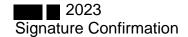
#### STATE OF CONNECTICUT DEPARTMENT OF SOCIAL SERVICES OFFICE OF LEGAL COUNSEL, REGULATIONS, AND ADMINISTRATIVE HEARINGS 55 FARMINGTON AVE. HARTFORD, CT 06105-3725



Client ID
Case ID
Request # 217087

## **NOTICE OF DECISION**

## **PARTY**



## PROCEDURAL BACKGROUND

On 2023, the Department of Social Services (the "Department") sent (the "Appellant") a notice stating that the Department imposed a penalty period of ineligibility effective 2022 through 2022 for payment of long term care ("LTC") services under Medicaid due to the improper transfer of assets totaling \$40,126.10.

On 2023, 2023, ("Conservator"), Conservator of the Estate and Person for the Appellant, requested an administrative hearing on behalf of the Appellant to contest the Department's action to impose a penalty.

On 2023, the Office of Legal Counsel, Regulations, and Administrative Hearings ("OLCRAH") issued a notice scheduling the administrative hearing for 2023.

On 2023, 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:

Julie Rafala, Department Representative, Participated via telephone Ellie Polanco, Department Trainee, Observation via telephone only Dorota Zawadzki, Department Host, Observation Only Lisa Nyren, Fair Hearing Officer

## **STATEMENT OF THE ISSUE**

The issue to be decided is whether the Department correctly determined: 1) the Appellant transferred \$40,126.10 to become eligible for Medicaid; and 2) the \$40,126.10 transfer subjected the Appellant to a penalty period of ineligibility for Medicaid payment of long-term care services.

## FINDINGS OF FACT

- 1. The Appellant lived in the first floor apartment at ("two family home") owned by ("Conservator"), her nephew. The Conservator purchased the two family home on 1996 and later sold the two family home on 2019. The Appellant paid rent to the Conservator while a resident of the two family home. The Conservator lived on the second floor. (Conservator Testimony, Exhibit 11: Conservator Statement, and Exhibit 19: Property Information)
- 2. On 2023, Probate Court granted 2023, Conservatorship of the Person and Estate for the Appellant. Prior to the Conservator's appointment by the Court, the Appellant appointed the Conservator as her Power of Attorney. (Conservator Testimony)
- 3. On 2015, the Conservator and the Appellant purchased a single family home located at ("single family home") together. The Conservator and Appellant together qualified for a Federal Housing Administration ("FHA") low interest mortgage loan for the purchase of the single family home with ("mortgage holder"). The earnest money/good faith deposit of \$5,596.50 and settlement charges of \$1,065.61 on the single family home were made solely by the Conservator. The Conservator and Appellant lived together in the single family home upon purchase. All household expenses, including the mortgage and utilities, were shared equally. (Conservator Testimony, Exhibit 11: Conservator Statement, Exhibit 14: HUD-1 Settlement Statement, Exhibit 16: Bank Statement/Cancelled

Checks, Exhibit 17: Conservator Statement, and Exhibit 18: Treasurer Checks)

- 4. On 2020, the Appellant and the Conservator purchased a single family home located at Connecticut ("current residence") together for \$210,000.00. The Conservator and Appellant obtained a \$157,500.00 mortgage loan to purchase the current residence. An earnest money/good faith deposit of \$5,000.00 was paid prior to the closing and \$725.00 pre-paid closing \$83,225.16 was due at closing. The Appellant contributed costs. \$42,000.00 toward the \$83,225.16 closing costs. The Conservator and Appellant lived together in the current residence upon purchase. All household expenses, including the mortgage and utilities, were shared Bank Statement/Cancelled Checks, Exhibit 17: equally. (Exhibit 16: Conservator Statement, Exhibit 20: Closing Documents, Exhibit 21: Cashier's Check, and Conservator Testimony)
- 5. The Appellant and Conservator shared household expenses while residing together. The Appellant reimbursed the Conservator monthly for household expenses and charges paid by the Conservator on behalf of the household. This included such expenses as mortgage, utilities, insurance, property maintenance, vehicle payments and repairs, and groceries. (Exhibit 16: Bank Statement/Cancelled Checks, Exhibit 17: Conservator Statement and Conservator Testimony)
- 6. On 2020, the Conservator and Appellant sold the single family home. The Conservator kept the proceeds of \$86,916.30 from the sale of the single family home because the Appellant did not provide any personal funds towards the earnest money deposit or closing costs at the time of purchase of the single family home. (Exhibit 14: HUD-1 Settlement Statement and Conservator Testimony)
- 7. The Appellant is age (Exhibit 1: Long-term Care/Waiver Application and Exhibit 12: Facility Medical Records)
- 8. As of 2018, the Appellant's active diagnoses since 2011 included neurofibromatosis, female stress incontinence, osteoporosis, and tuberculosis exposure. Current medication included vitamin D-3. (Exhibit 13: Medical Records)
- 9. In 2022, the Appellant's health declined after contracting COVID-19. The Appellant was hospitalized. Prior to 2022, the Appellant remained in good health and was not ill. (Conservator's Testimony)

