



Policy Directive 2017-11-01

Title: Questionable Withdrawals and Deposits

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Program impacted: Elderly & Disabled Medical

This Policy Directive provides instructions for reviewing and requesting information related to withdrawals and deposits on bank statements for individuals applying for Elderly and Disabled Medical programs, including Long Term Care. The purpose of questioning a withdrawal or deposit is to identify potential transfers of property or unreported sources of income. This directive provides guidance to prevent excess or unnecessary pending.

Effective with the release of this directive, a specific dollar-amount threshold will not be applied when determining whether a withdrawal or deposit is questioned. Thorough documentation is necessary to support the reason an unexplained withdrawal or deposit is questionable, the reason it is or is not questionable, and whether additional information must be requested.

A. Withdrawals

Eligibility staff shall use the prudent person concept as outlined in KEESM 1310 when determining whether a withdrawal is questionable.

Eligibility staff must consider the consumer's current living arrangement when reviewing withdrawals shown on their bank statements. It is expected that consumers who reside in the community will have more withdrawals present on their bank statements than a consumer who resides in the nursing facility. For example, it is not unusual for a consumer residing in the community and requesting Home and Community Based Services to purchase fuel for their car or purchase groceries on a regular basis. However, a consumer residing in the nursing facility may not purchase fuel for a vehicle or groceries as frequently. For all medical programs, including Medically Needy spenddown and Medicare Savings Programs, it is appropriate to question situations where a large cash withdrawal results in the consumer being resource eligible, or when a bank account closes and it is necessary to know how the funds were spent.

The following examples outline situations where it may be appropriate to question the withdrawal:

- Unexplained withdrawals for non-routine monthly expenses such as multiple checks written to individuals, typically in whole dollar amounts
- Bank transfers to accounts that are not on file as belonging to the primary applicant or spouse

- Expenses related to a resource that is not owned by the primary applicant or spouse, such as life insurance premiums or expenses related to a home (e.g. rent, mortgage, or utilities)
- Expenses that do not appear to be rational or are principally to the benefit of someone other than the primary applicant or spouse

Unexplained withdrawals may be verified by consumer statement when the reasoning is plausible. An attempt must be made to contact the consumer by telephone before sending a formal request for information. If a consumer requesting Long Term Care fails to return information related to questionable withdrawals, eligibility shall be determined for Medically Needy spenddown or Medicare Savings Programs.

Examples

1. Consumer was admitted to the nursing facility on 5/2/2017 and applies for Institutional Care on 8/15/2017. Prior medical is requested. Bank statements provided by the consumer for each of the prior medical months show payments to Kansas Gas and Westar Energy but the consumer does not report owning a home. Contact with the consumer or responsible person is necessary before sending a request for information. In this situation, it is appropriate to question the expense in order to determine whether the consumer owns a home that was not previously reported.
2. Consumer applies for Home and Community Based Services on 8/15/2017. A bank statement is provided and shows multiple transactions of varying amount at WalMart and Dollar General. It is not appropriate to question what the consumer purchased as these are considered routine transactions.

B. Deposits

Prudent person shall also be applied when reviewing bank accounts for unreported income sources. The following examples outline where it may be appropriate to question the source of income:

- Income direct deposited into a bank account from any source
- Regular or recurring deposits (weekly, bi-weekly, or monthly)

Unexplained deposits may be verified by consumer statement when the reasoning is plausible. If an unreported income source is found, the income amount and frequency must be verified using the Tiered Verification structure. An attempt must be made to contact the consumer by telephone before sending a formal request for information. If a consumer requesting assistance under any Elderly and Disabled medical program fails to provide information related to questionable deposits, eligibility shall be denied for Failure to Provide.

Examples

3. Consumer was admitted to the nursing facility on 5/2/2017 and applies for Institutional Care on 8/15/2017. Prior medical is requested. Bank statements provided by the consumer show SSA income of \$977 direct deposited each month. The June bank statement also shows one deposit of \$30. Because the \$30 deposit is not shown on the other bank statements, the deposit in June is irregular and is presumed to be a gift. This is not considered a questionable deposit and therefore contact with the consumer is not appropriate.

4. Consumer was admitted to the nursing facility on 8/2/2017 and applies for Institutional Care on 8/15/2017. The consumer reports income from SSA, KPERS, and farmland. A bank statement is provided and shows SSA income of \$1,032 and \$488 in KPERS direct deposited each month. The bank statement also shows that a check in the amount of \$3,836 was deposited. Upon contacting the consumer, it is learned the check is an insurance payment for crop loss the previous year. This deposit would be treated as a lump sum and would not be counted as income. Verification of the income received from SSA, KPERS, and farmland is needed before an eligibility determination may be completed.