



**HARRIS COUNTY  
HOSPITAL DISTRICT**

**PATIENT ELIGIBILITY  
SERVICES  
OPERATIONS MANUAL**

Policy No: 6.03  
Page Number: 1 of 9

Effective Date: 08/01/02  
Revised Date: 09/04/03  
Approved By:

**TITLE: VERIFICATION OF RESOURCES FOR MEDICARE PATIENTS**

**PURPOSE:** To define the types of resources and how they are considered when determining a Medicare patient's eligibility for financial assistance from HCHD. Definitions of countable and exempt resources are taken from the County Indigent Health Care Program Handbook.

**POLICY STATEMENT:**

In order for a Medicare patient to qualify for financial assistance for non-covered services, coinsurance, and deductibles, the patient must provide proof of available resources.

**POLICY ELABORATION:**

**I. DEFINITIONS**

- A. Resources: Assets or possessions, both liquid and non-liquid. Examples include cash, bank accounts, stocks, bonds, certificates of deposit, vehicles, boats, campers, buildings, land, and mineral rights.
- B. Fair Market Value: The amount a resource would bring if sold on the current local market.
- C. Equity: The amount of money that would be available to the owner after the sale of a resource. Determine this amount by subtracting from the fair market value any money owed on the item and the costs normally associated with the sale and transfer of the item.
- D. Inaccessible Resources: Resources not legally available to the



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patient.

- E. Personal Possessions: Furniture, appliances, jewelry, clothing, livestock, farm equipment, and other items if the household uses them to meet personal needs essential for daily living.
- F. Countable Resource: The equity value of a resource.

**II. GENERAL GUIDELINES**

- A. Medicare clients requesting financial assistance must provide information concerning all resources available to the household. Resources and liabilities are documented on Form 281053, "Application for Assistance, Medicare Asset Determination" (Asset Test)
- B. Households with net resources exceeding \$7,500 are not eligible to receive financial assistance from HCHD.

**III. COUNTABLE RESOURCES**

- A. Individual Retirement Accounts (IRA): Count. If there is a penalty for early withdrawal, deduct the penalty and count the remainder.
- B. Insurance Settlements: Count, minus any amount earmarked and spent for the household's bills for burial, medical or damaged/lost possessions.
- C. Keogh Plans: Count. If there is a penalty for early withdrawal, deduct the penalty amount and count the remainder. Exception: do not count Keogh Plans if there is a contractual withdrawal agreement with other people who are not household members and who share the same fund. This type of Keogh Plan is considered an inaccessible resource.



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- D. Lawsuit Settlements: Count, minus any amount earmarked and spent for the household's bills for burial, medical or damaged/lost possessions.
- E. Liquid Resources: Count if readily negotiable. Examples include cash, checking or savings accounts, savings certificates, stocks and bonds.
- F. Lump Sum Payment: Count. Examples include but are not limited to: income tax refunds; retroactive lump-sum Social Security, railroad retirement benefits, or other payments; and refunds of security deposits on rental property or utilities.
- G. Non-Liquid Resource: Count. Examples include personal property, a licensed vehicle, a building, and land.
- H. Real Property: Count, unless the household is making a good faith effort to sell it. Real property is land and any improvements on it.

**IV. EXEMPT RESOURCES**

- A. 401K Plan: Exempt.
- B. Burial plots: Exempt.



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C. Homestead: Exempt.

1. A homestead is the household's usual residence and surrounding property that is not separated by property owned by others. Surrounding property that is separated by public rights of way such as roads is considered part of the homestead.
2. Exempt a homestead temporarily unoccupied because of employment, training or future employment, illness, casualty, or natural disaster if the household intends to return.
3. Do not exempt as a homestead any real property outside of Texas.
4. Households that do not currently own a home but own or are purchasing a lot on which they intend to build or are building a permanent home, receive an exemption for the lot and, if partially completed, for the home.
5. Money remaining from the sale of a homestead is countable.

D. Inaccessible resources: Exempt. Examples include irrevocable trust funds, property in probate, security deposits on rental property and utilities.



