

## 2308 –AUTOMOBILES/VEHICLES

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| <b>POLICY STATEMENT</b>                      | The treatment of an automobile/vehicle as a resource is dependent upon whether eligibility is determined under ABD or Family Medicaid.   |
| <b>BASIC CONSIDERATIONS</b>                  | <p>“Automobile” means <b>any</b> vehicle used for <b>transportation</b>. These include cars, trucks, motorcycles, golf carts, animal-drawn vehicles and animals.</p> <p>The value of an automobile may or may not be considered as a resource when determining eligibility, depending upon whether eligibility is determined under ABD or Family Medicaid. All automobiles owned by LA-D A/Rs are subject to estate recovery.</p>  |
| <b>Vehicles Considered Personal Property</b> | <p>The following automobiles are considered personal property and the equity value of each is considered a countable resource:</p> <ul style="list-style-type: none"> <li>• permanently <b>inoperable</b> (junked) automobiles</li> <li>• recreational automobiles (boat, RV, dirt bike, etc.)</li> </ul>  |
| <b>Ownership of a Vehicle</b>                | <p>Ownership of an automobile must be established before it can be considered a resource. Refer to <a href="#">Section 2301</a>, Family Medicaid Resource Overview and <a href="#">Section 2302</a>, Ownership of Resources in ABD Medicaid, for policy regarding jointly owned resources.</p> <p>An automobile that is used by a member of the assistance unit (AU) or budget group (BG) but which is registered to and owned by another individual who is not a member of the AU or BG is not considered a countable resource.</p>   |
| <b>Leased Vehicles</b>                       | Leased vehicles are not considered when determining eligibility, as the AU/BG does not <i>own</i> the vehicle.   |
| <b>Adaptive Equipment</b>                    | Special equipment to adapt a vehicle for use by a handicapped person is not considered in determining the value of a vehicle.  |
| <b>Current Market Value</b>                  | <p>The Current Market Value (CMV) of a vehicle is any one of the following:</p> <ul style="list-style-type: none"> <li>• the assessed tax value determined by the county tag office, multiplied by 2.5</li> <li>• the average trade-in value from the most current available NADA Official Used Car Guide or at <a href="http://www.nada.com">http://www.nada.com</a></li> <li>• the statement of a dealer.</li> </ul> <p>If the AU claims the CMV is not representative of the value of the vehicle, the AU must be given the opportunity to provide a value rebuttal from another reliable source, such as a used car/truck dealer, automobile insurance company or classic car appraiser.</p> |

**BASIC  
CONSIDERATIONS  
(cont.)**

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| <b>Equity Value</b>                         | The Equity Value (EV) is the CMV less any indebtedness or financial encumbrances.  |
| <b>Verification of Debt or Encumbrances</b> | A/R's statement may be accepted as proof of debt or encumbrances on a vehicle, unless questionable. Their statement should identify the vehicle and the current payoff amount.   |
| <b>ABD Medicaid</b>                         | <p>Changes in the automobile policy are effective July 1, 2005. However, implement the policy for reviews and for applications (including three prior months) beginning January 1, 2007. Exclude the value of <b>one</b> automobile per household if used for the transportation of the eligible individual/couple or a member of the eligible individual's/couple's household. This policy applies regardless of the living arrangement or the COA (even if one or both spouses are institutionalized). Assume the automobile is used for transportation, absent evidence to the contrary.</p> <p>If the eligible individual/couple owns a second automobile used for transportation of them or a member of their household, the total exclusion applies to the automobile with the greater EV.</p> <p>The EV of any automobile other than the excluded one is a countable resource when it:</p> <ul style="list-style-type: none"> <li>• is owned by an eligible individual/couple and/or deemors; <b>and</b></li> <li>• cannot be excluded under another provision (e.g., property essential to self-support, plan for achieving self-support, etc.)</li> </ul> <p><b>NOTE:</b> Automobiles may <b>NOT</b> be designated as burial funds.</p> |
| <b>Family Medicaid COAs</b>                 | <p>The value of a vehicle is excluded if used for either of the following reasons:</p> <ul style="list-style-type: none"> <li>• primarily as a dwelling</li> <li>• over 50% of the time for income-producing purposes.</li> </ul> <p>The EV(s) of all other vehicles must be considered when determining the total countable resources for the AU.</p> <p>A \$4,650 exclusion of one vehicle's EV is given, regardless of the use of the vehicle.</p> <p>The AU is allowed to choose the vehicle to which the exclusion is applied. Exclusions are applied in the manner most advantageous to the AU.</p>  |

