

5160:1-3-05.4      **Medicaid: cash and checking and savings accounts and time deposits.**

(A) This rule describes the treatment of cash, checking and savings accounts, and time deposits for purposes of determining eligibility for medical assistance.

(B) Definitions.

(1) "Cash" means 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 U.S. currency.

(a) Monthly income is not counted when evaluating cash on hand.

(b) The individual's statement of actual cash on hand is accepted without verification.

(2) "Checking account" or "savings account" is the same as having cash on hand because deposits are payable on demand. An individual should be able to withdraw money from a checking account or savings account on the same day the individual requests it. In a joint account, all funds in the account are a resource of the individual if he has unrestricted access to the funds.

(3) "Dedicated account" means an account in a financial institution, the sole purpose of which is to receive and maintain SSI past-due benefits which are required or allowed to be paid into such an account and the use of which is restricted by section 1631(a)(2)(F) of the Social Security Act (as in effect March 1, 2014).

(4) "Depository account", for the purpose of this rule, means a checking account, savings account, or time deposit at a financial institution that allows money to be deposited and withdrawn by the account holder.

(5) "Depository signature card" means a contract with the financial institution and it shows who has access to the depository account and whether or not the signatures of more than one owner of the depository account are needed to withdraw funds.

(6) "Passbook" means a financial institution record which shows deposits, withdrawals, and interest.

(7) "Past-due benefits" mean SSI benefits due but unpaid that accrue prior to the month payment was made effectuated, benefits due but unpaid that accrue during a period of suspension from SSI payments for which the individual was subsequently determined to have been eligible, and any adjustment to SSI benefits that results in an accrual of unpaid benefits.

(8) "Time deposit" means a contract between an individual and a financial

institution whereby the individual agrees to leave funds on deposit for a specified period and the financial institution agrees to pay interest at a specified rate for that period.

(a) Certificates of deposit (CDs) and saving certificates are common forms of time deposits.

(b) Withdrawal of a time deposit before the specified period expires incurs a penalty, which usually is imposed against the principal. This penalty does not prevent the time deposit from being a resource, but does reduce its value as a resource. On rare occasions, the terms of a time deposit will prohibit early withdrawal.

(C) Access to depository accounts.

(1) In situations where a depository account is shared with others and the amount of funds has an effect on the individual's eligibility, the administrative agency shall inform the individual that if he or she has restricted access to the depository account by the contract with the financial institution or if a portion of the depository account was contributed by another person, the individual must provide documentation to support his or her case.

(2) The depository account signature card will show who has access to the funds. In the absence of the depository account signature card, a statement from the financial institution is acceptable documentation.

(3) If the individual provides documentation that access to the depository account is restricted through the need for the signature of other owners, all of the funds are still considered a resource of the individual unless documentation is provided of the percentage the other owners have contributed.

(a) If the other owners refuse to allow the individual to withdraw funds from the depository account, the individual must provide documentation that the resource is unavailable and take any action necessary to obtain the resource.

(b) If the individual is institutionalized, a determination of whether an improper transfer has occurred must be completed. If the applicant's signature is all that is needed to access the depository account, then the depository account is his or hers in its entirety unless documentation is provided that indicates what percentage of the funds the other person(s) deposited.

(4) When an individual provides documentation that shows another person has an ownership interest in the depository account, then only the portion that the individual contributed shall be considered as a resource.

- (a) Interest accrued on the depository account shall be allocated according to the portions of ownership.
- (b) Documentation necessary to show that the individual does not own the funds in the depository account includes:

  - (i) A statement of the individual giving his or her allegation regarding ownership of the funds, the reason for establishing the joint depository account, who made deposits to and withdrawals from the depository account, how withdrawals were spent, etc.; and
  - (ii) Corroborating statements from the other depository account holder(s); and
  - (iii) Where ownership for prior periods needs to be established, the evidence must include a financial institution record, income statement or work record. This may result in determinations that the individual owned varying dollar amounts for the prior period.
- (5) If the co-holder of the joint depository account is incompetent or a minor, it is unnecessary to obtain a corroborating statement from that person. That person's incompetency or age may be the reason why the claimant is listed as a joint depository account holder. In the event that this occurs, the administrative agency shall:

  - (a) Obtain a corroborating statement from a third party who has knowledge of the circumstances surrounding the establishment of the joint depository account.
  - (b) Make the decision without a corroborating statement if there is no third party and document the basis for its decision and why no corroborating statement was obtained.
- (6) If following the evaluation of ownership it is determined that the individual's share of the resource is within the allowable limit, assistance can be approved or continued. The individual shall:

  - (a) Remove his or her assets from the joint depository account within sixty days from the date his or her eligibility is approved; and
  - (b) Provide documentation that the change has been made.
- (7) The name and address of the financial institution, the depository account number, the name(s) on the depository account, and the amount of money in the depository account must be documented in the individual's case record. If the authority to withdraw money from the depository account does not belong

to those whose names are shown on the depository account, that fact must also be documented.

(D) Time deposits.