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- E. Income-Producing Property (except real property): Exempt if it is essential to a household member's employment or self-employment and annually produces income consistent with its fair market value, even if used only on a seasonal basis. Such property will continue to be exempt during temporary periods of unemployment if the client expects to return to work. Property essential to self-employment is *not* exempt if earnings result from an illegal activity.
- F. Jointly Owned Property: Exempt if the property is jointly owned by the household and other owners and the household proves that:
1. The property cannot be sold or divided without the other owners' consent, and
  2. The other owners will not sell or divide the property.
- G. Life Insurance: Exempt.
- H. Personal Possessions: Exempt. If a personal possession is sold, count the money received from the sale as a liquid resource.
- I. Prepaid Burial Insurance: Exempt up to \$1,500 cash value of a prepaid burial insurance policy, funeral plan, or funeral agreement for each household member.
- J. Retirement Account: Exempt, until the money is withdrawn. If the money is withdrawn as a lump sum, count it as a resource. A retirement account is one in which an employee and/or his employer contributes money intended to provide for retirement.



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K. Trust Fund: Exempt.

L. Vested Retirement Account: Exempt. A vested retirement account is one to which an employee makes contributions for a specified period of time as defined by the employer. The money is not matched by the employer until that defined period of time ends.

**V. VEHICLES**

A. A vehicle may be considered countable or exempt, depending on its fair market value.

B. Each licensed vehicle with a fair market value of less than or equal to \$4,650 is *exempt*, regardless of the number of vehicles owned by the household.

C. The fair market value in excess of \$4,650 of each licensed vehicle is *countable* toward the household's total limitation on available resources.

D. A licensed vehicle is *exempt* if it is used more than 50% of the time for income-producing purposes or if it produces annual income consistent with its fair market value, even if used only on a seasonal basis.

**VI. VALUING RESOURCES**

A. This section provides general guidelines for valuing resources. Patient Eligibility Services reserves the right to ask for additional documentation from a client when deemed necessary.



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- B. Liquid resources, IRAs, and Keogh Plans will be valued based on the average value over the three months prior to application. Statements from the bank or other financial institution should be used to determine value.
- C. Vehicles
1. Vehicles will be valued using the average trade-in or wholesale value listed in the current National Automobile Dealer's Association (NADA) *Used Car Guide*. Use the loan value of the vehicle only if other sources are unavailable.
  2. If the household thinks that the average trade-in or wholesale value listed in the NADA guide is incorrect because of the vehicle's condition (body damage or inoperable), allow the household to provide verification from a reliable source, such as a bank loan officer or a licensed car dealer.
  3. The value of the vehicle will not be increased because of low mileage, optional equipment, or special equipment for the handicapped.
  4. The client's estimated value for the vehicle will be accepted if the vehicle is no longer listed in the NADA guide.
- D. Values of real property will be based on the most recent tax appraisal and can be documented using the most recent property tax bill.



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- E. Any other countable resource must have appropriate documentation to justify the value assigned.
- F. Eligibility counselors should refer any questionable proofs or resources without substantiation to the on-site eligibility manager for further review.

**VII. EXEMPTIONS**

- A. The client is allowed to exempt up to \$4,650 of the value of each vehicle. This exemption cannot exceed the value of the vehicle(s) listed in Part I of the Asset Test. The exemption is recorded in Part II of the Asset Test.

**VIII. DEBTS AND LIABILITIES**

- A. To reduce the dollar value of resources counted toward the \$7,500 limit, the client can list debts and liabilities in Part III of the Asset Test. All debts listed must be verified by presenting billing statements. Debts may also be verified by a credit report.
- B. Common debts listed on the Asset Test include loans on vehicles, credit cards, and other bank loans. Note that a mortgage payment on the homestead *cannot* be listed since the value of the homestead is not considered a countable resource.

**IX. CALCULATING NET RESOURCES**

- A. In Part IV of the Asset Test, the client will subtract the allowable vehicle exemption (if any) and the debts and liabilities listed in Part III of the Asset Test from the total assets listed in Part I of the Asset Test.



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- B. If the client's net resources fall below \$7,500, the client is eligible for assistance based on his income and family size.
  
- C. If the client's net resources exceed \$7,500, the client is not eligible for assistance and will be classified as a full-pay Medicare client.

**REFERENCES/BIBLIOGRAPHY:**

County Indigent Health Care Program Handbook, Section 2  
Form 281053, "Application for Assistance, Medicare Asset Determination "

**OFFICE OF PRIMARY RESPONSIBILITY:** Patient Eligibility Services  
Administration