

## TO BE RESCINDED

5160:1-3-27.2      **Medicaid: cash and checking and savings accounts and time deposits.**

(A) "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 U.S. currency.

Monthly income is not counted when evaluating cash on hand. The individual's statement of actual cash on hand is accepted without verification.

(B) A checking account or savings account is virtually like 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 applicant/recipient if he has unrestricted access to the funds.

(C) A "time deposit" is a contract between an individual and a financial institution whereby the individual agrees to leave funds on deposit for a specified period (six months, two years, five years, etc.) and the financial institution agrees to pay interest at a specified rate for that period. Certificates of deposit (CDs) and savings certificates are common forms of time deposits.

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 altogether.

(1) In situations where an account/time deposit is shared with others and the amount of funds has an effect on the applicant/recipient's eligibility, the CDJFS shall inform the applicant/recipient that if he or she is restricted access to the account/time deposit by the contract with the financial institution (e.g., depository account/signature card, statement provided by the institution) or if a portion of the account/time deposit was contributed by another person, the applicant/recipient must provide documentation to support his or her contention. If the applicant/recipient is in need of assistance, the CDJFS shall provide it in accordance with Chapter 5101:1-2 of the Administrative Code.

(2) The depository account or time deposit signature card will show who has access to the funds. This is the contract with the financial institution and it shows who has access to the account/time deposit and whether or not the signatures of more than one owner of the account/time deposit are needed to withdraw funds. In the absence of the depository account or time deposit signature card,

a statement from the financial institution is acceptable documentation.

If the applicant/recipient provides documentation that access is restricted to the account/time deposit through the need for the signature of other owners, all of the funds are still considered a resource of the applicant/recipient unless documentation is provided of the percentage the other owners have contributed. If the other owners refuse to allow the applicant/recipient to withdraw funds from the account/time deposit, the applicant/recipient must provide documentation that the resource is unavailable and take any action necessary to obtain the resource. 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 account/time deposit, then the account/time deposit is his or hers in its entirety unless documentation is provided that indicates what percentage of the funds the other person(s) deposited.

- (3) When an applicant/recipient provides documentation that shows another person has an interest in the account/time deposit, then only the portion that the applicant/recipient contributed shall be considered as a resource. Interest accrued on the account/time deposit shall be allocated according to the portions of ownership. Documentation necessary to show that the applicant/recipient does not own the funds in the account/time deposit includes:
  - (a) A statement of the applicant/recipient giving his or her allegation regarding ownership of the funds, the reason for establishing the joint account/time deposit, who made deposits to and withdrawals from the account/time deposit, how withdrawals were spent, etc.; and
  - (b) Corroborating statements from the other account/time deposit holder(s); and
  - (c) Where ownership for prior periods needs to be established, the evidence must include a financial institution record, income statement or work record. An example of a financial institution record is a passbook, which shows deposits, withdrawals, and interest for the period in question. This may result in determinations that the recipient owned varying dollar amounts for the prior period.
- (4) If the co-holder of the joint account/time deposit is incompetent or a minor, it is unnecessary to obtain a corroborating statement from that individual. That person's incompetency or age may be the reason why the claimant is listed as a joint account/time deposit holder. In the event that this occurs, the CDJFS shall obtain a corroborating statement from a third party who has knowledge

of the circumstances surrounding the establishment of the joint account/time deposit. If there is no third party, then the CDJFS shall make the decision without a corroborating statement and explain why no corroborating statement was obtained. The CDJFS shall document the basis for its decision.

- (5) If following the evaluation of ownership it is determined that the applicant/recipient's share of the resource is within the allowable limit, assistance can be approved or continued. The applicant/recipient shall be required to remove his or her assets from the joint account/time deposit within sixty days from the date his or her eligibility is approved. The applicant/recipient shall provide documentation that the change has been made.
- (6) The name and address of the financial institution, the account/time deposit number, the name(s) on the account/time deposit, and the amount of money in the account/time deposit must be documented in the assistance group record. If the authority to withdraw money from the account/time deposit does not belong to those whose names are shown on the account/time deposit, that fact must also be documented.
- (7) 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.
- (8) If an individual has transferred his 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.

Exception: 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.

- (9) 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.

- (10) A time deposit is verified by viewing the time deposit certificate or document and the account records of interest accrual. The CDJFS may also obtain verification of the time deposit by contacting the financial institution after securing the individual's authorization.

A contact with the financial institution may also be used to verify the time deposit's early withdrawal provisions. All the information obtained shall be recorded and/or maintained in the assistance group's record.

- (D) A checking account is verified by examining the last monthly bank statement and the checkbook record to arrive at the current bank balance. A photocopy of the monthly bank statement and check register should be made for the file. If the statement shows deposit and withdrawal activity or cash flow inconsistent with the applicant/recipient's stated financial situation, the case shall be investigated carefully to establish the source of income. The CDJFS shall document whether large withdrawals or checks written actually transferred funds to another persons or whether such funds are still available to the applicant/recipient. If the 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 bank after obtaining the individual's written authorization.
- (E) For passbook savings, the current balance of the savings account is verified by examining the passbook. The CDJFS shall photocopy the page(s) that show activity in the last sixty days. If the passbook shows deposit and withdrawal activity inconsistent with the individual's stated financial situation, the CDJFS shall investigate fully to establish the source of income. If the passbook is not available or appears to have been materially altered, the CDJFS shall obtain verification by contact with the institution after securing the individual's written authorization. All the information obtained shall be recorded and/or maintained in the assistance group record.

For nonpassbook savings, the most recent statement or other record of the account in the individual's possession shall be photocopied.

- (F) Effective May 1, 1998, 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.
- (1) 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. Exception: If the financial institution requires the individual to deposit money to open an account, e.g., minimum deposit, a

small amount of other funds can be used to open the dedicated account. However, the funds that were used to open the account are not exempt as a resource and must be removed from the account once the account has been established and the past-due benefits paid into it. 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.

- (2) A dedicated account is 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. Funds other than those described above may not be deposited into a dedicated account.
- (3) Past-due benefits are SSI benefits due but unpaid that accrue prior to the month payment was 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.
- (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. The exclusion from resources of the funds in the account continues to apply until SSI eligibility is terminated. 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. Reopening of a prior period of eligibility following termination is not a new period of eligibility and, therefore, the exclusion may be reapplied. Any remaining funds are a countable resource.
- (6) 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.

- (7) When an individual receives past-due benefits that may be, but have not yet been, deposited into a dedicated account, the payment is excluded for the lesser of six months or until the payee deposits the payment into the dedicated account. Past due benefits that are less than or equal to the amounts described above may be, but are not required to be, deposited in the account at the option of the representative payee.

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Certification

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Date

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