
RESOURCES

TYPES OF RESOURCES

**F. PERSONAL
PROPERTY**

Personal property is any property that is not real property. The term encompasses such things as household goods, jewelry, automobiles, life insurance, burial funds.

**1. Household
Goods &
Personal
Effects**

Household goods are items of personal property customarily found in the home and used in connection with the maintenance, use and occupancy of the premises (such furniture, appliances, carpets, etc).

Personal effects are those items of personal property worn or carried by an individual (clothing, jewelry, hobby items, etc.)

An item of unusual value is one whose CMV exceeds \$500.

a. SSI Policy

A general exclusion of up to \$2,000 applies to the total equity value of household goods and personal effects other than those excluded regardless of value. Any portion of the total equity in excess of \$2,000 is not excluded under this provision.

Exception: Some items of personal property are excluded regardless of value. They are:

- One wedding ring and one engagement ring per individual are excluded regardless of value.
- Prosthetic devices, wheelchairs, hospital beds, dialysis machines and other items required by a person's physical condition are excluded regardless of value if they are not used extensively and primarily by other members of the household.

Items of unusual value that may not be excludable are: expensive china/silver/glassware, antiques, art works, hobby collections, jewelry, etc.

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If the client or other evidence indicates ownership of items of unusual value worth more than \$500, establish CMV by a knowledgeable source. Use CMV and not replacement value in determining the value.

Where it is determined that the verified CMV of all items of unusual value is more than \$500, the total CMV of all other durable household goods and personal effects must be considered in arriving at the countable equity value.

As a interim step in the developmental process, conclude, absent evidence to the contrary, that the CMV of all other durable household goods and personal effects is \$1,000. Add this amount to the CMV of those items that are of "unusual value." Deduct \$2,000 from this figure and add the remainder to the total value of all other includable resources. If the estimated CMV of countable household goods and personal effects does not exceed the applicable resource limit for an individual or couple, no further development is necessary. If the estimate exceeds the applicable resource limit, further development is necessary to establish the actual CMV and equity value of the countable household goods and personal effects. As with items of unusual value, any reasonable or practical method should be used to establish CMV. In regard to equity development, the claimant's records may be used; but if there is any doubt about the documentation, third party verification of any alleged legal debts against the property should be made. Combine the established equity value of the items of unusual interest and durable household goods and personal effects. The excess over \$2,000, if any, is added to other includable resources in determining whether the applicable individual or couple resource limit is exceeded.

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b. Liberalized Policy

For MAO Coverage Groups subject to liberalized resource policy, effective 10-01-89, household goods are totally excluded regardless of value and personal property up to \$5000 in EV is excluded. For example, a Recreational Vehicle (RV) is personal property rather than an automobile. The RV can be excluded if the EV is \$5000 or less. Follow SSI policy for items totally excluded and the steps to take in documenting value.

2. **Automobiles**

For SSI purposes, "automobile" means any vehicle used for transportation. It thus can include, in addition to cars and trucks: boats, snowmobiles, animal-drawn vehicles, and even animals, whether registered or not. A vehicle not used for transportation is not an automobile but may be a countable resource. A vehicle temporarily out of service may still be an automobile.

The CMV of an automobile is the average price an automobile of that particular year, make, model and condition will sell for on the open market (to a private individual) in the particular geographic area involved. Use the N.A.D.A. Official Used Car Guide or Older Car Guide. Use as the automobiles CMV the average trade-in value shown for it in the most recently published guide. If the client wishes to rebut the N.A.D.A. value, he/she can obtain a knowledgeable source statement.

a. SSI Policy

One automobile is excluded regardless of value if, for the individual or a member of the individual's household, it is:

- necessary for employment;
- necessary for the treatment of a specific or regular medical problem;

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- modified for operation by, or the transportation of, a handicapped person; or
- necessary, because of climate, terrain, distance or similar factors, for the performance of essential daily activities.

