

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

303.01 COUNTABLE RESOURCES

Introduction

The resources discussed in the previous section could either be totally excluded in the resource determination or counted, in part or in whole, depending on the type of resource or case circumstances. In this section the treatment and verification of resources which are countable under SSI and liberalized resource policy are discussed.

303.01.01 CASH

Cash is a countable resource and is defined as money on hand that is in the form of coin or currency.

Procedure
<ul style="list-style-type: none">• Accept the client's allegation of cash on hand, regardless of amount – do not ask to see or count cash.• Explain to the individual that cash on hand includes amounts he has on his person or at home.<ul style="list-style-type: none">○ In addition, it includes cash belonging to him which is kept elsewhere, such as in a safety deposit box or by another individual.• Foreign currency or coins are cash to the extent they can be exchanged for U. S. currency

NOTE: Coin collections are not considered cash, even though they are a resource. The value of coin collections is based on a collector's value and determined by knowledgeable source estimate. Refer to Section 302.06.03 for treatment of other personal property.

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303.01.02 CHECKING/SAVINGS ACCOUNTS

Funds maintained in checking and savings accounts are usually payable on demand. When an individual has unrestricted access to an account, all of the funds in the account are considered as a resource to the owner of the account, regardless of who deposited the funds. (Refer to 303.01.02A for a discussion of joint ownership.)

A fiduciary or trustee is authorized to act on behalf of or for the benefit of another person. A fiduciary's right to withdraw funds is the same as the account owner's right to withdraw them.

Types of Checking Accounts

There are different types of checking accounts. NOW (Negotiable Order of Withdrawal) accounts are interest-bearing checking accounts. Super NOW accounts are money market checking accounts with higher rates of interest than NOW accounts. Money Market Deposit Accounts (MMDA) are interest-bearing checking accounts, which allow banks to compete with mutual fund money markets.

Asset Verification System (AVS)

Federal regulations require states to implement an electronic match with financial institutions to verify assets for Medicaid eligibility. Mississippi is a 2010 phase-in state. When implemented, the AVS process will be applicable to aged, blind and disabled coverage groups subject to an asset test, i.e., long term care, HCBS, and other full benefit groups.

At each application and redetermination, a request for information on an individual's financial accounts will be submitted through AVS. The system will search for open and closed accounts (declared or undisclosed), including the 5-year look back period for long term care cases.

More information will be provided prior to implementation. Until that time the instructions provided below for verifying financial accounts are applicable.

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CHECKING/SAVINGS ACCOUNTS (Continued)

Procedure

Development of Bank Accounts

There is a high potential for error in developing bank accounts; therefore, it is important for the specialist to fully investigate all of a client's allegations about bank accounts. Unless eligibility is being denied for another reason, the specialist must search for leads into the possible existence of bank accounts.

Skillful questioning may produce leads which can be used to detect undisclosed resources.

It is important that the following explanations be made to the applicant or representative:

- Information about all savings accounts, checking accounts or time deposits, which show the client's name or the name of someone whose resources must be deemed to the client, must be furnished, regardless of:
 - The amount on deposit, or
 - In what capacity the name of the client or deemor appears on the account. or
 - Any special purpose for which the account was established, or
 - Whether or not the client considers any of the funds to belong to him.

Verification of Bank Accounts

- Request the client's own records (statements, print-outs, etc.) as verification of activity on the account and to establish account balances.
- The DOM-330, Request for Financial Information, can be used to supplement incomplete information or records provided by the client to establish the existence of accounts and verify account activity.

NOTE: Do not consider as a resource any amounts counted as income for the same month.

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Procedure
<p><u>Treatment of Bank Accounts</u></p> <ul style="list-style-type: none">• Assume the person designated as the owner in the account title owns all the funds in the account. (Refer to 303.02.02A for joint bank accounts.)• Absent evidence to the contrary, assume that the person shown as the owner in the account title has the legal right to withdraw funds and use them for support and maintenance. <p><u>Evidence to the Contrary</u></p> <p>Example: An account is titled "In trust for John Jones and Mary Smith, subject to sole order of John Jones, balance at death of either to belong to survivor". Since John alone has unrestricted access, none of the funds in the account could be considered Mary's resources <u>unless</u> John is her fiduciary or his resources are deemed available to her.</p> <p>Example: An account is titled " George Dahey, restricted Individual Indian Money Account". Mr. Dahy cannot withdraw funds from the account without the authorization of the Bureau of Indian Affairs. Therefore, the account is not his resource.</p>

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CHECKING/SAVINGS ACCOUNTS (Continued)

