

0340**EVALUATION OF RESOURCES****0340.05****EVALUATION OF REAL PROPERTY**

REV:07/1994

Real property is land, including houses or objects permanently attached to the land. The equity value of any non-excluded real property owned by the family must be counted toward the \$1,000 Categorically Needy or \$4,000 Medically Needy resource limit.

In determining the value of the resource, equity value is defined as the Current Fair Market Value (CFMV) minus encumbrances.

Evidence of ownership includes the deed, current mortgage statement, assessment notice, the recent tax bill, or a report of title search. If not available, the eligibility technician must obtain the information from the Recorder of Deeds, by telephone or other means.

The Regional Manager is available to the supervisor for consultation in assessing the value of property if the value is questionable in relation to the appropriate resource limit.

0340.10**EVALUAT OF PERSONAL PROPERTY**

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Personal property in a broad sense is everything that is subject to ownership that is not real property. Personal property includes liquid resources.

Liquid resources are those properties in the form of cash or other financial instruments which are convertible to cash and include savings accounts, checking accounts, stocks, bonds, mutual fund shares, time deposits shares, money market certificates, promissory notes, mortgages, cash value of insurance policies and similar properties.

The value of any liquid resources must be counted toward the \$1,000 Categorically Needy or \$4,000 Medically Needy resource limit.

0340.10.05**Life Insurance**

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In determining eligibility as Categorically Needy, the cash surrender value of all life insurance policies of the assistance

unit is counted toward the \$1,000 resource limit. Each assistance unit may retain insurance where the total cash surrender value of all the policies, when combined with all other countable resources, does not exceed \$1,000.

Medically Needy resource limits allow up to \$4,000 cash surrender value in life insurance policies for each adult, and up to \$1,500 cash surrender value in life insurance policies for each dependent child under 18.

Term insurance and group insurance have no cash surrender provisions and are, therefore, not counted as resources.

Procedures to determine eligibility include the following:

- o Determine the cash value of each policy that has a cash surrender provision;
- o If the total cash surrender value is under the \$1,000 limit, this amount must be added to all other countable resources to determine whether the total resources are within the \$1,000 limit;
- o If the total cash surrender value, when added, exceeds the \$1,000 limit, the applicant does not meet Categorically Needy eligibility and eligibility under the Medically Needy limit should be determined.
- o If the total cash surrender value, when added, exceeds \$4,000 for an adult or \$1,500 for a dependent child under 18, the applicant is ineligible for Medically Needy MA.

The specific information required on the insurance policies is identified on the Statement of Need for each member in the family.

The information is obtained from the applicant or recipient by examining the insurance policies or premium books. The insurance information is reviewed and the value updated for purposes of continuing eligibility at each redetermination. If insurance coverage changes by adjustment, termination or purchase, the Statement of Need is updated.

Life insurance held on any or all assistance unit members by an individual outside the assistance unit shall not be counted as a resource.

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Medical Insurance

If a family has any medical insurance, such as Blue Cross/Blue Shield, Major Medical, Federal Medicare (Part A, Part B), Harvard Community Health Plan, Ocean State, Delta Dental or other medical insurance, this is identified as a resource for medical payment on the DHS-2 and on the InRHODES Insurance (INSU) panel. The insurance information is transferred from InRHODES to the MMIS at eligibility approval and with each change.

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Automobiles

Automobile means a passenger car or other motor vehicle used to provide transportation of persons or goods.

In determining eligibility, one automobile, valued at \$1,500 or less, is excluded. However, the equity value over \$1,500 of the one excluded automobile and any other automobile(s) owned by the assistance unit must be added to the value of all other resources owned by the assistance unit, and counted toward the \$1,000 resource limit for Categorically Needy eligibility or the appropriate resource limit for Medically Needy eligibility.

Equity value is the wholesale/average trade-in value of the automobile less the amount of total encumbrances (legal debts).

- o To assess the equity value of an automobile, the eligibility technician determines the wholesale/average trade-in value of the car (truck, van, motorcycle), as listed in the Used Car Guide Book (NADA "Blue Book") minus any encumbrances.

Encumbrances are verified from documents submitted by the applicant/recipient or from contact with collateral sources. (If a motor vehicle is specially equipped with apparatus for the handicapped, the value of the apparatus is excluded from the assessment in applying the resource policy);

- o If the automobile is not listed in the Blue Book, or the recipient disputes the value as stated because of physical damage, the appraisal of a registered automobile dealer is accepted as evidence of the average trade in/wholesale value.

Assistance Unit With One Automobile

For assistance units with one automobile, the first \$1,500 of the automobile's equity value is excluded. If the automobile's equity value is \$1,500 or less, then no further determination is needed.

The equity value in excess of \$1,500 is counted toward the Categorically Needy or Medically Needy resource limit.

Assistance Unit With Two or More Automobiles

For assistance units with two or more automobiles, exclude up to the first \$1,500 of equity value from the first automobile. The recipient/applicant can choose which automobile is to be excluded.

Count the amount of equity value in excess of \$1,500 of the first automobile plus the total equity value of all other automobiles owned by the assistance unit toward the Categorically Needy or Medically Needy resource limit.

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Non-Essential Items

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Usually accepted household items are excluded. However, when there is evidence that the applicant possesses household or personal items of unusual or exceptional value, there should be verification of this resource by establishing its fair market price and equity value. Items of unusual value are those not normally used to maintain an adequate standard of comfort and convenience for the household.

The value of recreational boats, art objects or valuable collections of luxury items of unusual value represent resources that must be added to all other total resources to determine whether the resources are within the appropriate limit. It is the current fair market value of the item rather than the item itself that determines the unusual value.

The statement on the DHS-2 (indicating the applicant does not own items of unusual value) referring to other resources owned by the applicant/recipient will be accepted without further development unless there is evidence to the contrary (e.g.,

information from other sources, or answers to other questions on the application that cast doubt on the validity of the response).

If the applicant/recipient owns a valuable resource, then the CFMV must be determined. Any reliable and reasonable method may be used to establish and verify the CFMV, e.g., sales slips, insurance, prior appraisals, or contacts with local merchants.

If the total equity is under the resource limit, this amount must be added to all other countable resources to determine whether the total resources are within the resource limit.

If the total equity exceeds the resource limit, eligibility is not established.