If no automobile is totally excluded up to \$4,500 of the CMV of one automobile is excluded. If the CMV exceeds \$4,500, the excess counts as a resource unless the automobile can be excluded under some other provision. Equity value is not a consideration for purposes of this exclusion.

Any automobile an individual owns in addition to the one wholly or partly excluded (up to \$4,500 CMV) and which cannot be excluded under the income-producing property provision is a resource in the amount of its equity value.

The exclusion applies in the manner most advantageous to the individual.

If one of two cars can be excluded as necessary for medical treatment, and the other will be a countable resource, the exclusion applies to the car with the greater equity value regardless of which car is used to obtain medical treatment.

For example, a client owns two cars. One has a CMV of \$8,000 and an equity value of \$500. The other, which has been paid off, has a CMV and equity value of \$2,500. Neither can be excluded based on use.

Applying the \$4,500 exclusion to the car with the \$8,000 CMV would leave \$3,500 of the CMV of that car as a countable resource. It also would leave the \$2,500 equity value of the other car as a countable resource.

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Applying the \$4,500 exclusion to the car with the \$2,500 CMV excludes that car entirely, leaving only the \$500 equity value of the other car to be included among countable resources. Therefore, the exclusion applies to the car with the \$2,500 CMV.

b. Liberalized Policy

For MAO Coverage Groups subject to liberalized resource policy, effective 10-01-89, up to two automobiles can be excluded totally or up to \$4,500 CMV. Any vehicle that is not used for transportation due to the inoperable condition of the car (junk car) can be totally excluded as a resource.

AUTOMOBILE CHART

<u>SSI POLICY</u>	<u>LIBERALIZED POLICY</u>
Exclude 1 car due to use, or	Exclude up to 2 cars due to use, or
Exclude 1 car up to \$4,500 CMV, or	Exclude up to 2 cars up to \$4500 CMV, or
Count EV as a resource if this is more advantageous to 1 car.	Exclude 1 for use and 1 up to \$4500 CMV, or
Additional cars, count EV	Count EV as a resource if this is more advantageous for up to 2 cars
	Additional cars, count EV
Note: If counting EV is chosen, the full EV is shown as a countable resource. EV is not an exclusion and can never be applied against the \$4500.	

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3. Life Insurance

A life insurance policy is a contract. Its purchaser (the owner pays premiums to the company that provides the insurance (the insurer). In return, the insurer agrees to pay a specified sum to a designated beneficiary upon the death of the insured (the person on whom, or on whose life, the policy exists).

Face value (FV) is the amount of basic death benefit contracted for at the time the policy is purchased. The face page of the policy may show it as such or as the "amount of insurance," "the amount of this policy," "the sum insured," etc. A policy's FV does not include:

- the FV of any dividend addition, which is added after the policy is issued (see 5. below);
- additional sums payable in the event of accidental death or because of other special provisions; or
- the amount(s) of term insurance, when a policy provides whole life coverage for one family member and term coverage for the other(s).

A policy's cash surrender value (CSV) is a form of equity value that it acquires over time. The owner of a policy can obtain its CSV only by turning the policy in for cancellation before it matures or the insured dies. A loan against a policy reduces its CSV.

Dividends (shares of any surplus insurance company earnings) can be applied to premiums due or paid by check or by an addition or accumulation to an existing policy. Dividend additions are amounts of insurance purchased with dividends and added to the policy, increasing its death benefit and CSV. The table of CSV's that comes with a policy does not reflect the added CSV of any dividend additions.

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Dividend accumulations are dividends that the policy owner has constructively received but left in the custody of the insurer to accumulate at interest. They are not a value of the policy; the policy owner can obtain them without affecting FV or CSV. Dividend accumulations cannot be excluded from resources under the life insurance exclusion, even if the policy that pays the accumulations is excluded from resources. Unless they can be excluded under another provision (e.g., as set aside from burial), they are a countable resource.

a. SSI Policy

A life insurance policy is a resource if it generates a CSV. Its value as a resource is the amount of the CSV.

