

Health Care Finance and Administration	Section: Financial Eligibility
Policy Manual Number: 010.060	Chapter: Countable and Excluded Resources for Medically Needy Categories

## COUNTABLE AND EXCLUDED RESOURCES FOR MEDICALLY NEEDED CATEGORIES

**Legal Authority:** 42 CFR 435.840; 42 CFR 435.845; 45 CFR 233.20

### 1. Countable Resources

Countable resources are all those available assets whose value is considered in determining resource eligibility. The equity value of all resources (real and personal property) owned by the household are countable unless specifically excluded by regulation.

Count the resources of the following individuals:

- Children under age 21 and pregnant women who apply for assistance; and
- Their Financially Responsible Relatives (FRR), if the relative and child(ren)/pregnant woman are living together at the time.

NOTE: Do not count the resources of a pregnant woman's parents, even if they are living in the same home.

### 2. Definitions

**Resource Characteristic:** A description of a resource's intended use, source or a more specific description of a particular kind of resource. The resource characteristic often determines how to treat the resource, i.e. count or exclude. Not all resource types have a particular resource characteristic. Examples of a resource characteristic include: burial, business or self-employment, personal, and specific types of retirement plans.

**Resource Type:** A liquid or non-liquid asset that an individual owns jointly or individually. The resource type describes the asset itself, and not its intended use, source or other specific features. Examples of a resource type include: checking account, insurance, trusts, and property.

### 3. Resource Characteristics and Types

To determine whether a resource is countable or excluded, factors that must be considered are: the nature of the resource, the date it was created, its intended use and the source of funds used to create the resource.

<b>Annuity</b>	Resource Type	<p><b>1. General Rule</b></p> <p>Annuities are contracts or agreements that, in exchange for a lump sum payment or series of payments, provide for the payment of income at regular intervals (i.e., monthly, quarterly, annually). Annuities establish a source of income for a future period, and are often used in retirement planning.</p> <p>Annuities may be counted as a resource or as unearned income, depending on the circumstances of the annuity. If an annuity is determined to be a countable resource, any</p>
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		<p>payments from the annuity will be excluded as income. If the annuity is an excluded resource, the annuity payments received will be counted as unearned income.</p> <p><b>2. Treatment of Annuities as a Resource</b></p> <p><b>a. Excluded Resource</b></p> <p>Annuities are excluded resources if:</p> <ol style="list-style-type: none"> <li>i. The annuity meets all of the following 5 conditions: <ul style="list-style-type: none"> <li>• The annuity is irrevocable;</li> <li>• The annuity is non-assignable;</li> <li>• The annuity is actuarially sound; and</li> <li>• The payment contract requires periodic payments of equal amounts.</li> </ul> </li> <li>ii. A member of the household owns 100% of the resource and receives periodic payments from the annuity.</li> <li>iii. The annuity is considered an employee retirement annuity.</li> </ol> <p>If an annuity is an excluded resource, payments being received from the annuity may be countable unearned income. See the <i>Medically Needy Income Desk Guide</i>.</p> <p>To determine whether an annuity is actuarially sound, multiply the expected annual payments by remaining period of the annuity. If the period of the annuity is based on an annuitant's lifetime, the annual payments are multiplied by the annuitant's life expectancy, see the <i>SSA Period Life Table</i> desk guide. If the annuity is a "period certain" annuity, annual payments are multiplied by the annuitant's life expectancy or the period certain, whichever is less.</p> <p>If the amount expected to be paid out is equal to or greater than the purchase price of the annuity, the annuity is actuarially sound.</p> <p><b>b. Countable Resource</b></p> <p>An annuity is a countable resource if it does not meet the conditions in Section 2a.</p> <p><b>c. Value of an Annuity</b></p> <p>The countable resource value of an annuity is its</p>
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		<p>FMV. If the applicant is able to provide the FMV of the annuity, verified by 2 credible sources in the legitimate business of selling and purchasing annuities, accept the verified value.</p> <p>If the applicant does not provide two credible statements of FMV, multiply the total annual payment by the period remaining to determine the countable value. Use the calculated value as the resource value. The calculated value of an annuity may be rebutted by providing statements of FMV amounts from 2 credible sources. A letter from the annuity company stating that the annuity has no value is simply a statement of the company's contractual obligations regarding cash value. This is irrelevant to the true market value of the annuity. There is a thriving secondary market for annuities; even non-assignable annuities can be sold.</p>
<b>Business or Self-Employment</b>	Resource Characteristic	<p>Excluded as essential for the production of earned income, either in trade, business or self-employment.</p> <p>Resources may include:</p> <ul style="list-style-type: none"> <li>• Tools/equipment;</li> <li>• Stock or raw materials;</li> <li>• Real property;</li> <li>• Personal property essential for income production;</li> <li>• Office equipment;</li> <li>• Business loans for the purchase of capital assets;</li> <li>• Inventory;</li> <li>• Machinery and equipment;</li> <li>• Business/commercial checking accounts; and</li> <li>• Life insurance.</li> </ul> <p>No exclusions listed in this section will be applied to property a household does not own, including use of such property, except by owners who are members of the household.</p>
<b>Burial</b>	Resource Characteristic	Resources that are maintained for the explicit purpose of paying for costs related to the funeral and burial of a deceased household member are excluded as resources.
<b>Burial Contract</b>	Resource Type	Exclude burial contracts as a resource, whether revocable or irrevocable, for TennCare Medicaid Medically Needy categories. This applies to the applicant, as well as each household member. This does not include pre-paid or pre-need burial agreements.
<b>Burial Plot</b>	Resource	One burial plot for each member of the household is excluded.

