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**INSTITUTIONALIZATION**

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**SPOUSAL IMPOVERISHMENT**

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**A. GENERAL**

Section 303(a) of the Medicare Catastrophic Coverage Act of 1988 (P.L. 100-360) issued a new Section 1924 of the Social Security Act to mandate specific protection of income and resources for the maintenance needs of a community spouse when the other spouse is in a medical institution in long-term care (LTC). This special treatment of income and resources for certain couples is referred to as Spousal Impoverishment (SI). These rules are designed to assure that a Community Spouse (CS) maintains a certain level of financial security so he/she does not become "impoverished" in order to obtain Medicaid eligibility for the Institutionalized Spouse (IS).

**1. SI Income/  
Resource  
Rules -  
Applicability**

The SI income and resource rules described in this subsection apply to an IS with a CS when:

- The IS/CS are legally married under State law. SI rules apply in an IS/CS situation regardless of whether
  - the couple was "separated" prior to the IS entering LTC, or,
  - the couple is considered "separated" after the IS enters LTC, or,
  - a prenuptial agreement exists.
- The IS remains institutionalized for 30-consecutive days or longer.
- The IS enters LTC on or after 09/30/89.

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2.     **When  
SI Rules  
Do Not  
Apply**
- SI income/resource rules do not apply when:
- A change in circumstances occurs resulting in a couple who are no longer an IS with a CS. SI rules no longer apply the first full month following:
    - the death of either the IS or CS
    - divorce of the IS/CS
    - the IS discharged from LTC, or
    - the CS enters LTC.
  - The IS is already in LTC as of 09/30/89 unless the IS leaves LTC for 30-consecutive days or longer then reenters LTC.
  - The IC/CS are not legally married at the time of institutionalization. SI rules can apply only if the one in LTC leaves LTC for 30-consecutive days or longer and reenters LTC as an IS with a CS.