Procedure
<p>Special Development for Applicants</p> <p>Use the special development procedures below for all applications and any existing cases which have not been developed previously to document additional information on banking activities and possible undisclosed accounts.</p> <p>Step One: Obtain Information About the Applicant's Past and Present Business Activities</p> <p>Ask the applicant about past and present business activities:</p> <ul style="list-style-type: none">• Where does the applicant cash or deposit checks?• Where does the applicant buy money orders?• Where or from whom has the applicant borrowed money in the past five years?• Has the applicant ever owned a home or land? If so, where is it located? Was it sold or given away?• Does the applicant have a special savings account or a Christmas Club?• Does the applicant's name appear on any account which the applicant considers to belong to someone else?• Does the applicant have money set aside money for emergencies? If so, how much? <p>Step Two: Obtain Verification of Accounts</p> <p>If a financial institution is identified through questioning, verify accounts by using the client's records or DOM-330, Request for Financial Information.</p>

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CHECKING/SAVINGS ACCOUNTS (Continued)

303.01.02A JOINT CHECKING/SAVINGS ACCOUNTS

Except for account ownership, all instructions in 303.01.02 apply to joint bank accounts. The information in this section pertains only to ownership of joint bank accounts.

303.01.02A1 OWNERSHIP ASSUMPTIONS FOR JOINT ACCOUNTS

Assume ownership as follows when the client has unrestricted access to the account:

Ownership When Medicaid Client is Joint Owner with an Ineligible Individual(s)

Count the total value of the account when the Medicaid applicant/recipient holds funds jointly with an ineligible individual(s), regardless of the source of the funds.

Ownership When More Than One Medicaid Client is an Account Holder

Count an equal share of the account if two or more Medicaid applicants/recipients are holders of the same joint account, regardless of the source of the funds. If the account is also jointly-held with ineligible individuals, do not allow a share of the funds to ineligible individuals.

Deemors

If one or more account holders is a deemor and none of the account holders is a client, assume all of the funds in the account belong to the deemor or in equal shares if more than one deemor.

Explanations to Client

Individuals with joint bank accounts should be informed of:

- The applicable assumption of ownership;
- The right to provide evidence rebutting the ownership assumption, if he or she disagrees with it.

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303.01.02B **REBUTTAL OF JOINT CHECKING/SAVINGS ACCOUNTS**

An applicant or recipient may rebut ownership of part or all of the funds in a jointly-held account. The client is responsible for providing verification to support this claim.

Rebuttal Procedures

If an applicant or recipient wishes to rebut the applicable ownership assumption, the client and each joint owner must submit corroborating statements and necessary verification to document the following for the months for which ownership is an issue:

NOTE: If the only other account holder is incompetent or a minor, obtain a corroborating statement from anyone aware of the circumstances surrounding establishment of the account.

- Bank name, account number, names of account holders
- Ownership of the funds, including amounts if partial ownership is claimed
- Reasons for establishing a joint account
- Who has made deposits to and withdrawals from the account
- Verification of the deposits, withdrawals and interest, e.g., pay stub, award letter, cancelled checks, account records, etc.
- How the withdrawals have been spent
- If the client owns none of the funds, evidence showing that he/she can no longer withdraw funds from the account
- If the client owns only a portion of the funds, evidence showing removal of the client's funds from the account or removal of the funds owned by the other account holder(s) and redesignation of the account

Document the determination in the record.

- Any funds that the evidence establishes were owned by the other account holder(s), and that the client can no longer withdraw from the account, were not and are not the client's resources. That is, rebuttal is both retrospective and prospective. However, these funds can be deemed to be available to the client if the account holder to whom the funds belong is a deemor.

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303.01.03 **FUNDS HELD IN ANOTHER INDIVIDUAL'S ACCOUNT**

Count the value of funds deposited or held for an applicant/recipient in an account that does not have the client's name on it if:

- The holder(s) of the account agrees that the funds on deposit, or a portion thereof, belong to the applicant/recipient, and
- The funds are available to the client.

If some or all of the funds are acknowledged as belonging to the client and are available, the account is treated as a countable resource to the extent the funds belong to the client.

Documentation will include written statements from the client and the holder(s) of the account.

NOTE: Entitlement income deposited into an account which is not owned by the client does not alter the fact that the income belongs to the client and is used to determine eligibility and Medicaid Income (if applicable).

In addition, funds belonging to the client (including non-entitlement income) deposited into another person's account and not accessible to the client are subject to a transfer penalty, if applicable. A transfer may exist even if the funds are not acknowledged as belonging to the client when evidence indicates the client's funds are deposited and retained in the account.

