therefore timely.

#### CONCLUSIONS OF LAW

 Section 17b-260 of the Connecticut General Statutes ("CGS") provides for the administration of the Medicaid program pursuant to Title XIX of the Social Security Act.

- 2. The Department's Uniform Policy Manual ("UPM") "is the equivalent of a state regulation and, as such, carries the force of law." *Bucchere v. Rowe*, 43 Conn. Supp. 175, 177 (1994) (citing Conn. Gen. Stat. 17-3f(c) [now 17b-10]; *Richard v. Commissioner of Income Maintenance*, 214 Conn. 601, 573 A. 2d 712(1990)).
- 3. UPM § 3029.05 (A) provides there is a period established, subject to the conditions described in chapter 3029, during which institutionalized individuals are not eligible for certain Medicaid services when they or their spouses dispose of assets after the look back period. This period is called the period of ineligibility.
- 4. UPM § 3029.15 (C) provides that the look-back date for transfers of assets is a date that is sixty months.
- 5. UPM § 3029.05 provides that the look back date for transfers of assets is a date that is sixty 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.
- 6. UPM § 3029.05 (B) (2) provides an individual is considered institutionalized if she is receiving: a. LTCF [ long term care facility] 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 Medicaid waiver.
- 7. UPM § 3029.05 (B) provides that the policy contained in the chapter on transfers of assets pertains to institutionalized individuals and their spouses.
- 8. UPM § 3029.05 (D) (1) 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 the power of attorney or other person or entity so authorized by law, to have been made by the individual or spouses.
- 9. UPM 3029.05 (D) (2) provides in the case that an asset is held commonly with another person or persons, 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 individuals ownership or control of the asset.
- 10. UPM 3029.05 (H) (1) provides if a transfer made by an individual results in a penalty period for the individual, the penalty period is apportioned between the individual and spouse if: a. the spouse either is or becomes

eligible for Medicaid; and b. the spouse is also institutionalized; and c. some portion of the penalty against eh individual remains the at the time conditions a and b are met.

- 11. The Department correctly determined the Appellant is an institutional individual.
- 12. The Department correctly determined the CS is not eligible nor has become eligible for Medicaid and is not institutionalized.
- 13. The Department correctly determined the look back period from the Appellant's 2018 LTC Medicaid application is 2013.
- 14. The Department correctly determined that the gifts of \$348,000 transferred from the Appellant's bank account to her 4 adult children occurred within the look back period.
- 15. The Department was correct to evaluate the cash gift transfers that occurred within the look back period.
- 16.UPM § 3029.35 (A) (1) provides that prior to a denial or discontinuation of LTC Medicaid benefits, the Department notifies the individual and his or her spouse of its preliminary decision that a transfer of asset is determined to have been improper.
- 17.UPM § 3029.35 (A) (2) provides that the notification includes a clear explanation of both a. the reason for the decision; and b. the right of the individual or his or her spouse to rebut the issue within 10 days.
- 18. The Department correctly notified the Appellant of its preliminary decision pertaining to the improper transfer and provided an explanation for the reason for the letter and their ability to rebut such claims through the issuance of the W-495A.
- 19. UPM § 3029.35 (C) (2) provides if the individual rebuts the Department's preliminary decision to impose a penalty period, the Department has 10 days to send an interim notice to the individual stating either it is upholding or reversing its preliminary decision.
- 20.UPM § 3029.35 (C) (4) provides that the Department must send a final decision notice regarding the rebuttal issue and the disposition of the Medicaid application.

- 21. The Department correctly notified the Appellant that the rebuttal was rejected and their determination was to uphold their previous determination of improper transfer through the issuance of W-495B.
- 22. The Department correctly notified the Appellant of the final decision regarding the improper transfer of assets through the issuance of the W-495C.
- 23. CGS § 17b-261 a (a) provides that 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.
- 24.UPM § 3029.10 (E) provides that an otherwise eligible institutionalized individual is not ineligible for Medicaid payment of LTC services if the individual., or his spouse, provides clear and convincing evidence that the transfer was made exclusively for a purpose other than qualifying for assistance.
- 25.UPM § 3029.15 (B) provides the Dept. considers a transferor to have met his or her foreseeable needs if, at the time of the transfer, he or she retained other income and assets to cover basic living expenses and medical costs as they could have reasonably been expected to exist based on the transferor's health and financial situation at the time of the transfer.
- 26. The IS did not retained assets sufficient to meet her reasonably foreseeable medical needs, when the assets was initially disbursed in 2016. The testimony provided was that the IS was in and out of hospitals and admitted into Apple Rehabilitation for a time before becoming institutionalized at the because her health had been declining. All except \$62,014.17 was retained to purchase an annuity for the CS. There is no clear and convincing evidence that the assets were transferred exclusively for a purpose other than qualifying for assistance.
- 27.CGS § 17b-261 a. (d) (2) provides that an institutionalized individual shall not be penalized for the transfer of an asset if the entire amount of the transferred asset is returned to the institutionalized individual. A transferee may return any portion of a transferred asset to the transferor. If any transferred asset is returned to the transferor, the Department of Social Services shall adjust the penalty period to the extent permitted by federal law, providing that the ending date of the penalty as originally

determined by the Department shall not change. The Department shall consider the entire amount of the returned asset to be available to the transferor only from the date of return of the transferred asset, and shall not determine the transferor to be ineligible in the month the transferred asset is returned, provided the transferor reduced the returned assets in accordance with federal law.