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	Type	Burial plots and spaces include burial plots, crypts, mausoleums, urns and other repositories for bodily remains. It also includes vaults, headstones, markers, headstone, containers, and arrangements for opening and closing the gravesite.
<b>Cash</b>	Resource Type	Cash is countable. Cash is money on hand or available in the form of currency or coins. Foreign currency or coins are cash to the extent that they can be exchanged for United States issue.
<b>Certificate of Deposit</b>	Resource Type	<p>Certificates of Deposit (CDs) are countable if held in a personal account. The value of a CD is the net amount that could be received after penalties for early withdrawal, if applicable. Taxes are not deducted in determining net value.</p> <p>Determine the net value of a CD via a detailed breakdown from the institution holding the deposit. The breakdown must include the gross deposit, and identify any and all deductions and penalties that would be deducted from the gross deposit if the funds were withdrawn.</p> <p><i>See the Treatment of Resources: Ownership, Equity Value &amp; Accessibility for Medically Needy policy for treatment of jointly-owned CDs.</i></p>
<b>Checking Account</b>	Resource Type	<p><b>1. Personal Checking Account</b></p> <p>A personal checking account is countable. Determine the countable portion of the account based on ownership.</p> <p><b>a. Single Owner Account</b></p> <p>The countable resource is the portion of the account that is unencumbered as collateral for a loan, exclusive of funds representing current income.</p> <p><b>b. Joint Account</b></p> <p><i>See the Treatment of Resources: Ownership, Equity Value &amp; Accessibility for Medically Needy policy for the treatment of jointly-owned checking accounts.</i></p> <p><b>2. Other Checking Accounts</b></p> <p>A checking account that is used for purposes other than personal use may be excluded on the terms of intended use. Other resource characteristics of a checking account include:</p>

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		<ul style="list-style-type: none"> <li>• Burial</li> <li>• Educational Income</li> <li>• Individual Development Account</li> <li>• Plan for Achieving Self-Support (PASS)</li> <li>• Prorated as Income</li> <li>• Employment Business or Self-Employment</li> <li>• Proceeds from the Sale of a House</li> <li>• Disaster/Settlement</li> <li>• SSI/Social Security Administration (SSA) Retroactive Payment</li> </ul>
<b>Contract for Deed or Mortgage</b>	Resource Type	<p>The value of a contract for deed or mortgage may be a countable asset depending on the circumstances of the loan, including the individual's role as lender or borrower and the accessibility of the asset.</p> <p><b>1. Definition</b></p> <p>A mortgage is a security held by the lender on a particular property for the repayment of debt by the borrower within a particular time period. A contract for deed, land contract, and deed of trust are all mortgages on real property.</p> <p><b>2. Individual is the Lender</b></p> <p><b>a. Countable Value</b></p> <p>When the individual is the lender for a contract for deed, he or she may sell or transfer the instrument to have immediate access to the unpaid loan principal. The value of the resource equity value is a countable asset.</p> <p>Any subsequent payments to the principal made by the debtor after approval are considered a resource because the unpaid loan principal is a resource.</p> <p><b>b. Excluded as a Resource</b></p> <p>The value of the contract may be excluded from countable resources if the individual can demonstrate that the contract cannot be sold without the realization of a net loss.</p> <p>Evaluate the current status of the contract at redetermination. Do not extend benefits pending a demonstration of unsaleability.</p> <p><b>c. Establishing Value</b></p>