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303.01.04 **TIME DEPOSITS**

A time deposit is a contract between an individual and a financial institution whereby the individual agrees to leave funds on deposit for a specified period of time (six months, two years, five years, etc.) and the financial institution agrees to pay interest at a specified rate for that period. Certificates of Deposit and savings certificates are common forms of time deposits.

NOTE: The assumptions regarding ownership of bank accounts, discussed in the previous section, also apply to time deposits.

Early Withdrawal

Withdrawal of a time deposit before the specified period expires incurs a penalty which is usually imposed against the principal. The penalty does not prevent the time deposit from being a resource, but it does reduce its value as a resource.

Treatment
<p>The resource value of a time deposit at any given time is the amount the owner would receive upon withdrawing it at that time, excluding interest paid that month. Generally this is:</p> <ul style="list-style-type: none">• Amount originally deposited• Plus accrued interest for all but the current month and• Minus any penalty for early withdrawal

Early Withdrawal Prohibited

On rare occasions, the terms of a time deposit may prohibit early withdrawal altogether. When early withdrawal is prohibited, handle principal and interest as follows:

Treatment
<p>Principal - If the owner of a time deposit cannot under any circumstances withdraw the principal before it matures, the principal is not a resource. It becomes a resource (not income) on the date it matures and may affect countable resources for the following month.</p> <p>Interest – If the owner has no access to the interest before the deposit matures, accrued interest is also not a resource. Do not count the interest as income in the month the deposit matures, but as a resource the month after maturity.</p>

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303.01.05 **CONSERVATOR ACCOUNTS**

The term “conservatorship account” refers to a financial account in which a person or institution has been appointed by a court to manage and preserve the assets of an individual which are held in the account.

Treatment
<p>Absent evidence to the contrary, the funds are available for the individual’s support and maintenance and are countable as that person’s resource. For verification of the account, refer to the court order establishing it.</p> <p>NOTE: The fact that an individual has to petition the court for withdrawal of funds does not mean the funds may be assumed to be unavailable.</p> <p>The denial of a request for withdrawal of funds by the court does not necessarily mean the funds in the account are unavailable for the individual’s support or maintenance.</p> <p>A history of the petitions for and approvals and denials of funds may reveal the court approves petitions to withdraw funds to provide maintenance and support and only denies non-essential items or that the court’s denial of a request is the exception rather than the rule. In either instance, the funds are considered an available resource.</p>

303.01.06 **PATIENT ACCOUNTS**

A nursing home patient account is a financial account set up by the nursing home for the convenience of the patient. These accounts are similar to a checking and/or savings account. The facility holds funds belonging to the patient for the patient’s use. For Medicaid purposes, a patient account is treated in the same manner as a checking or savings account.

303.01.07 **CHARITABLE FUNDS BANK ACCOUNTS**

Count the value of funds in an account set up to receive and hold charitable contributions (fundraisers) if the name of the applicant/recipient is on the account and the funds are available to the applicant/recipient for support and maintenance.

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303.01.08 **CONTENTS OF SAFETY DEPOSIT BOX**

Some or all of the contents of a safety deposit box may be countable as resources.

Procedure
<p>Determine if the applicant/recipient has a safety deposit box.</p> <p>To verify the contents of a safety deposit box, obtain a signed statement from the applicant/recipient, spouse or authorized representative listing the contents of the box.</p> <p>If the client reports potentially countable resources, apply appropriate policy based on the type of resource reported (stock certificates, coins, jewelry, life insurance policies, etc.) to verify and value the resource.</p> <p>If the client reports possessions stored in another person's' safety deposit box, determine whether the client has access to the safe deposit box by obtaining a statement from the owner of whether or not the client is allowed access to the belongings stored in the safety deposit box. If so, handle as discussed above.</p>

303.01.09 **NON-HOME REAL PROPERTY**

This is land and any permanent buildings/immovable objects attached to it that are not considered a principal place of residence.

Treatment
<ul style="list-style-type: none">• Generally, this type of property is a countable resource.• An exclusion may be developed if there is a bona fide effort to sell.• Refer to procedures in following sections to verify ownership and valuation of the property: Section 301.07.07, Evidence of Real Property Ownership, and Section 301.07.08, Verifying Current Market Value.• Determine equity value (CMV – payoff on any legal debt = EV). If jointly-owned, count the individual's share.

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303.01.10 **529 PLAN**

This is a state-sponsored investment program. Parents may fund these accounts to pay for a child's college education.