- 28.UPM § 3029.10 (H) pertains to return of Transferred Asset and provides:

  1. An institutionalized individuals not penalized based on the transfer of an asset if the entire asset has been returned.

  2. If only part of the transferred asset is returned, the penalty period is adjusted.

  3. The adjusted penalty period described in 3029.10 H 2 is based on the uncompensated value of the original transfer minus the value of the part of the asset that is returned.

  4. The part of the asset that is returned to the individual is considered available to the individual during the time period from the date of its transfer to the date of its return, and remains available for as long as the individual has the legal right, authority or power to liquidate it.
- 29. The Appellant clearly and convincingly verified that \$79,500.00 was paid to Health and Rehabilitation from the LLC for the care of the IS.
- 30. The Appellant clearly and convincingly verified that a payment of \$6000.00 to the CS was made in order for him to pay their IRS taxes from the \_\_\_\_\_, LLC.
- 31. The Appellant clearly and convincingly verified that the payment of \$2,000.00 for legal fees for the Appellant's Title XIX Medicaid application had been made from the \_\_\_\_\_, LLC.
- 32. The Appellant clearly and convincingly verified that these payments were made for the benefit of the IS and the CS and thus considered a partial return of the transferred asset.
- 33. Based on the evidence that \$87,500.00 was returned from the \$348,000.00 that was transferred, the penalty period should be adjusted.
- 34. The transferred amount subject to a TOA penalty is \$260,500.00. (\$348,000.00-\$87,500)
- **35.**UPM § 3029.05 (E) provides the penalty period begins as of the later of the following dates: 1. The first day of the month during which assets are transferred for less than fair market value, if this month is not part of any other period of ineligibility cause by a transfer of assets; or 2. The date on

which the individual is eligible for Medicaid under Connecticut's State plan and would otherwise be eligible for Medicaid payment of the LTC services described in 3029.05 B based on an approved application for such care but for the application of the penalty period, and which is not part of any other period of ineligibility caused by a transfer of assets.

- **36.**UPM § 3029.05 (F) (2) (a) provide 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 LTCF services in Connecticut. For applicants, the average monthly cost for LTCF services is based on the figure as of the month of application.
- 37. The Department correctly determined that a TOA occurred.
- 38. The Department correctly determined the penalty period begins on 2018, the date on which the Appellant would otherwise be eligible for Medicaid payment for long term care services.
- 39. The average monthly cost for LTCF services in Connecticut as of 2018, the date of application, is \$12,851.00.
- 40. The Appellant's transfer of \$260,500.00 is subject to a TOA penalty of 20.27 months( \$260,000.00 divided by \$12,851.00)

## **DISCUSSION**

The Appellant's Representative explained that the IS was the head of the house who ran and maintained all financial matters but when her health declined and she became institutionalized; the CS became emotional. He explains that the 4 adult children collaborated together for the benefit of their parents. The formation of the LLC was for the care of the IS and the CS until they both expire and that none of the \$348,000.00 gifted to them was used by the members of the LLC. Nonetheless the representatives found it necessary to apply for Medicaid on 2018.

The language of the Articles of Organization of the LLC only stipulates that an agreement amongst the 4 members of LLC must be reached in order to disburse any money from the LLC. It does not preclude any disbursement for any of the members of the LLC. Neither does it stipulate disbursement only to the parents of the members at the exclusion of the established members of LLC. Although, the testimony given was that the intent was for the care of the IS and the CS; there is no evidence that the transferred assets is for the exclusive benefit of the IS and to the CS.

The Department never received any verification that expenses were paid for the benefit of IS and the CS and no bank information regarding the LLC account had been provided prior to this hearing. The time to have submitted the information of the LLC account was when the W-495A was first issued. The evidence shows that the rebuttal received did not mention the LLC at all.

However; I find that the \_\_\_\_\_, LLC did pay a portion of the IS cost of care at \$79,500 and that \$6000.00 was sent to the CS in order to pay their taxes. In addition, \$2000.00 was also paid from \_\_\_\_\_ LLC to pay the attorneys for their assistance filing the Title XIX Medicaid application. A total of \$87,500.00 was dispersed from the \_\_\_\_\_ LLC for the benefit of both the IS and her CS.

Based on this evidence, I find it is reasonable to reduce the amount of the penalty by \$87,500.00. I find the remaining balance of the gifts to the 4 children totaling \$260,500 [\$348,000 minus \$87,500] is subject to a Medicaid penalty as established by regulations.

The Department is upheld in their determination that an improper TOA did occur based on the information it had at the time, however the TOA penalty must be adjusted.

# **DECISION**

The Appellant's appeal is in part GRANTED and in part DENIED.

#### ORDER

- 1. The Department shall reduce the Transfer of Assets penalty by \$87,500.00.
- 2. The Department shall make any necessary adjustments to the penalty period, if needed.
- 3. The Department shall issue new notices confirming these actions.
- 4. Compliance with this order is due to the undersigned by 2019.

Almelinda McLeod Hearing Officer

CC: Brian Sexton, SSOM Middletown Regional Office Amy Cherrez, LTC Liaison, New Haven Regional Office

#### 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 Legal Counsel, Regulations, and Administrative Hearings, 55 Farmington Avenue, Hartford, CT 06105.

#### **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 his 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.