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		<p>The amount of the unpaid balance of the property agreement (mortgage, contract for deed, etc.) is the value of the countable asset and must be verified at each application and redetermination.</p> <p><b>3. Individual is the Borrower</b></p> <p>If the individual is the borrower, the property agreement is not a resource. However, the property purchased may be a countable resource following the month of transaction.</p> <p><b>4. Reverse Mortgage</b></p> <p><b>a. Description</b></p> <p>A reverse mortgage is a loan against the equity in an individual's home that provides cash advances but requires no mandatory monthly re-payment during the life of the loan. If the interest is unpaid, it is allowed to accrue against the value of the individual's home.</p> <p>A reverse mortgage is similar to a conventional mortgage because the bank does not own the home but holds a lien on the property. The borrower continues to hold the title to the property. The bank cannot demand payment from any family member if there is not enough equity to cover paying off the loan and there is no penalty for paying off the mortgage early.</p> <p><b>b. Policy Application</b></p> <p>The proceeds received from a reverse mortgage are tax-free and available as a lump sum or fixed monthly payment for as long as the individual lives on the property. The loan is not due and payable until the borrower no longer occupies the home as a principal place of residence. When the owner no longer resides on the property, the balance of the borrowed funds is due and payable. After the amount received is repaid, any additional equity in the property belongs to the owners or their beneficiaries.</p> <p>When an individual has money in a reverse mortgage line of credit, this money does not count as a loan, or as income or a resource for determining TennCare Medicaid eligibility. If the individual transfers the money to an investment or to a bank account, the amount transferred will become a countable resource.</p>
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		<p>In order to qualify for a reverse mortgage, an individual must be at least age 62 and the property must be the borrower's primary residence.</p> <p>When money is received from a reverse mortgage:</p> <ul style="list-style-type: none"> <li>• The money withdrawn is tax-free and can be used for any purpose;</li> <li>• The money can be received as a lump sum, line of credit, a monthly payment or any combination of the 3;</li> <li>• There are no mandatory monthly repayment requirements;</li> <li>• The loan can be repaid anytime without penalty;</li> <li>• The title of the home does not change; and</li> <li>• The lender sets the maximum loan amount.</li> </ul>
<b>Educational Income</b>	Resource Characteristic	<p>Educational income received under Title IV of the Higher Education Act of 1965, such as Pell Grants, Federal Educational Loans and Work-Study Programs, or Bureau of Indian Affairs (BIA) Grants should be excluded as a resource; there is no time limit.</p> <p>Grants (other than Title IV or BIA grants) scholarships, fellowships and gifts intended to pay for tuition, fees or educational expenses are excluded for nine months beginning the month after received.</p>
<b>Farm, Business or other Equipment</b>	Resource Type	<p>The equity value of non-business income producing real property, other than the homestead, is countable. If the property is used for business or self-employment, it is excluded as Business or Self-Employment.</p> <p>Rental property is a common form of income producing property. Rental property is countable if the individual who owns the property is not 'in the business of' renting property. An individual who is 'in the business of renting property is someone who materially participates in the operation and decision making of the rental business for at least 20 hours per week.</p>
<b>Household Goods and Personal Effects</b>	Resource Type	<p><b>1. Definition</b></p> <p>Household goods are items of personal property, found in or near the home, which the individual uses on a regular basis. The individual needs household goods for maintenance, use and occupancy of the premises as a</p>

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		<p>home. Examples of household goods include: furniture, appliances, and electronic equipment.</p> <p>Personal Effects are items of personal property ordinarily worn or carried by the individual, or items that have an intimate relation to the individual. Examples of personal goods include: personal jewelry, personal care items and clothing, pets, educational or recreational items, and items of cultural or religious significance to the individual.</p> <p>Items required because of an individual's physical or mental impairment, such as prosthetic devices or wheelchairs, are also personal effects.</p> <p><b>2. Treatment</b></p> <p>Excluded.</p>
<b>Individual Development Account (IDA)</b>	Resource Characteristic	<p>IDAs may be established by or on behalf of an individual eligible for Families First assistance. An IDA is different from a regular savings account because funds deposited by a participant are matched by a separate entity and there are restrictions on the use of these funds. An IDA will provide an opportunity for a participant to build assets to further support the transition to self-sufficiency.</p> <p>Funds, including accrued interest, in the account are disregarded as a resource as long as the individual complies with the IDA eligibility rules and continues to maintain or make contributions into the account.</p>
<b>Income-Producing</b>	Resource Characteristic	<p>This is a resource characteristic that applies to real property used in a trade or business or non-business income-producing activity. Income producing property is not property that is necessary for self-employment. Income producing property in the Medically Needy categories is countable, if accessible to the individual.</p>
<b>Sick and Disability Insurance</b>	Resource Type	<p>Excluded. Sick and disability insurance primarily provides income to the insured if he or she becomes disabled.</p>
<b>Burial Insurance</b>	Resource Type	<p>Excluded. Burial insurance is a contract whose terms specifically provide that the proceeds can only be used to pay the burial expenses of the insured.</p>
<b>Items of Unusual Value</b>	Resource Type	<p><b>1. Definition</b></p> <p>Items of unusual value are items that an individual</p>