- 10. On 2022, 2022, ("nursing facility"), a skilled nursing facility, admitted the Appellant after a brief hospitalization due to Covid-19 diagnosis resulting in weakness, fatigue and multiple falls. The Appellant's diagnosis includes dementia. (Exhibit 1: Long-term Care/Waiver Application and Exhibit 12: Facility Medical Records)
- 11. On 2022, the Department received an application for Medicaid under the Long Term Care ("LTC") program from the ("AREP"), (
- 12. On 2023, the Conservator submitted a written statement to the Department. The Conservator writes he is his aunt's caregiver while working 50-60 hours per week over the last 15-years. He cooks, cleans, shops, does laundry, chauffeur, and seamstress and has never charged for his services. (Exhibit 9: Conservator Statement)
- 13. On 2023, the Department determined the Appellant made an improper transfer of assets totaling \$43,458.15 because the Appellant did not receive any portion of the net proceeds totaling \$86,916.30 from the sale of the single family home on 2020 for which she owned jointly. The Department mailed a notice, Form W495A Transfer of Assets Preliminary Decision Notice ("W495A"), to the Appellant regarding the transfer of assets. The notice states that the Department determined that the Appellant transferred \$43,458.15 from the sale of the single family home in order to be eligible for LTC medical benefits. The notice states, "You are applying for or receiving medical help for Long-term care services or home care services; and you or your spouse transferred assets that affect your eligibility; and you have not given us proof that the transfer was not made in order to be eligible for assistance." (Department Representative Testimony, Exhibit 4: W495A Transfer of Assets Preliminary Decision Notice and Exhibit 15: Check 9434 \$86,916.30)
- 14. On 2023, the Conservator submitted a signed statement to the Department to dispute the Department's transfer of assets findings. The Conservator writes, "Please Note; my aunt (Appellant) DID NOT contribute any founds/cash with the down deposit on [single family home]. My aunt became a co-singer on the loan with the intent of getting the best possible interest rate from the lender. The loan was an FHA loan with a 3.5% down payment in which I [Conservator], SOLELY contributed the funds from the sale of my Two-Family Home/Property (in which I was sole

owner). Also, I was the [only-one] responsible for said property. Thank you in advance." (Exhibit 11: Conservator Statement)

- 15. On 2023, the Department reduced the transfer of asset amount from \$43,458.15 to \$40,126.10. The Department allowed for the reimbursement of earnest money/deposit and settlement charges paid by the Conservator from the net proceeds of the sale. \$86,916.30 proceeds -\$6,664.11 Treasurer Check Total = \$80,252.19 / 2 joint owners = \$40,126.095. (Exhibit 4: W-495CTransfer of Assets Final Decision Notice, Exhibit 14: HUD-1 Settlement Statement, Exhibit 18: Treasurer Checks, and Department Representative Testimony)
- 16. On 2023, the Department determined the Appellant eligible for Medicaid beginning 2022 and imposed a transfer of assets penalty period beginning 2022 and ending on 2022 during which time Medicaid will not pay for room and board at the nursing facility. (Exhibit 4: W-495C Transfer of Assets Final Decision Notice, Exhibit 5: Notice of Action and Department Representative Testimony)
- 17. The Department calculated the penalty period as 2 months and 26-days beginning 2022 ending 2022 ending 2022. \$40,126.100 total transfer of asset ("TOA") / \$14,060.00 cost of care = 2.85 months. (Department Representative Testimony and Exhibit 4: W-495C Transfer of Assets Final Decision Notice)
- 18. On 2023, the Department mailed a notice, Form W-495C Transfer of Assets Final Decision Notice ("W495C") to the Appellant. The notice states that the Department's determination of the transfer of \$40,126.10 on 2020 to qualify for Medicaid remains and the Department will set up a penalty period beginning 2022 and ending 2022 and ending 2022 in which the Department will not pay for LTC services which includes daily room and board at a nursing facility. (Exhibit 4: W-495CTransfer of Assets Final Decision Notice and Department Representative Testimony)
- 19. The issuance of this decision is timely under Connecticut General Statutes § 17b-61(a), which requires that a decision be issued within 90 days of the request for an administrative hearing. The Conservator requested an administrative hearing on 2023. Therefore, this decision is due not later than 2023.

