



U.S. Department of Veterans Affairs

Briefed by:

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U.S. Department
of Veterans Affairs

Recent PMC Changes

- **Entry into the National Work Queue (NWQ)**
- **A073- Net Worth Changes**
- **Appeals Modernization Act**



Net Worth, Asset Transfers, and Income Exclusions for Needs-Based Benefits: AO73 Rule Changes for Pension



Purpose of A073 Rule Changes

- Establish a clear limit for net worth
- Maintain integrity of VA Pension
- Prevent asset transfers
- Better evaluate need for benefits
- Eliminate the need for net worth determinations
- Clarify countable medical expenses



Background

- GAO found
 - VA law allows claimants to transfer significant assets and still qualify for Pension
 - Over 200 organizations help claimants transfer assets to qualify for Pension
- VA's regulations respond to GAO recommendations and address other matters



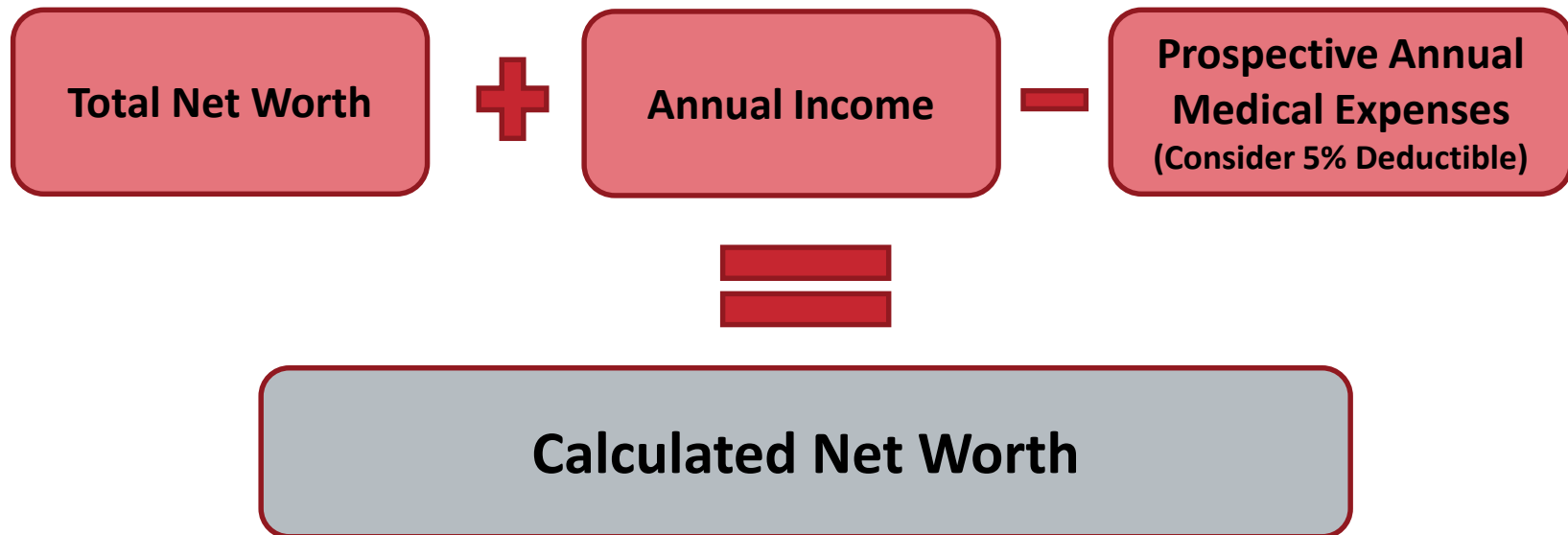
Effective Date of New Procedures

The final rule published on September 18, 2018.

- There is a 30-day grace period.
- All claims received on or after 10-18-2018 must follow new changes required by the rule.
- Claims received before 10-18-2018 will follow the grandfathered net worth determination rules.



How to Calculate Net Worth



At or Under the limit: Eligible for Benefits
Over the limit: Not Eligible for Benefits



What is our Bright Line?

\$123,600 for 2018

\$127,061 effective Dec.

2018

- Community Spouse Resource Allowance (CSRA) for Medicaid purposes
- Indexed for inflation
- Will change annually by SSA COLA increases
- Must exceed amount to be over the limit



Ways to Decrease Net Worth

3 allowable ways to decrease net worth:

- Expenditures for items or services for which fair market value is received
- a decrease in annual income, and
- qualifying payments, such as unreimbursed medical expenses.

Note: The expenses must be those of the Veteran, surviving spouse, or child, or a relative of the Veteran, surviving spouse, or child. The relative must be a member or constructive member of the Veteran's, surviving spouse's, or child's household.



Look Back and Penalty Period

- The rule established a 36-month (3 year) look-back period and a penalty period not to exceed 5 years for those who transfer assets in an attempt to qualify for pension.

IMPORTANT: If the transfer involved a trust, annuity, or other similar arrangement please provide a copy of the trust or transfer documents.

29. HAVE YOU OR YOUR DEPENDENTS TRANSFERRED, GIVEN AWAY, OR SOLD ANY PROPERTY IN THE LAST 36 MONTHS (3 years), INCLUDING THE PURCHASE OF AN ANNUITY, TRUST, OR OTHER FINANCIAL PRODUCTS THAT WILL PROVIDE FUTURE INCOME, OR PROPERTY PLACED IN A TRUST, IN THE LAST 3 YEARS? (Report only those transfers over \$1,500, including multiple/separate transfers to an individual or company so that the total equals \$1,500 or more)

EXAMPLES OF TRANSFER ITEMS: Cash, house, mobile home, car tractor, livestock, motorized vehicles, land, time-shares, real property, gifts, etc.