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		<p>acquires or holds because of their value or as an investment. These items may meet the definition of personal effects. Examples of an item of unusual value include: gems, art collections and animals owned for investment purposes.</p> <p>In general, an item may be considered an item of unusual value if the item is not excluded as a household good or personal effect, and the equity value of the item is over \$500.</p> <p><b>2. Treatment</b></p> <p>An item of unusual value that generates income for the individual is a countable resource.</p> <p>Up to \$2,000 of all total personal items of unusual value may be excluded. Amounts exceeding the \$2,000 limit are countable resources.</p>
<b>Life Estates</b>	Resource Type	<p><b>1. General Rule</b></p> <p>A life estate is a property right with a duration limited to the life of the party holding it or to the life of some other party. The holder of a life estate does not have title to the property and cannot sell the property. However, the holder of a life estate can sell his or her interest in the property unless restricted by the terms of the contract, and is entitled to any income from the property. The income is deemed available to the holder, regardless of whether he or she actually receives the income.</p> <p>Upon the death of the owner of a life estate, full title and ownership usually passes to the individual named in the will or deed as entitled to the property.</p> <p>Property in which an individual holds a life estate is subject to the same exclusion rules as property the individual owns by title.</p> <p><b>2. Life Estate Exclusions</b></p> <ul style="list-style-type: none"> <li>• A life estate will be excluded as the home when the property is the individual's principal place of residence.</li> <li>• A life estate will be excluded when it is necessary for the production of earned income. See Business or Self-Employment.</li> </ul>

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		<ul style="list-style-type: none"> <li>The terms of life estate contract prevents the holder from selling his or her interest in the property.</li> </ul> <p><b>Countable Value</b></p> <p>If the life estate is not excluded based on the criteria above, the entire value of the life estate is a countable resource. The life estate value is determined by multiplying the fair market value of the property by the percentage listed in the “Life Estate Interest Table” for the age of the individual on whose lifetime the life estate is based.</p> <p>If more than one person owns the life estate, the value is based on the owner with the longest life expectancy.</p>
<b>Life Insurance</b>	Resource Type	Excluded. Exclude the value of all life insurance policies owned by individuals for each household member. This includes any cash value that the policy may have accumulated.
<b>Livestock</b>	Resource Type	<p>The value of livestock necessary for Business or Self-Employment, as a tool of the trade, or raised for home/personal consumption is an excluded resource. Income received is countable as self-employment income.</p> <p>Livestock that is used as non-business income-producing property is countable, and subject to the policy provided under Income-Producing.</p>
<b>Oil and Mineral Rights</b>	Resource Type	<p>Oil and mineral rights may be included with land ownership or owned separately. If surface rights of the same property are excluded, for example, as a home, so are oil and mineral rights.</p> <p>Obtain verification of oil and/or mineral rights. Acceptable verifications are deeds, lease agreements, titles and homestead documents. If oil and/or mineral rights are producing income under a lease agreement, the owner may be constrained from selling or otherwise disposing of those rights. If the land is already excluded, the oil and/or mineral rights are excluded.</p>
<b>Personal</b>	Resource Characteristic	A personal resource is typically for the use of the individual and his or her family. A personal resource is typically countable, unless excluded based on the terms of the asset.
<b>Personal Consumption</b>	Resource Characteristic	Exclude the equity value of non-business property used to produce goods or services essential to daily activities. Non-business property used for personal consumption can be real or personal property. It produces goods or services essential to

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		<p>daily activities if it is used, for example, to:</p> <ul style="list-style-type: none"> <li>• Grow produce or livestock solely for personal consumption in the individual's household; or</li> <li>• Perform activities essential to the production of food solely for home consumption.</li> </ul> <p>Note: This does not include any vehicle that is used for transportation.</p>
<b>PASS</b>	Resource Characteristic	PASS is an SSI provision to help individuals with disabilities return to work. Any income an SSI recipient places in an approved PASS account is excluded as a resource. The PASS account itself is also excluded. This exclusion expires when the PASS contract expires or ends, or when the individual is no longer an SSI recipient.
<b>Proceeds from the Sale of a Home</b>	Resource Characteristic	The proceeds from the sale of a home are excluded to the extent that the funds are intended to be used to purchase another home subject to the homestead exclusion, and the funds are used for such a purpose within 3 months of the date of receipt of the proceeds.
<b>Promissory Note</b>	Resource Type	<p><b>1. Promissory Note: Personal Use</b></p> <p>A promissory note or other loan given by the household is considered personal property and is countable, unless the note or loan balance is inaccessible. The lender holds legal interest and has the legal ability to make available his or her share in the note or loan. The equity value of the note or loan is countable.</p> <p><b>2. Promissory Note: Other Uses</b></p> <p>Promissory notes that are made for purposes other than personal use are treated according to their intended use. Promissory notes may be used for the following purposes:</p> <ul style="list-style-type: none"> <li>• Burial;</li> <li>• Business or Self-Employment; and</li> <li>• Proceeds from the Sale of a Home.</li> </ul>
<b>Prorated as Income</b>	Resource Characteristic	<p>A resource that has been prorated as income is an excluded resource.</p> <p>Example: Farmer Jones sells his crop in September for \$12,000. The money from the sale is intended to support his family for a year. The \$12,000 is prorated as income, \$1,000 a month. The \$12,000 is excluded as a resource.</p>