### CONCLUSIONS OF LAW

- Section 17b-2(6) of the Connecticut General Statute ("Conn. Gen. Stat.") provides that "the Department of Social Services is designated as the state agency for the administration of the Medicaid program pursuant to Title XIX of the Social Security Act."
- 2. "The Department of Social Services shall be the sole agency to determine eligibility for assistance and services under programs operated and administered by said department." Conn. Gen. Stat. § 17b-261b(a)
- 3. State statute provides as follows:

Medical assistance shall be provided for any otherwise eligible person (1) whose income, including any available support from legally liable relatives and the income of the person's spouse or dependent child, is not more than one hundred forty-three per cent, pending approval of a federal waiver applied for pursuant to subsection (e) of this section, of the benefit amount paid to a person with no income under the temporary family assistance program, and (2) if such person is an institutionalized individual as defined in Section 1917 of the Social Security Act, 42 USC 1396p(h)(3), and has not made an assignment or transfer or other disposition of property for less than fair market value for the purpose of establishing eligibility for benefits or assistance under this section. Any such disposition shall be treated in accordance with Section 1917(c) of the Social Security Act, 42 USC 1396p(c). Any disposition of property made on behalf of an applicant or recipient or the spouse of an applicant or recipient by a guardian, conservator, person authorized to make such disposition pursuant to a power of attorney or other person so authorized by law shall be attributed to such applicant, recipient or spouse. A disposition of property ordered by a court shall be evaluated in accordance with the standards applied to any other such disposition for the purpose of determining eligibility. The commissioner shall establish the standards for eligibility for medical assistance at one hundred forty-three per cent of the benefit amount paid to a household of equal size with no income under the temporary family assistance program. In determining eligibility, the commissioner shall not consider as income Aid and Attendance pension benefits granted to a veteran, as defined in section 27-103, or the surviving spouse of such veteran. Except as provided in section 17b-277 and section 17b-292, the medical assistance program shall provide coverage to persons under the age of nineteen with household income up to one hundred ninety-six per cent of the federal poverty level without an asset limit and to persons under the age of nineteen, who qualify for coverage under Section 1931 of the Social Security Act, with household income not exceeding one hundred ninety-six

per cent of the federal poverty level without an asset limit, and their parents and needy caretaker relatives, who qualify for coverage under Section 1931 of the Social Security Act, with household income not exceeding one hundred fifty-five per cent of the federal poverty level without an asset limit. Such levels shall be based on the regional differences in such benefit amount, if applicable, unless such levels based on regional differences are not in conformance with federal law. Any income in excess of the applicable amounts shall be applied as may be required by said federal law, and assistance shall be granted for the balance of the cost of authorized medical assistance. The Commissioner of Social Services shall provide applicants for assistance under this section, at the time of application, with a written statement advising them of (A) the effect of an assignment or transfer or other disposition of property on eligibility for benefits or assistance, (B) the effect that having income that exceeds the limits prescribed in this subsection will have with respect to program eligibility, and (C) the availability of, and eligibility for, services provided by the Connecticut Home Visiting System, established pursuant to section 17b-751b. For coverage dates on or after January 1, 2014, the department shall use the modified adjusted gross income financial eligibility rules set forth in Section 1902(e)(14) of the Social Security Act and the implementing regulations to determine eligibility for HUSKY A, HUSKY B and HUSKY D applicants, as defined in section 17b-290. Persons who are determined ineligible for assistance pursuant to this section shall be provided a written statement notifying such persons of their ineligibility and advising such persons of their potential eligibility for one of the other insurance affordability programs as defined in 42 CFR 435.4.