Treatment
<ul style="list-style-type: none">• Parents are owners and the account is considered a resource.• Withdrawal for reasons other than to pay for qualified college education is subject to income tax and an additional 10% penalty.• Account statements may be used to verify ownership and value.

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303.02 **STOCKS**

The following guidelines refer to all stocks, including preferred stock, warrants and rights, and options to purchase stock.

Treatment
<ul style="list-style-type: none">• Shares of stock represent ownership in a business corporation.• The value of a share of stock shifts with demand and may fluctuate widely.• Absent evidence to the contrary, assume each owner of a stock owns an equal share of stock and can sell the stock at will, at current value• Broker fees do not reduce the value that stocks have as a resource <p><u>Verification of Stock Ownership</u></p> <p>Verify ownership using the stock certificate or most recent account statement (including dividend account) from the brokerage firm that issued or is holding the stock.</p> <p>If the individual does not have this information, have them obtain a statement from the brokerage firm. Provide assistance as needed.</p> <p><u>Valuation of Publicly Traded Stocks</u></p> <p>For publicly traded stocks, the CMV of a stock is its closing price on the last business day of the preceding month.</p> <p>The values of over-the-counter stock are shown on a “bid” and “asked” basis. For example, “18 bid, 19 asked”. Use the bid price as the stock’s CMV.</p> <p>On any given day the closing price of the stock can usually be found in the next day’s regular or financial newspaper or it can be obtained from the internet. If the closing price is unavailable through these means, as a last resort, contact a local securities firm. Document the closing price and source of information in the case record.</p> <p>NOTE: The “par” or “stated value” shown on some stock certificates is not the market value of the stock.</p>

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STOCKS (Continued)

Treatment
<p><u>Valuation of Stock that is not Publicly Traded</u></p> <p>The stock of some corporations is held within close groups and traded very infrequently. The sale of such stock is handled privately and subject to restrictions. Therefore, for stock that is not publically traded, the burden of proof to establish the value is on the individual since sale of such stock is handled privately and subject to restrictions.</p> <p>The preferred evidence is a letter or other written statement from the firm's accountants giving their best estimate of the stock's value and the basis for the estimate, e.g., most recent sale, most recent offer from outsiders, CMV of assets less debts on them, cessation of activity and sale of assets, bankruptcy, etc. Keep the statement or a copy of it in the file.</p>

Description of Stocks

Common Stock - Common stock is usually held in the form of a certificate registered in the owner's name. Dividends usually are paid quarterly and may vary with company earnings.

- "Listed" stocks are those listed on the NYSE, AMEX, or on one of the regional exchanges such as Boston, Philadelphia or Chicago.
- Over-the-Counter (OTC) stocks which include "penny" stocks are not listed on the major exchanges. They usually are reported in the National Association of Security Dealers Automated Quotations (NASDAQ) system.

Preferred Stock- Preferred stock receives preference with respect to dividends and, in case of bankruptcy, the distribution of assets. Preferred stock dividends:

- Are paid at a fixed rate
- Must be paid before common stock dividends can be paid, and
- Must be made up later, when not paid timely, whereas common stock dividends may be skipped.

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STOCKS (Continued)

Reading Stock Quotations

Stock tables vary little from publication to publication. The following quote is typical, showing right to left:

- The standard abbreviation of the name of the company (Philadelphia Electric in this case), followed by “pf” for preferred stock on the second line;
- The dividend amount
- The price-to-earnings ratio;
- Sales volume in thousands;
- The day’s high, low and closing prices ($22 \frac{3}{4} = \$22.75$); and
- The change in price from the previous day.

NAME	DIV	PE	SALES	HIGH	LOW	LAST	CHG
Phil El	2.20	9	4323	$22 \frac{7}{8}$	$22 \frac{5}{8}$	$22 \frac{3}{4}$	-1/8
Phil E pf	4.30	-	50	$42 \frac{3}{4}$	$42 \frac{3}{4}$	$42 \frac{3}{4}$	-

Description of Options

Option - An option is the right to sell something at a specified price by a specified date. The “something” is usually stock, but there are options on interest rates, stock market indexes, commodity futures and other items as well. An option to sell is called a “put”. An option to buy is a “call”. The value of an option depends on:

- The length of the contract (usually 3, 6, or 9 months);
- The difference between the CMV of the item and price at which the put permits it to be sold or the call permits it to be bought;
- The volatility of the item (how much the CMV is expected to fluctuate).