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<b>Real Property</b>	Resource Type	<p>Real property is any building and/or land, improved or unimproved, including recreational, residential and/or commercial property.</p> <p><b>1. Countable Value</b></p> <p>The equity value in all real property the individual owns individually or jointly is a countable resource with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Property excluded as home;</li> <li>• The inaccessible equity value of real property;</li> <li>• Real property necessary for the production of earned income (see Business or Self-Employment).</li> </ul> <p><b>2. Ownership by Title</b></p> <p><b>i. Ownership Types</b></p> <p><b>Sole Ownership:</b> Individual is the only person who owns the property and its sale or transfer is not subject to the approval of others.</p> <p><b>Tenancy-in-Common:</b> Each owner has an undivided interest in the whole property and can sell his or her own interest without the consent of the other owner(s). Upon the individual owner’s death, his share passes directly to his or her heir(s).</p> <p><b>Joint Tenancy:</b> Each owner holds an individual interest in the whole property and can sell his or her interest at any time without the consent of the other owner(s). If specifically stated in the deed, the interest of one owner upon his or her death will automatically pass to the other owner. This is the “right of survivorship” and rarely occurs in Tennessee.</p> <p><b>Tenancy by the Entirety:</b> This form of ownership can exist only between individuals validly married to each other. Any real property held jointly between two spouses is held as “tenants by the entirety” unless the deed explicitly states otherwise. The owners are treated as if they were one entity, requiring the consent of both owners before any interest can be sold. Upon the death of one owner, his or her interest passes directly to the other owner.</p> <p><b>Home:</b> The home and surrounding property which is</p>
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		<p>not separated from the home by intervening property owned by others. Public rights of way, such as roads which run through the surrounding property and separate it from the home, will not affect the exemption of the property. The home and surrounding property shall remain exempt when temporarily unoccupied for reasons of employment, training for future employment, illness, or uninhabitability caused by casualty or natural disaster, if the household intends to return. Households that currently do not own a home, but own or are purchasing a lot on which they intend to build or are building a permanent home, shall receive an exclusion for the value of the lot and, if it is partially completed, for the home.</p> <p><b>ii. Verification</b></p> <p>Verify ownership by accepting the individual's sworn statement as to property ownership, a copy of the deed or other public record. If copies of the deed or other public records are unavailable, contact the county Register of Deeds who can verify ownership information.</p> <p><b>iii. Establishing Value</b></p> <p>The countable value of real property is equal to the individual's equity value in it. The equity value is equal to the Total Market Appraisal, also known as the real value or Fair Market Value, of the property less any encumbrances, liens or other legal claims.</p> <p><b>iv. Total Market Appraisal</b></p> <p>Total Market Appraisal is determined using the property's assessed value, which can be easily verified. Assessed value is expressed as a percentage of Total Market Appraisal and in Tennessee the ratios are in the chart below.</p> <table border="1" data-bbox="776 1577 1424 1717"> <thead> <tr> <th>Type of Property</th> <th>Assessed Value: Real Value</th> </tr> </thead> <tbody> <tr> <td>Farm/Residential</td> <td>25%</td> </tr> <tr> <td>Commercial/Industrial</td> <td>40%</td> </tr> </tbody> </table> <p>Use the following formula to determine a property's real value:</p> <p>Farm/Residential: Assessed Value x 4.0 = Real Value</p>	Type of Property	Assessed Value: Real Value	Farm/Residential	25%	Commercial/Industrial	40%
Type of Property	Assessed Value: Real Value							
Farm/Residential	25%							
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		<p>Commercial/Industrial: Assessed Value x 2.5 = Real Value</p> <p><b>v. Assessed Value</b></p> <p>Determine and verify the assessed value by reviewing a recent tax assessment notice, contact with the county assessor's office, or written documentation of assessed/real value from the agency responsible for property assessment in another state, if appropriate.</p> <p>The individual has the right to rebut the assessed value. He or she must provide two written appraisals from two knowledgeable real estate sources, such as a licensed real estate agent, or an appraiser for the Veterans Affairs (VA) or Federal Housing Administration (FHA) that substantiates the claim. In redetermining the value of the property, use the higher of the two appraisals. Retain copies of both appraisals for the case record. If the property value is redetermined in this way, the individual must have the opportunity to present a current alternated valuation at every reapplication or redetermination.</p> <p><b>vi. Equity Value</b></p> <p>To determine the individual's equity value in real property, subtract the following from the Total Market Appraisal:</p> <ul style="list-style-type: none"> <li>• The unpaid mortgage principal, excluding interest;</li> <li>• The value of any legal lien or claim filed against the property; and</li> <li>• The amount of any unpaid taxes, excluding current taxes.</li> </ul> <p>The remainder is the equity value and is a countable resource.</p> <p><b>vii. Descent of Homestead/Right to Elective Share (Tenn. Code Ann. § 31-4-101)</b></p> <p><b>Right to Elective Share</b></p> <p>The surviving spouse of an intestate (without a will) decedent who elects against taking an intestate share, or a surviving spouse who elects against a decedent's will, has the right of election (unless limited by</p>
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		<p>subsection (c) of this same title, to take an elective share amount equal to the value of the decedent's net estate as defined in subsection (b) of this title. The elective share is determined by the length of time the surviving spouse and the decedent were married to each other.</p> <p>Share of Surviving Spouse and Heirs (Tenn. Code Ann. § 31-2-104)</p> <p>The intestate share of the surviving spouse is:</p> <ul style="list-style-type: none"> <li>• If there are no surviving descendants of the decedent, the entire intestate estate; or</li> <li>• If there are surviving heirs of the descendants, either one-third or a child share's of the entire intestate estate, whichever is greater.</li> </ul> <p><b>Countable Value</b></p> <p>After the elective share amount has been determined, and all the funeral and administration expenses and debts by creditors have been secured, any remaining amount is countable to the surviving spouse.</p> <p>The applicant's sworn statement of ownership is sufficient verification when property is inherited through right to elective share.</p> <p><b>viii. Ownership Interest in Unprobated Estate</b></p> <p>An individual may inherit an interest in property which he or she may sell or transfer even though the estate is still in probate, i.e. the inheritance has not been legally distributed.</p> <p>Ownership interest in an unprobated estate is substantiated by the will which granted the individual his or her interest:</p> <ul style="list-style-type: none"> <li>• Deceased died Testate (with a will): Review a copy of the will or request that the individual provide a written statement from his or her attorney itemizing the property in which the individual has an interest. Value each item as is appropriate for its classification, i.e. real estate, personal property, vehicle, etc. The value is a countable resource unless the individual alleges it to be inaccessible and it is determined the</li> </ul>
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		<p>availability of the asset provisions apply.</p> <ul style="list-style-type: none"> <li>• Deceased died intestate (without a will): Collect the following information and submit it to the TennCare Eligibility Policy Unit with a request for assistance in determining the value and availability of the individual's interest in unprobated property: <ul style="list-style-type: none"> <li>○ Copies of deeds or titles to all properties owned by the deceased;</li> <li>○ Description of other items owned by the deceased, e.g. motor vehicles;</li> <li>○ The individual's relationship to the deceased;</li> <li>○ The date of the deceased's death; and</li> <li>○ The number of surviving relatives and their relationship to the deceased.</li> </ul> </li> </ul>
<b>Retirement Account</b>	Resource Type	IRAs, 401(k)s, Keogh and pensions or retirement accounts valued 20,000 or less are excluded as resources. If the amount of money in an IRA, 401(k) or Keogh is more than \$20,000, only the amount in excess of the \$20,000, minus penalty for early withdrawal, is a countable resource.
<b>Savings Account</b>	Resource Type	<p>Countable. If the current month's income has been deposited into the account it must be excluded when determining the current value of the account. See the <i>Treatment of Resources: Ownership, Equity Value &amp; Accessibility for Medically Needy</i> policy for treatment of jointly-owned accounts.</p> <p>A savings account may be excluded if it is used for one of the following purposes:</p> <ul style="list-style-type: none"> <li>• Burial funds;</li> <li>• Business or Self-Employment;</li> <li>• Educational Income;</li> <li>• Individual Development Account;</li> <li>• PASS;</li> <li>• Proceeds from the Sale of a Home (subject to time limits);</li> <li>• Prorated as income;</li> <li>• Settlement or Disaster Payment, if excluded by policy; and</li> <li>• SSI/SSA Retroactive Payment (subject to time limits).</li> </ul>
<b>Settlement or Disaster Payment</b>	Resource Characteristic	<p>Payments or benefits provided under certain Federal statutes are excluded. Excluded settlement and/or disaster payments include:</p> <ul style="list-style-type: none"> <li>• Agent Orange Settlement Payments;</li> </ul>