Conn. Gen. Stat. § 17b-261(a)

4. State statute provides as follows:

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.

Conn. Gen. Stat. § 17b-261a(a)

5. State statute provides as follows:

Any transfer or assignment of assets resulting in the establishment or imposition of a penalty period shall create a debt, as defined in section 36a-645, that shall be due and owing by the transferor or transferee to the Department of Social Services in an amount equal to the amount of the medical assistance provided to or on behalf of the transferor on or after the date of the transfer of assets, but said amount shall not exceed the fair market value of the assets at the time of transfer. The Commissioner of Social Services, the Commissioner of Administrative Services and the Attorney General shall have the power or authority to seek administrative, legal or equitable relief as provided by other statutes or by common law.

Conn. Gen. Stat. § 17b-261a(b)

6. State statute provides as follows:

The Commissioner of Social Services, pursuant to section 17b-10, shall implement the policies and procedures necessary to carry out the provisions of this section while in the process of adopting such policies and procedures in regulation form, provided notice of intent to adopt regulations is published in the Connecticut Law Journal not later than twenty days after implementation. Such policies and procedures shall be valid until the time final regulations are effective.

Conn. Gen. Stat. § 17b-261a(e)

- "The department's uniform policy manual is the equivalent of a state regulation and, as such, carries the force of law." *Bucchere v. Rowe*, 43 Conn. Supp. 175, 178 (1994) (citing Conn. Gen. Stat, § 17b-10; *Richard v. Commissioner of Income Maintenance*, 214 Conn. 601, 573 A.2d 712(1990))
- 8. Section 3029 of the Uniform Policy Manual ("UPM") provides as follows:

This chapter describes the technical eligibility requirement in the Medicaid program pertaining to the transfer of an asset for less than fair market value. The policy material in this chapter pertains to transfers that occur on or after February 8, 2006.

The material contained in this chapter pertains only to the Medicaid program. Policy and procedures concerning transfers of assets in the cash and Food Stamp programs are contained elsewhere in this section, as are the Medicaid policy and procedures that pertain to transfers occurring prior to February 8, 2006.

"The Department uses the policy contained in this chapter to evaluate assets transfers, including the establishment of certain trusts and annuities, if the transfer occurred, or the trust or annuity was established, on or after February 8, 2006." UPM § 3029.03

9. "The policy contained in this chapter pertains to institutionalized individuals and to their spouses." UPM § 3029.05(B)(1)

Department policy provides as follows:

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(B)(2)

10. Department policy provides as follows:

There is a period established, subject to the conditions described in this chapter, during which institutionalized individuals are not eligible for certain Medicaid services they or their spouses dispose of assets for less than fair market value on or after the look-back date specified in 3029.05(C). This period is called the penalty period, or period of ineligibility.

UPM § 3029.05(A)

Department policy provides as follows:

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.

UPM § 3029.05(C)

11. Department policy provides as follows:

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 holds 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.

UPM § 3029.05(D)

12. "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 § 3029.10(E)

"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." UPM § 3029.10(F)

Department policy provides as follows:

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 in return for other valuable consideration. The value of the other valuable consideration must be equal to or greater than the value of the transferred asset in order for the asset to be transferred without penalty. (Cross Reference: 3029.20)

UPM § 3029.10(G)

"If the transferor has become incompetent since the transfer and is incompetent at the time the Department is dealing with the transfer, the transferor's conservator must provide the information." UPM § 3029.15(A)(2)

13. "Prior to denial or discontinuance of LTC Medicaid benefits, the Department notifies the individual and his or her spouse of its preliminary decision that a transfer of an asset is determined to have been improper." UPM § 3029.35(A)(1)

# The Department correctly determined the Appellant as institutionalized.

The Department correctly determined **2020** falls within the 60-month look back date for transfers of assets.

On 2023, the Department correctly issued form W495A to the Appellant.