A life insurance policy is an excluded resource if its FV and the FV of any other life insurance policies the individual owns on the same insured total \$1,500 or less. However, the FV of some policies does not count toward this \$1,500 total (see below).

Do not include the FV of dividend additions in determining whether a policy is a countable or excludable resource. If the policy is a countable resource, we include the CSV of dividend additions in determining the resource value of the policy.

In determining whether the total FV of the life insurance policies an individual owns on a given insured is \$1,500 or less, the FV of the following are not taken into account.

- burial insurance policies; and
- term insurance policies that do not generate a CSV.

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The maximum of \$1,500 that can be excluded as set aside for the burial expenses of an individual must be reduced by the FV of:

- any insurance policy on the life of the individual that is excluded under this provision; and
- any burial insurance policy for the burial expenses of the individual.

This includes the FV of a life insurance policy for which a funeral provider has been made the irrevocable beneficiary, if the policy owner has irrevocably waived his or her right to, and cannot obtain, any CSV the policy may generate.

Ask the individual to submit all the life insurance policies owned by the client and/or spouse/parent(s) and the most recent annual dividend statement issued for each policy. Use these records to verify:

- the owner;
- the insured;
- the FV;
- whether the policy pays dividends and, if it does, what option the individual selected for their disposition (i.e., accumulations, additions, applied to premiums, paid by check); and
- if dividend accumulations, their current amount.

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- whether the policy generates a CSV and, if it does,
- the current CSV (including the CSV of any dividend additions and any loans on the policy which reduce the CSV).

If examination of a policy does not reveal needed information, contact the insurance company via DOM-331, Request for Information Concerning Insurance, after obtain an authorizing signature.

NOTE: Several insurance companies have begun offering a new provision that allows a terminally ill person (or in some cases, individuals permanently confined to a medical institution) an option to receive the proceeds (or a portion thereof) of their life insurance policy while still living. This type of provision has been called a "living needs benefit program."

If an individual has a life insurance policy that allows them to receive their death benefit while living and the individual meets the insurance company's requirements for receiving such proceeds, they will not be required to file for such proceeds. If, however, the individual does file and receive the benefits, the payment will be considered income in the month it is received and available as a resource to the extent remaining into following months.

b. Liberalized Policy

For MAO Coverage Groups subject to liberalized resource policy, effective 07-01-99, replace the SSI exclusion limit of \$1500 with a \$10,000 exclusion limit. All other SSI policy applies except that limit is increased to \$10,000. From 10-01-89 to 06-30-99, the exclusion limit was \$5,000.

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4. Burial Spaces

A burial space or agreement which represents the purchase of a burial space held for the burial of the individual, his or her spouse, or any other member of his or her immediate family is an excluded resource, regardless of value.

The burial space exclusion is in addition to, and has no effect on, the burial funds exclusion.

For purposes of this exclusion, burial spaces include burial plots, gravesites, crypts, mausoleums, urns, niches, and other customary and traditional repositories for the remains of the deceased person.

The exclusion also includes necessary and reasonable improvements or additions to such spaces including, but not limited to, vaults, headstones, markers, plaques, or burial containers and arrangements for opening and closing or the gravesite.

SSI policy defines an individual's immediate family (for this exclusion) as parents (including adoptive parents and stepparents), minor or adult children (including adoptive and stepchildren), and siblings (brothers and sisters including adoptive and stepsiblings). Immediate family also includes the spouses of the above named relatives provided the marriage is still in effect (not divorced).

For Medicaid cases eligible for the liberalized policy provisions, effective 10-01-89, an individual's immediate family includes all of the relatives included in SSI's definition and extends to family members with any degree of relationship.

For both policies, if a burial space is being held by a funeral provider in accordance with a burial agreement, whether revocable or irrevocable, then the value of the burial space or burial space item is excluded under the burial space exclusion.