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		<ul style="list-style-type: none"> <li>• Disaster Relief Assistance received under the Disaster Relief Act of 1974;</li> <li>• Distribution of perpetual judgment funds to Indian tribes under the following: <ul style="list-style-type: none"> <li>○ Indian Judgment Funds Distribution (P.L 93-134)</li> <li>○ Black Feet and Gros Ventre Tribes (PL 92-254)</li> <li>○ Grand River Band of Ottawa Indiana in Indian Claims Commission Docket No. 40-K;</li> <li>○ Tribes of groups under PL 93-134;</li> <li>○ Yakima Indian Nation or the Apache Tribe of the Mescalero Reservation (PL 94-433); and</li> <li>○ Receipts from land held in trust by the Federal government and distributed to certain Indian tribes under PL 94-114.</li> </ul> </li> <li>• Factor VIII or IX Concentrate Blood Products Litigation. The settlement payments made as a result of the class action lawsuit to hemophilia patients infected with HIV through blood plasma products;</li> <li>• Filipino Veterans Compensation Fund Payments: Lump sum payments made to certain veterans and spouses of veterans who served in the military of the Government of the Commonwealth of the Philippines during WWII;</li> <li>• Japanese-American and Aleutian Restitution Payments;</li> <li>• Payments made to individuals because of their status as victims of Nazi persecutions;</li> <li>• Payments to children born of Vietnam veterans diagnosed with spina bifida;</li> <li>• Payments made under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (state and local payments are only excluded for nine months);</li> <li>• Revenues from the Alaska Native Fund paid under section 21(a) of the Alaska Native Claims Settlement Act; and</li> <li>• State funds paid to crime victims (excluded for 9 months).</li> </ul>
<b>SSI/SSA Retroactive Payment</b>	Resource Characteristic	<p>SSI retroactive payments are benefits issued in any month after the calendar month for which they are paid. SSA retroactive payments are benefits issued in any month that is more than a month after the calendar month for which they are paid.</p> <p>SSI/SSA Retroactive payments are excluded for 9 months after the payment is received and counted after that 9 month exclusion period.</p>