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STOCKS (Continued)

Buying and Selling Options

Options can be sold through a broker. If the CMV of an item goes up in relation to a call price, the value of the option increases. If it goes down, the value of the option decreases. The reverse is true for a put.

Reading Option Quotations

There are several exchanges across the country that list option prices for about 300 stocks: the Chicago Board of Options (CBOE), AMEX, the Philadelphia Stock Exchange and the Pacific Stock Exchange. Transactions on these exchanges are listed in financial publications and many newspapers.

Although a stock option contract controls 100 shares of stock, options are quoted on the price per share. If a contract sells for \$300, the cost per share is \$3. Options come due and are quoted for each January, April, July and October. The following example is a typical options quotation and shows from left to right:

- The name of the stock (Tandy), the expiration month (April) and per-share price of the option (\$30 for a put option on line 2);
- The number of contracts sold (996 on line 2);
- The high, low and closing prices for a contract (\$56, \$25, \$37.50, respectively, on line 2);
- The net change in the value of the contract (\$6.25 on line 2).

Name							Net Change
Expiration							
Date and Price			Week's				
			Sales	High	Low	Last	
Tandy	Apr	30	1317	4 ¾	2 ¾	3 1/8	-1/8
	Apr	30p	996	9/16	¼	3/8	-1/16

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303.03 **MUTUAL FUND SHARES**

A mutual fund is a company whose primary business is buying and selling securities and other investments. Types of mutual funds include growth funds, income funds, balance funds, municipal bonds, money market funds, load funds, no load funds.

Treatment
<ul style="list-style-type: none">• Shares in a mutual fund represent ownership in the investments held by the fund.• The investments may be pooled assets (such as stocks or bonds, managed by an investment company).• A mutual fund share represents ownership interest in this pool as opposed to a specific stock.• The development guidelines for stocks also apply to mutual fund shares. Many newspapers contain a separate table showing the values of funds not traded on an exchange.

Description of Mutual Funds

Growth Funds - Growth Funds are also known as performance funds and hedge funds. The primary object of these funds is aggressive, long-term growth of investment rather than current income. Dividends typically are low.

Income Funds - The objective of these funds is current income through high dividends and interest as opposed to capital gains.

Balanced Funds - The objective of these funds is a balance of growth and income.

Municipal Bond Fund - The fund invests in tax-exempt bonds and the interest is passed along to holders on a tax-exempt basis.

Money Market Funds - The fund invests in conservative vehicles such as T-Bills and bank certificates. The minimum investment is usually \$1000, but may be less. Income may fluctuate daily based on interest rates. Money market funds often have a check-writing feature.

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MUTUAL FUND SHARES (Continued)

Buying and Selling Mutual Funds

“Load” funds are sold through a broker who collects a commission. “No-Load” funds usually are purchased directly from the fund with no commission and often are advertised in newspapers or magazines.

Reading Mutual Fund Quotations

The format of the following table is typical of those shown in newspapers and financial publications, showing from left to right:

- The names of the funds available for each management group (in this case, four funds managed by the Fund Founders Group):
- The high and low values for the preceding 52-week period;
- The most recent closing price;
- The change over the previous week; and
- The fund’s income and capital gains totals for the previous 12 months.

Fund Founders	52 Weeks		Week’s		Capital	
Group	H	L	Close	Change	Income*	Gains
Growth n.	8.77	6.28	6.37	-0.08	0.157	2.505
Income n.	15.18	13.72	13.87	+0.01	1.273	0.232
Mutual	11.56	9.74	9.98	-0.07	0.426	0.706
Special n.	37.11	22.88	23.54	-0.13	1.900	1.395
N = no load						
*= last 12 months						

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303.04 US SAVINGS BONDS

A US Savings Bond:

- Is an obligation of the federal government,
- Is not transferable,
- Can only be sold back to the federal government.

Treatment
<ul style="list-style-type: none">• Savings Bonds are issued as traditional paper bonds or as book-entry Securities. Book-entry securities (also called savings security instruments or electronic savings bonds) are sold online by the US Treasury Department.• The individual in whose name a US Savings Bond is registered owns it. The owner may name a beneficiary of the bond, but retains sole ownership rights throughout his lifetime. Upon death of the owner, the beneficiary then becomes the new owner.• Paper bonds may have co-owners. Each individual owns equal shares of the redemption value of the bond.• Some electronic bonds called "with" bonds may have the owner listed with one additional person. The additional person listed has authority to cash the bond, but has no ownership rights.• Ownership of a paper bond is noted on the front of the bond and can be verified by viewing the bond itself. View all paper bonds and retain a copy for the record. Ownership of electronic bonds is maintained by the Treasury Department and verification is obtained by the owner by downloading a record of the holdings from the Treasury Department.• Physical possession of a paper bond is required to redeem it. If a person other than the client/spouse will not relinquish possession of a bond, it is not an available resource. NOTE: A transfer of assets may exist unless a successful rebuttal of ownership is offered.• Physical possession does not apply to electronic bonds.

