



Eligibility Operations Memo 19-12
August 15, 2019

TO: MassHealth Eligibility Operations Staff

FROM: Heather Rossi, Deputy Policy Director for Eligibility

RE: **Calculating the Value of a Life Estate and Remainder Interest**

Introduction

When an applicant, member, and/or spouse owns or transfers a life estate, remainder interest or the equivalent in property under a deed, trust, or other instrument, MassHealth must calculate the value of such interests to determine eligibility. To align with federal guidelines, MassHealth is revising the methodology for calculating these interests.

MassHealth will no longer use the IRS and Tiger Tables as outlined in EOM 07-18. This revised procedure applies to transfers, which may be subject to a period of ineligibility, sales or releases of a life estate and/or remainder interest, and the value of the interest for asset determinations. MassHealth Enrollment Center (MEC) staff should use the revised procedure for all applications and redeterminations, effective September 3, 2019.

Revised Procedure to Determine Value

In accordance with guidelines issued by the Centers for Medicare and Medicaid Services (CMS) under the State Medicaid Manual, MassHealth will use the Social Security Administration (SSA) Life Estate and Remainder Interest Table to calculate the value of remainder interests and life estates. The SSA Life Estate and Remainder Interest Table is in Section SI 01140.120 of the Program Operations Manual System (POMS). The link to the SSA Life Estate and Remainder Interest Table can be found at the [Life Estate and Remainder Interest Table on the Social Security website](#).

Generally, the value of the Life Estate interest is calculated based on the fair market value of the property at the time of transfer or on the date of application or redetermination if the applicant, member, or spouse still holds the interest. The Life Estate factor and Remainder Interest factor to be used depends on the age of the applicant, member, or spouse at the time that the transaction took place or at the time of application. That figure is then multiplied by the value of the property.

Examples

The following examples are for illustrative purposes only, and are not exhaustive.

Example A

Four months before applying for MassHealth long-term-care benefits, the applicant transferred, for no consideration, his real estate to his children. The applicant retained a life estate under the deed. At the time of the transaction, the applicant was 73 years old and the tax assessed value of the property was \$300,000.

The remainder interest is \$133,287 (\$300,000 x remainder interest factor of .44429 from the SSA Life Estate and Remainder Interest Table).

The value of the transfer is \$133,287, the remainder interest, and this would be the figure used to calculate the period of ineligibility (penalty period), in accordance with MassHealth regulations at 130 CMR 520.018 and 520.019. Whether the value of the life estate interest retained by the applicant is countable should be determined in accordance with relevant MassHealth regulations concerning countable assets and real estate.

Example B

Two years before applying for MassHealth, real estate was sold in which the applicant held a life estate. The deed and settlement statement indicate that the gross sales price was \$275,500, and the net proceeds due to the sellers totaled \$232,000. MassHealth determined that all of the deductions attributable to the sellers were proper. However, the applicant did not receive the value of her life estate interest from the net sale proceeds. This is a disqualifying transfer of resources.

At the time of the sale, the applicant was 87 years old. The value of the disqualifying transfer for which the penalty period should be calculated is \$74,848 (\$232,000 x life estate factor of .32262 from the SSA Life Estate and Remainder Interest Table).

The value of the transfer is \$74,848, the life estate value, and this would be the figure used to calculate the period of ineligibility (penalty period), in accordance with MassHealth regulations at 130 CMR 502.018 and 520.019.

Questions

If you receive an instrument in which the applicant, member, or spouse may hold an interest similar to a life estate such as in a trust, trust-like device, or other document, MassHealth may calculate this interest as a life estate to determine eligibility. In these instances, if necessary, additional guidance should be requested.

If you have any questions about this memo, please have your MEC designee contact the Policy Hotline.