

<b>Colorado Department of Health Care Policy and Financing</b> 1570 Grant St., Denver, CO 80203-1818	<b>NUMBER:</b> HCPF 06-017
	<b>CROSS REFERENCE:</b> MA-99-6-P
<b>DIVISION OR OFFICE:</b> Medical Assistance Office	<b>DATE:</b> March 31, 2006
<b>SUBJECT AREA:</b> Financial Eligibility for Medicaid Long-Term Care Services	
<b>SUBJECT:</b> Revised Rules for Resources-Home Equity Limitation	<b>APPROVED BY:</b>  Barbara B. Prehmus, M.P.H.
<b>TYPE:</b> I – Information P - Procedure	

*HCPF Agency Letters can be accessed online at:  
[www.chcpf.state.co.us](http://www.chcpf.state.co.us) >>Reference Material >>Agency Letters*

**Purpose:**

The purpose of this agency letter is to notify County Departments of Social/Human Services and Medical Assistance sites of a new regulation which affects applicants for Medicaid long-term care services with homes with equity values of more than \$500,000.

**Background:**

On February 8, 2006, the Deficit Reduction Act of 2005 was signed into law (Public Law 109-171). This new federal law limits eligibility for Medicaid long-term care services for individuals with homes with equity values of more than \$500,000. Under the new law (42 U.S.C. 1396p(f)(1)(A)), an individual is not eligible for Medicaid long-term care services if the individual's equity interest in his or her home exceeds \$500,000. This limitation does not apply if the individual's spouse, dependent child under the age of 21, or blind or disabled child resides in the home (42 U.S.C. 1396p(f)(2)). The provision is effective for any application for Medicaid long-term care services filed on or after January 1, 2006.

The Medical Services Board adopted an emergency regulation on March 10, 2006 to implement this new federal law. A copy of the new regulation is attached. The citation for the new regulation is 10 C.C.R. 2505-10, Section 8.110.51.A.1.g. (home as an exempt resource) and Section 8.110.51.B.5. (home as a countable resource).

**Procedure or Information:**

For any application for Medicaid long-term care services filed on or after January 1, 2006 and any redetermination based on an application filed on or after January 1, 2006, it is necessary to determine the equity value of the individual's home if the individual's spouse, dependent child under the age of 21, or blind or disabled child does not reside in the home. The equity value of the individual's home is the fair market value less any valid encumbrances (such as mortgages,

reverse mortgages, or home equity loans). An individual with a home with an equity value of more than \$500,000 is not eligible for Medicaid long-term care services due to excess resources unless the individual's spouse, dependent child under the age of 21, or blind or disabled child resides in the home.

**Effective Date:**

Immediately

**Contact Persons:**

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Attachment: New Regulation for Homes as an Exempt and Countable Resource