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US SAVINGS BONDS (Continued)

Treatment
<ul style="list-style-type: none">• US Savings Bonds are subject to a mandatory retention period before they can be redeemed. During the mandatory retention period, the bond is not a resource. Retention periods for paper and electronic bonds are:<ul style="list-style-type: none">○ Series E, EE and I bonds issued prior to 2/1/03 for the first 6 months○ Series EE and I bonds issued on or after 2/1/03 for the first 12 months;○ Series H and HH bonds for the first 6 months regardless of the issue date.• To determine the value of Series E, EE and I paper bonds:<ul style="list-style-type: none">○ Use the Savings Bond Calculator at the address shown below or http://www.treasurydirect.gov/indiv/tools/tools_savingsbondcalc.htm○ Use a current copy of the Table of Redemption Values for US Savings Bonds or○ As a last alternative, obtain the value by telephone from a local bank and document the contact.• To determine the value of E, EE or I electronic bonds, ask the client to provide a copy of his "Current Holdings" list, which can be downloaded from the Treasury Direct website: http://www.savingsbonds.gov/. Electronic bonds have no set denominations and can be purchased in any amounts from \$25 to \$30,000 so the face value cannot be determined the same as paper bonds. If the client alleges the Current Holdings cannot be obtained because the password or account number has been lost, he must contact the Treasury Department to retrieve them.• Series E, EE, and I bonds accrue interest which is added to the redemption value of the bonds. Owners of these bonds do not receive interest payments.• Series H and HH bonds are only issued as paper bonds. They are issued at their face value and do not increase in value. Interest is paid to the owner every six months. The cash value is the bond's face value and is obtained from the bond itself. Retain a copy of the bond in the record.

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303.05 **MUNICIPAL, CORPORATE AND GOVERNMENT BONDS**

A bond is a written obligation from a state or locality (municipal bond), a private corporation (corporate bond) or the federal government (government bond) to pay a sum of money at a specified future date.

Treatment
<ul style="list-style-type: none">• These bonds are negotiable and transferable.• Their value as a resource is their CMV. Their redemption value, available only at maturity, is immaterial. <p>Obtain a copy of the bond and verify the value with the bond issuer.</p>

303.05.01 **CORPORATE BONDS**

Corporate bonds are the obligation of a private corporation. Corporations sell bonds to raise capital. There are two type of corporate bonds:

- **Debentures** are backed by the issuer's full faith and credit
- **Mortgage-Backed** bonds are backed by a lien on the company's assets

Corporate bonds are issued in two forms:

- **Registered** bonds pay interest to their registered owner
- **Bearer or coupon** bond pay interest to whomever holds the bond

Convertible Bonds - These bonds are debentures that can be exchanged for a specified number of shares of a company's common stock.

Junk Bonds – These are high risk bonds.

UIT (Unit Investment Trust) – A UIT is a package of bonds in a portfolio. One can buy shares of the package for \$1 to \$1000 per share with a minimum investment of \$750 to \$5000 depending on the trust. The interest rate is usually fixed at purchase and does not change. Units usually are sold or redeemed through the trust sponsor.

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MUNICIPAL, CORPORATE AND GOVERNMENT BONDS (Continued)

Zero Coupon Bonds – These bonds are usually issued by corporations. They do not pay current interest; accrued interest is paid at maturity. The US government does not issue zero coupon bonds directly. However, see TIGER and CATS (US Securities) discussed below.

Interest

Corporate bonds usually pay a fixed rate of interest for a fixed period of time – annually, semi-annually or quarterly.

303.05.02 MUNICIPAL BONDS

Municipal bonds are to city, county and state governments what corporate bonds are to corporations. They are exempt from federal taxes and often are exempt from state and local taxes as well. Most municipal bonds are of two types:

- **General Obligation Bonds** are backed by the full faith and credit of the issuing municipality and supported by the taxing power; and
- **Revenue Bonds** are backed by the project being financed and the revenue or user fees it generates.

Other types of municipals are limited-tax bonds, anticipation notes, industrial development bonds and life-care bonds.