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<p><b>Stocks, Bonds and Mutual Funds</b></p>	<p>Resource Type</p>	<p><b>1. Stocks</b></p> <p>Stocks owned for personal use are countable resources. Shares of stock represent ownership in a corporation or business. For incorporation purposes, stock is assigned a “par value”, but a stock’s value as an asset is based on the market value. The market value of a stock is a countable resource. Accept the individual’s attestation or a copy of the stock certificate, if available.</p> <p>The stock may be counted at a lower value than the market value of a stock if the individual can substantiate the lower value by providing written confirmation of the lower value from a local securities broker.</p> <p><b>2. Bonds</b></p> <p>Bonds owned for personal use are countable resources. A U.S. Savings Bond is a document issued by the government acknowledging that the money has been loaned to it and will be repaid to the owner with interest. The current value of a bond, which is its countable value, depends on the length of time elapsed since the date of issue and is subject to fluctuations in the interest rate. The name of the bond owner is printed on its face. Some bonds have conversion of “cash-in” restrictions.</p> <p>Consult a bank to determine the current value of a U.S. Savings Bond and document the date the contact was made, the name of the institution contacted and the quoted value in case notes.</p> <p><b>3. Mutual Funds</b></p> <p><b>a. Personal</b></p> <p>Personal mutual fund shares are countable. A mutual fund is a company that buys and sells securities and other property. The current market value (CMV) of the shares in the mutual fund owned by an individual is a countable resource unless the individual can establish a lesser value. Determine the CMV by consulting a stockbroker or newspaper to verify the closing price of the stock market as of the day of application or redetermination.</p> <p>Document the case record with the following information:</p>
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		<ul style="list-style-type: none"> <li>• Date that contact was made, or date of newspaper;</li> <li>• Name of individual or newspaper consulted; and</li> <li>• Price quoted.</li> </ul> <p>The individual can substantiate a lower value by presenting written confirmation of a lower price from a local securities broker. Accept written verification of ownership from the mutual fund company or by viewing the shares themselves.</p> <p><b>b. Mutual fund shares owned for other purposes</b></p> <p>Mutual fund shares held for purposes other than personal use are subject to different treatment. Mutual funds shares may be owned for the following purposes:</p> <ul style="list-style-type: none"> <li>• Burial;</li> <li>• Business or Self-Employment;</li> <li>• Educational Income;</li> <li>• Proceeds from the Sale of a Home;</li> <li>• Prorated as Income; or</li> <li>• Settlement or Disaster Payment, if excluded by policy.</li> </ul>
<b>Tools of the Trade</b>	Resource Characteristic	<p>Tools of the Trade are excluded as essential for the production of earned income.</p> <p>Personal property required by the individual's employer for work is not counted regardless of the value while the individual is employed. An employer-employee relationship must exist between the owner of the resource and the employer that requires the individual to furnish a resource as a condition of employment. Examples of this type of personal property include tools, safety equipment, uniforms and similar items.</p>
<b>Trusts</b>	Resource Type	<p>A trust is any arrangement in which a grantor transfers real or personal property with the intention that it be held, managed, or administered by a trustee(s) for the benefit of the grantor or other beneficiary(ies). A trust and the income generated by a trust will be counted or excluded based on the nature of the trust, the date the trust was created, the source of funds used to create the trust and other factors, as addressed in this section.</p> <p><i>See Trusts and Medically Needy Categories policy.</i></p>

