

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

308.01.02 ENCUMBRANCE OF A LIQUID RESOURCE (LIBERALIZED POLICY)

Under liberalized resource policy, an encumbrance may occur when the applicant/recipient has alleged a check has been written from a bank account, and it has not yet cleared the bank.

Procedure

Alleged Check has not Cleared the Bank

If the individual has alleged a check has been written from a bank account and it has not cleared, the specialist must

- Examine evidence that the check was written, therefore legally obligating the funds from the bank account.

Verification must be obtained before allowing a reduced equity value of the bank account. Once verification is received, the equity value of the bank account can be established by deducting the amount of the check written.

Verifications needed:

- Paid receipt, cancelled check, etc.

Example: Mr. Jon Doe applied for Medicaid on January 4. As of January 31, Mr. Doe's bank statement shows a checking account balance of \$2,350, which combined with other countable resources, exceeds \$4000. Mr. Doe alleges that the balance includes his rent check of \$500 which he wrote and gave to the landlord on January 22, but his landlord has not yet cashed the check.

The specialist examines Mr. Doe's check register and finds an annotation for check number 1345 written on January 22 for \$500. Since there is evidence Mr. Doe has written the check from the account, the specialist can deduct the amount of the uncashed check since it is an encumbrance.

In determining equity value of the bank account, the encumbrance of \$500 is deducted from the \$2,350 in the bank account. Eligibility can be established for Mr. Doe for January if he is otherwise eligible.