303.05.03 GOVERNMENT BONDS/US SECURITIES

A government bond, distinct from a US Savings Bond, is a transferable obligation issued or backed by the federal government. Examples are:

- **Treasury Bills** are short-term obligations that require a minimum investment of \$10,000. Certificates are not issued for T-Bills; they are registered in book form at the Treasury Department and receipts are provided as proof of purchase. T-Bills can be sold before maturity.
- **Treasury Notes and Bonds** are similar to T-Bills but they have longer maturities and lower minimum investment requirements. They have been registered in book form since July 1986, but were sometimes issued as bearer bonds before then.

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GOVERNMENT BONDS/US SECURITIES(Continued)

- **TIGER (Treasury Investors Growth Receipt) and CATS (Certificate of Accrual on Treasury Securities)** are government securities issued with a zero coupon concept. The broker removes the interest coupons from the security and sells it at a big discount with a long maturity. Accrued interest is then paid at maturity. These bonds can be sold before maturity.
- **Federal Agency Securities** - Some Federal Agencies have charters to issue securities. Minimum investments range from \$1,000 to \$25,000. Some of these federal agencies are:
 - The Federal Home Loan Bank Board,
 - Federal Home Loan Mortgage Corporation (FREDDIE MAC),
 - The Export-Import Bank and
 - The Government National Mortgage Association (GINNIE MAE).

Buying and Selling Bonds

Bonds are usually bought and sold through brokers, securities dealers or other investors. They may sell for more or less than their face value or purchase price, depending on a variety of factors.

Reading Bond Quotations

The following is a typical bond quotation, showing from right to left:

- The name of the issuer (AT&T)
- The bond's nominal or coupon rate (3.78%)
- The last two digits of the year in which the bond matures (1990);
- The current yield (5.6%);
- The number of bonds traded during the year (54,000);
- The highest, lowest and last price of the bond for the period covered by the quotation (bond prices are quoted on a par of 100, so the last price of 69¾ equals \$692.50);
- The net change in the bond price.

ISSUE	CURRENT YIELD	SALES 1000'S	HIGH	LOW	CLOSE	CHANGE
ATT 3 7/8, 90	5.6	54	69 ¾	69 ¼	69 ¾	-3/8

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MUNICIPAL, CORPORATE AND GOVERNMENT BONDS (Continued)

Treatment
<p>The government securities discussed above are countable resources.</p> <ul style="list-style-type: none">• To verify ownership, view and copy the receipt of purchase.• Obtain the value from the issuer.

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303.06 CASH TO PURCHASE MEDICAL OR SOCIAL SERVICES

An individual cannot always disburse cash given to him/her to purchase medical or social services in the month of receipt. To permit use of the funds as intended, it is reasonable to assume, for a limited time, that the individual will use them to pay for approved services and, therefore, that they are not available for support and maintenance.

A cash payment for medical or social services that is not income also is not a resource for the month following month of receipt.

Exception: Even though it is not income, cash received as repayment for bills an individual has already paid is a resource and if retained, is counted the month after receipt.

303.07 RETROACTIVE IN-HOME SUPPORTIVE SERVICES

In limited circumstances, governmental programs will pay a spouse or parent to provide a disabled spouse or child with certain in-home supportive (attendant, homemaker) services (IHSS). IHSS payments are income when received by the ineligible spouse or parent, but are not included as income for deeming purposes. In addition, a period of time is allowed during which retroactive IHSS payments are not considered resources.

A payment is considered retroactive if the payment is made after the month it was due. An IHSS retroactive payment is excluded as a resource the month of receipt and the calendar month after receipt. Beginning the second calendar month after receipt, it is a resource and subject to resources deeming. If the retroactive IHSS payment includes interest, the interest is treated in the same manner as described above.

If payment is made in the month due, but following the month services were rendered, the payment is not retroactive.

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303.08 UNIFORM GIFTS TO MINORS ACT

Most states have adopted the Uniform Gifts to Minors Act (UGMA) that permits making gifts that are tax free to minors. The UGMA is sometimes called the Uniform Transfers to Minors Act.

Under the UGMA legislation:

- An individual (donor) makes an irrevocable gift of money or other property to a minor (the donee);
- The gift plus any earnings it generates is under the control of a custodian until the donee reaches the age of majority established by state law;
- The custodian has discretion to provide to the minor or spend for the minor's support, maintenance, benefit or education as much of the assets as he/she deems equitable; and
- The donee automatically receives control of the assets when he/she reaches the age of majority established by state law (age 21 in Mississippi).