The Department correctly determined the Appellant transferred assets totaling \$40,126.10.<sup>1</sup> The Conservator on behalf of the Appellant failed to provide clear and convincing evidence that the reason for the transfer of \$40,126.10 on 2020 was not Both the Appellant and the for qualifying for assistance. Conservator owned the single family home. Although the Conservator may have paid the monthly mortgage from his account(s), documents provided by the Conservator and AREP and the Conservator's testimony establish that the mortgage along with utilities and household expenses were shared equally by both owners of the single family home and the current residence. Upon the sale of the single family home, the Appellant was entitled to her share of the proceeds from the sale of the home. The 2020 check from the law firm after the sale of the single family home was written to both the Appellant and the Conservator, the joint owners of the single family home. As a co-owner of the home, the Appellant had the right to compensation upon the sale of the single family home, however there is no evidence to support the Appellant received her share of the proceeds.

Testimony provided by the Conservator indicates the Appellant's health was good prior to her 2022 Covid-19 diagnosis supporting the Appellant was in good health at the time of the transfer on 2020. The hearing record is void of any evidence to support the Conservator provided homecare services to the Appellant to avoid institutionalization. On the contrary, a statement provided by the Conservator confirms his employment 50-60 hours per week and testimony from the Conservator confirms the Appellant's health was good prior to her Covid-19 diagnosis in 2022. The hearing record is void of medical evidence prior to her admission to the nursing facility, except for a medication report dated 2018.

It is noted, both the Appellant and the Conservator purchased the current residence together, with the Appellant paying \$42,000.00 of her own funds of the \$83,225.16 monies due at closing on 2020. There is no evidence to support monies were returned upon the sale of the single family home on 2020. 2020, just two months after the purchase of the current home.

<sup>&</sup>lt;sup>1</sup> The earnest monies and closing costs total \$6,662.11 for the single family home. The total treasurer's checks documenting the earnest monies and closing costs paid by the Conservator equal \$6,664.11. The \$2.00 difference makes no impact on the outcome of this hearing or the length of the penalty period.

The Department correctly determined the Appellant transferred assets totaling \$40,126.10.

The Department correctly determined the Appellant is subject to a transfer of asset penalty under Medicaid Husky C LTC.

14. Department policy provides as follows:

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 caused 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 3029.05B 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.

UPM § 3029.05(E)

Department policy provides as follows:

- 1. The length of the penalty period consists of the number of whole and/or partial months resulting from the computation described in 3029.05F.2.
- 2. 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 3029.05C by the average monthly cost to a private patient for LTCF services in Connecticut.
  - a. For applicants, the average monthly cost for LTCF services is based on the figure as of the month of application.
  - b. For recipients, the average monthly cost for LTCF services is based on the figure as of:
    - 1. The month of institutionalization; or
    - 2. The month of the transfer, if the transfer involves the home, or the proceeds from a home equity loan, reverse mortgage or similar instrument improperly transferred by the spouse while the institutionalized individual is receiving Medicaid, or if a transfer is made by an institutionalized individual while receiving Medicaid (Cross Reference: 3029.15).

UPM § 3029.05(F)

Effective July 1, 2022, the average cost of care equaled \$14,060.00.

40,126.10 TOA / 14,060.00 cost of care = 2.85391 or 2.85 month 31 days August x .85 = 26.35

The Department correctly calculated the penalty period as 2 months and 26 days beginning 2022, the date on which the Appellant is eligible for Medicaid and ending 2022.

15. "The Department sends a final decision notice regarding the rebuttal issue at the time of the mailing of the notice regarding the disposition of the Medicaid application." UPM § 3029.35(C)(4)

On 2023, the Department correctly issued a notice of action to the POA regarding the Appellant's Medicaid eligibility and the imposition of a penalty due to the improper transfer of assets.

### DECISION

With regard to whether the Appellant transferred \$40,126.10 to become eligible for Medicaid, the Appellant's appeal is denied.

With regard to whether the \$40,126.10 transfer subjected the Appellant to a penalty period of ineligibility for Medicaid payment of Long-term care services, the Appellant's appeal is denied.

<u>Lísa A. Nyren</u> Lisa A. Nyren Fair Hearing Officer

CC: Josephine Savastra, SSOM RO #10 Lindsey Collins, SSOM RO #10 Mathew Kalarickal, SSOM RO #10 David Mazzone, SSOM RO #10 Julie Rafala, LTC ESW, RO #60

## **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.

## **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, 165 Capitol Avenue, 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.