- (1) If the owner of a time deposit cannot under any circumstances withdraw it before it matures, it is not a resource. It becomes a resource (not income) on the date it matures, and may affect countable resources in the month in which the time deposit matures. If the owner has no access to the interest before the time deposit matures, accrued interest is not a resource and is income in the month the deposit matures.
- (2) If an individual has transferred his or her resources into a time deposit in which early withdrawal is prohibited, a determination of whether an improper transfer has occurred must be completed. The determination should include consideration of the length of the period of inaccessibility, the individual's life expectancy and the amount of the time deposit.
- (3) A time deposit for which early withdrawal is prohibited is still considered a countable resource for the purposes of completing a resource assessment for an institutionalized individual.
- (4) A time deposit's resource value at any given time, if early withdrawal is permitted, is the amount the owner would receive upon withdrawing it at that time, excluding interest paid that month. Generally, this is the amount originally deposited; plus accrued interest for past months; minus any penalty specified on the time deposit certificate for early withdrawal.

(E) Verifying depository accounts.

- (1) A checking account is verified by examining the printout from online banking or the last monthly bank statement and the checkbook record to arrive at the current bank balance. A copy of the monthly bank statement and check register should be retained in the case record.
  - (a) If the printout or statement shows deposit and withdrawal activity or cash flow inconsistent with the individual's stated financial situation, the case shall be investigated carefully to establish the source of income. The administrative agency shall document whether large withdrawals or checks written actually transferred funds to another person or whether such funds are still available to the individual.
  - (b) If the printout, bank statement or checkbook is not available or there is some reason to doubt the accuracy of the checkbook record, verification shall be obtained by contact with the financial institution after obtaining the individual's written authorization.

- (2) A savings account is verified by examining the printout from online banking or current balance of the passbook.
- (a) The administrative agency shall retain a copy of the the page(s) that show activity in the last sixty days. If the printout or passbook shows deposit and withdrawal activity inconsistent with the individual's stated financial situation, the administrative agency shall investigate fully to establish the source of income.
  - (b) If the printout or passbook is not available or appears to have been materially altered, the administrative agency shall obtain verification by contact with the financial institution after securing the individual's written authorization.
  - (c) All the information obtained shall be retained in the individual's case record.
  - (d) For nonpassbook savings, the most recent statement or other record of the account in the individual's possession shall be retained in the case record.
- (3) A time deposit is verified by viewing the time deposit certificate or document and the account records of interest accrual. The administrative agency may also obtain verification of the time deposit or early withdrawal provisions by contacting the financial institution after securing the individual's authorization. All the information obtained shall be retained in the individual's case record.

(F) Dedicated account.

- (1) Past-due benefits and other underpayments that exceed six times the monthly SSI payment deposited into a dedicated financial institution account and any accrued interest or other earnings on such an account are excluded from income and resources.
- (2) For any month that funds other than accrued interest or other earnings on the account are commingled in this account, the exclusion does not apply to any funds in the account.
  - (a) An exception is if the financial institution requires the individual to deposit money to open an account, such as a minimum deposit, a small amount of other funds can be used to open the dedicated account.
    - (i) The funds that were used to open the account are not excluded as a resource and must be removed from the account once the account has been established and the past-due benefits paid into it.

- (ii) The funds that were used to open the account must be withdrawn before the end of the month following the month that the past-due benefits are paid.
  - (b) Funds other than those described in paragraph (F)(2)(a) shall not be deposited into a dedicated account.
- (3) The individual must provide verification that a dedicated account has been established. The verification should include the name and address of the financial institution, account number, account title, type of account, and the amount of money in the account.
- (4) The individual's representative payee shall use funds in the account to pay for the following allowable expenses: education or job skills training, personal needs assistance, special equipment, housing modification, medical treatment, therapy or rehabilitation, or any other item or service that the commission for social security determines to be appropriate provided that such expense benefits the individual and, in the case of personal needs assistance, special equipment, housing modification, therapy or rehabilitation or other approved item, is related to the impairment (or combination of impairments) of the individual. These expenditures do not affect an individual's income or resources.
- (5) Restrictions on the use of funds in a dedicated account continue to apply during a period of suspension from SSI payments, non-pay status, and SSI eligibility but no payment.
  - (a) The exclusion from resources of the funds in the account continues to apply until SSI eligibility is terminated.
  - (b) Once an individual's eligibility has been terminated, the exclusion of the funds in a dedicated account cannot be carried over if the individual establishes a new period of SSI eligibility by filing a new application for SSI.
  - (c) Reopening of a prior period of eligibility following termination is not a new period of eligibility and, therefore, the exclusion may be reapplied.
  - (d) Any remaining funds are a countable resource.
- (6) When an individual receives past-due benefits that are less than or equal to six times the monthly SSI payment that may be, but have not yet been, deposited into a dedicated account, the payment is excluded from resources for nine months until the payee deposits the payment into a dedicated account. Such payments are not required to be deposited into a dedicated account at the option of the representative payee.

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