303.08.01 CUSTODIAN

A custodian of UGMA assets cannot legally use any of the funds for his/her own personal benefit. Therefore,

- The assets are not the custodian's resources.
- Additions to, or earnings on the principal are not income to the custodian who has no right to use them for his/her own support and maintenance.

303.08.02 DONOR

Additions to principal may be income to the donor before becoming part of the UGMA principal.

Example: If the donor is a deemor who receives rental income and adds it to a child's UGMA funds, consider the rental income as income for deeming purposes.

Gifts made under the UGMA may involve a countable transfer of resources to the donor, if applicable.

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UNIFORM GIFTS TO MINORS ACT (Continued)

303.08.03 MINOR DONEE

What IS Income to the Minor?

- Custodian's disbursements to the minor
- Disbursements on behalf of the minor used to make certain third party vendor payments

What is NOT Income to the Minor?

- The UGMA property
- Any additions or earnings

303.08.04 DONEE AT AGE 21

- All UGMA property will become available to him/her
- All funds in the UGMA will count as income the month the minor reaches age 21 and a resource thereafter

303.08.05 CREATION AND TRANSFER OF "CUSTODIAL" PROPERTY IN MS

According to Mississippi state law, gifts that are valid under the Mississippi Uniform Transfer to Minors Act must reflect that the gift is being made under this Act. This means the gift(s), e.g., annuity, CD, property, life insurance, etc., must be assigned in writing and substantially worded to show the custodian's name, minor's name and the designation that the gift is authorized under the Uniform Transfer to Minors Act (in Mississippi, MS Code Ann., Section 91-20-19).

Verification

- A copy of the document of ownership assigned in writing and complying with the requirements of state law discussed above.
- If there is no document designating a UGMA transfer, treat as though there is no UGMA.

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303.09 ENTRANCE FEES TO A CONTINUING CARE RETIREMENT COMMUNITY (CCRC)

Continuing Care Retirement Communities (CCRC) or life care communities provide a range of living arrangements, from independent living through skilled nursing care. Some CCRC's include Medicaid certified Nursing Facilities (NF) and others do not participate in Medicaid. However, there are instances where a CCRC may not include a Medicaid NF but a CCRC resident enters a Medicaid NF either because there are no available beds in the CCRC nursing facility or the CCRC nursing facility is unable to provide the level of care needed by the resident. In any instance where a CCRC resident enters a Medicaid certified NF, either on the grounds of the CCRC or separate from the CCRC, apply the following rules regarding entrance fees to the CCRC as a potential countable resource to the applicant applying for long term care in a Medicaid NF.

Frequently, an individual or couple must pay a substantial entrance fee (or deposit) and sign detailed contracts before moving into a CCRC. The entrance fee or deposit paid to a CCRC is treated as a resource under certain circumstances for the purpose of determining Medicaid eligibility for long term care in a Medicaid NF. Contact with CCRC and/or review of the entrance contract is needed to verify the amount of the entrance fee and the terms of the entrance contract.

303.09.01 SPOUSAL IMPOVERISHMENT RULES APPLY

If only one member of a couple living in a CCRC enters a Medicaid NF, apply Spousal Impoverishment rules and allow any potential resource allocation to the Community Spouse prior to determining the entrance fee or a portion thereof to belong to the Institutionalized Spouse.

303.09.02 NON REFUNDABLE ENTRANCE FEE

If an entrance fee to a CCRC is nonrefundable, as evidenced by the contract or a statement from the CCRC, the entrance fee or deposit is not a countable resource.

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ENTRANCE FEES TO A CONTINUING CARE RETIREMENT COMMUNITY (CCRC)

(Continued)

303.09.03 REFUNDABLE ENTRANCE FEE

If an entrance fee is refundable, count the portion of the fee that can be refunded as a resource. Count the entire amount of the entrance fee for an applicant of long term care in a nursing facility when all of the following conditions are met:

- The entrance fee or deposit can be used to pay for care under the terms of the entrance contract, either in portion or full lump-sum refunds, should other resources of the individual be insufficient. If the “potential” to get the refund or portions of the refund exists, then this condition is met.
- The entrance fee or remaining portion is refundable when the individual dies or terminates the contract and leaves the CCRC. This condition is met as long as the CCRC resident applying for Medicaid in a NF “could” receive a refund if the contract was terminated or the resident died.
- The entrance fee does not confer an ownership interest in the CCRC. Ownership would result in all or part of the entrance fee being used to purchase rather than rent a living unit in the CCRC. If the entrance fee does not indicate that the CCRC resident is “purchasing” a living unit, then this condition is met.