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<p><b>Vehicle</b></p>	<p>Resource Type</p>	<p><b>1. Vehicle Types</b></p> <p>Vehicles include cars, trucks, motorcycles, campers, motor homes, aircraft, snowmobiles, watercraft, boats and all-terrain vehicles (ATVs).</p> <p><b>2. Determining Ownership</b></p> <p>Accept the individual's sworn statement regarding motor vehicle ownership. If ownership is questionable, the following are acceptable verifications:</p> <ul style="list-style-type: none"> <li>• Vehicle registration;</li> <li>• Bill of sale; or</li> <li>• Title (individual named on title is the undisputed owner).</li> </ul> <p><b>3. CMV</b></p> <p>The CMV of a vehicle is the average price that particular year, make, model and condition will sell for on the open market in the particular geographical area involved.</p> <p><b>a. Cars and Trucks</b></p> <p>Use the average loan value in a current National Automobile Dealers Association (NADA) Used Car Guide Book (or web site) to establish the CMV of a car or truck. If the vehicle is not listed in the Guide Book, request estimates of the vehicle's market value from two reputable dealers. Use the higher estimate to value the vehicle and make note of both estimates in Case Notes.</p> <p><b>b. Other Vehicles</b></p> <p>Contact a reputable dealer to obtain an estimate of the value of other types of vehicles, such as campers, motorcycles, etc. Document contact and estimate in Case Notes.</p> <p>The individual can substantiate a lower value by submitting written statements of the vehicle's value by from 2 reputable dealers.</p> <p><b>c. Mobile or Motor Homes</b></p> <p>Determine whether the motor or mobile home is attached or unattached to real property to develop its</p>
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		<p>value.</p> <p><b>i. Attached Mobile or Motor Home</b></p> <p>Motor homes attached to a foundation, underpinned or connected to a utility, such as electricity, natural gas or water, are real property. Attached motor homes are considered improvements to the land on which they are located for tax assessments; and are listed on the tax notice as part of the landowner's real property regardless of whether the landowner owns the motor home.</p> <p>If the individual owns the land and the motor home to which it is attached, use the assessed value to determine the CMV. See Real Property, Section 2.</p> <p>If the individual is the landowner and claims that the motor home is owned by someone else, he or she must provide evidence to support the claim. If it is established that the individual does not own the motor home, it is not a countable resource. If he or she cannot present evidence to support the claim, assume that the motor home belongs to the individual.</p> <p>If the individual claims to only own the motor home, and not the land to which it is attached, verify the claim using the tax assessment information. Use the most recent tax assessment note to determine the assessed value of the motor home. Use the assessed value to determine the CMV. See Real Property, Section 2.</p> <p><b>ii. Unattached Mobile or Motor Home</b></p> <p>An unattached motor home is not affixed to a foundation, underpinned or connected to a utility. Use the average loan value in a current NADA RV or Mobile Home Guide Book (or web site) to establish the CMV of an unattached mobile home. If the vehicle is not listed in the Guide book, request estimates of the vehicle's market value from a reputable dealer.</p>
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		<p><b>4. Equity Value</b></p> <p>The equity value of a vehicle is its Current Market Value minus any encumbrances.</p> <p><b>5. Treatment as a Resource</b></p> <p>Exclude from countable resources up to \$4,600 of the equity value of one vehicle. If the vehicle's equity value is greater than \$4,600, count the equity in excess of the limit. The exclusion should be applied in the manner most advantageous to the individual. In general, the exclusion will be applied to the vehicle with the greatest equity value.</p> <p>The equity value of any other vehicles is countable, unless the vehicle can be excluded under another provision; including:</p> <ul style="list-style-type: none"> <li>• Home (only applicable to cars, trucks, campers and motorhomes);</li> <li>• Business or Self-Employment;</li> <li>• PASS; or</li> <li>• Tools of the Trade.</li> </ul> <p><b>6. Recreational Vehicles</b></p> <p>Boats, snowmobiles, jet skis, ATVs and aircraft are generally considered recreational vehicles. The entire amount of the individual's equity in this type of vehicle is a countable resource, unless the vehicle can be excluded under one of the vehicle exclusions listed in the Vehicle section above.</p> <p>Accept the individual's attestation regarding ownership unless there is a reason to question his or her statement. Request the appropriate type of legal documentation of ownership if ownership is questionable. Contact a reputable dealer familiar with the type of asset in question to determine the item's market value. The individual may substantiate a lower market value than that determined by submitting written statements of the vehicle's value by two reputable dealers.</p>
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