YES NO (If "Yes," complete Items 30A through 30G)

30A. ITEM THAT YOU OR YOUR SPOUSE TRANSFERRED, SOLD OR GAVE AWAY	30B. DID THIS TRANSFER INVOLVE THE CREATION OF A TRUST OR PURCHASE OF AN ANNUITY?	30C. WHAT WAS THE MARKET VALUE AT THE TIME OF TRANSFER?	30D. TRANSFERRED TO WHOM? (If the transfer involved a trust, include tax id number for the trust)	30E. THEIR RELATIONSHIP TO YOU (If the transfer involved an annuity, include the type of annuity purchased)	30F. DATE OF TRANSFER (mm/dd/yyyy)	30G. AMOUNT YOU RECEIVED IN EXCHANGE FOR THIS TRANSFER (If you will receive recurring payments as a result of transfer, include that information in Section IX)
	<input type="checkbox"/> Yes <input type="checkbox"/> No	\$				\$



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Penalty Period

- Calculated by dividing the “Covered Asset Amount” by the maximum monthly benefit at the aid and attendance rate for a Veteran with one dependent for that year. (\$2,169 for 2018, \$2,230 for 2019)
- *The monthly rate is the same for all pension claimants*
- The maximum amount of months is 60, or 5 years.
- Begins the first of the month following the last transfer of assets
- End the last day of the last month of the penalty period.



Example: Penalty Period Calculation

- VA receives a pension claim in January 2019.
- The claimant's net worth is equal to the net worth limit. However, the claimant transferred covered assets totaling \$10,000 on October 20, 2018, and November 23, 2018.
- Therefore, the total covered asset amount is \$10,000, and the penalty period begins on December 1, 2018.
- The monthly penalty rate is \$2,169. The penalty period is $\$10,000 / \$2,169$ per month = 4 months (drop the decimals). The fourth month of the penalty period is March 2019.
- The claimant may be entitled to pension effective March 31, 2019, with a payment date of April 1, 2019, if other entitlement requirements are met.



Residential Lot Size Limit

- The new regulation excludes from net worth the primary residence plus the residential lot area.
- Residential lot area is the lot on which a residence sits that does not exceed 2 acres (87,120 square feet)
- If the lot exceeds 2 acres, VA must develop for the value of the additional land

SECTION IX: QUESTIONS REGARDING INCOME AND ASSETS *(If more space is needed, attach a separate sheet)*

32. DO YOU OR YOUR DEPENDENTS OWN YOUR OR YOUR FAMILY'S PRIMARY RESIDENCE?

YES NO *(If "Yes," complete Items 33A and 33B) (If "No," skip to Item 34A)*

33A. WHAT IS THE SIZE OF THE LOT ON WHICH THE PRIMARY RESIDENCE SITS?

Square feet

33B. COULD ANY PART OF THE LOT BE SOLD *WITHOUT SELLING THE RESIDENCE*?

YES NO



Consideration of a Child's Net Worth

- The net worth of the child of a Veteran or surviving spouse can also be a factor for current-law Pension purposes.
- Evaluate the child's net worth independently: *do not add their net worth to the family NW*
- If the child's net worth is excessive, remove the child from the award



Deductible Medical Expenses

- Define and Clarify Medical Expenses for VA Purposes
- New regulation defines:
 - Activities of daily living (ADLs)
 - Instrumental activities of daily living (IADLs)
 - Custodial care
- Clarifies: The medical expense deduction should be contingent on the sort of care the disabled individual is receiving in the facility and the necessity for the individual to be there, not the name of the facility



Deductible Medical Expenses- Definitions

Activities of daily living (ADLs): Defined as “mean basic self-care activities and consist of bathing or showering, dressing, eating, toileting, transferring, and ambulating within the home or living area. Transferring means an individual’s moving himself or herself from one position to another, such as getting in and out of bed.”

Instrumental activities of daily living (IADLs): Defined as “mean independent living activities, such as shopping, food preparation, housekeeping, laundering, managing finances, handling medications, using the telephone, and transportation for non-medical purposes..”

Custodial care: Defined as regular assistance with two or more ADLs, or supervision because an individual with a physical, mental, developmental, or cognitive disorder requires care or assistance on a regular basis to protect the individual from hazards or dangers incident to his or her daily environment.



In Home Health Care Expenses

Payments for assistance with ADLs and IADLs are medical expenses as long as the attendant provides the disabled individual with health care or custodial care. The attendant must be a health care provider unless:

- The disabled individual needs A&A or is housebound; or
- A physician, physician assistant, certified nurse practitioner, or clinical nurse specialist states in writing that, due to a physical, mental, developmental, or cognitive disorder, the individual requires the health care or custodial care that the in-home attendant provides



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Forms Update

- Forms were updated to get additional net worth information
 - VA Form 21P-527
 - VA Form 21P-527EZ
 - VA Form 21P-534
 - VA Form 21P-534EZ
 - VA Form 21P-8416
 - VA Form 21P-0969

Reminder: Outdated forms are accepted for one year.
Outdated forms will not have required info



Special Access to: Philadelphia PMC Advocacy Team



Special Inquiry Phone Queue:
215-381-3762



Special Fax Number:
215-842-4410



VSO E-mail Addresses:
PensionCtrVSO.VBAPHI@va.gov



Fiduciary Hub
(888) 407-0144



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