**PROCEDURES****ABD Medicaid**

Beginning January 1, 2007, with each new application (including three months prior) and at review, verify and document the ABD A/R's ownership of each automobile. For each automobile owned, accept the individual's statement of sole or joint ownership of an automobile and his/her share of joint ownership, unless questionable. Resolve any questions by examining the title, the current year's registration, the bill of sale or Department of Motor Vehicles (GRATIS).

Verify and document usage of each automobile. Accept the A/R's statement as verification of the use of an automobile unless questionable. Determine the reason if an automobile is owned but not used for transportation. If the automobile is an antique or collectible automobile, develop the collector value.

Unless questionable, accept the A/R's statement regarding factors qualifying an automobile for an exclusion, regardless of the value of the automobile.

For an A/R who owns an automobile and who has no household members using the automobile, consider the following to determine whether the automobile should be excluded:

- is title in A/R's name only
- who uses the auto
- where is the auto parked
- can the A/R or representative provide times and date the automobile was used to transport the A/R
- is it routinely used by someone else
- what is the mileage used compared to the number of miles used to transport the member
- was the automobile purchased while in LA-D or near the time of entering LA-D
- who holds the policy and pays for the auto insurance

If it appears that the automobile is rarely or never used by the A/R or was purchased to shelter assets, count the auto as a resource.

## PROCEDURES

**ABD Medicaid  
(cont.)**

Verify and document the CMV of an automobile from one of the following sources:

- For vehicles up to 8 years old, the CMV is the average trade-in value listed in the most current available NADA Official Used Car Guide.
- For vehicles 8 to 18 years old, the CMV is the average trade-in value listed in the most current available NADA Older Car Guide.
- For vehicles more than 18 years old, use the value listed for the vehicle at 18 years old.

If the A/R disagrees with the NADA listed value and eligibility is affected by the value, give him/her the opportunity to rebut the value.

Rebuttal evidence consists of a written appraisal of the automobile's CMV obtained by the A/R, at his/her own cost, from a **disinterested knowledgeable source** such as a used car or truck dealer or an automobile insurance company.

Provide the rebuttal source with a complete description of the automobile including year, make, model, equipment, etc. Assume the automobile to be in average condition unless there is evidence to the contrary.

Inform the rebuttal source that the estimate should show the average retail value for the automobile in the geographic area covered by the local media. If the estimate is obtained by telephone, document the file with all the pertinent facts.

The AU's statement of ownership of an automobile is accepted, unless questionable.

**Family Medicaid  
COAs**

Verify and document usage of each automobile. Accept the A/R's statement as verification of the use of an automobile unless questionable. Determine the reason if an automobile is owned but not used for transportation. If the automobile is an antique or collectible automobile, develop the collector value.

**PROCEDURES**  
**Family Medicaid COAs****(cont.)**

Follow the steps below to determine the countable resource value of an automobile for Family Medicaid:

**Step 1** Determine what vehicle(s) are owned by the AU and determine the use of each.

**Step 2** Determine if the value of any automobile(s) can be totally excluded based on use.

**Step 3** Determine the year, make, and model of any remaining automobile(s) owned by the AU.

**Step 4** Verify and document the FMV of an automobile from one of the following sources:

- Tag receipt or assessed tax value obtained from the county tag office or GRATIS and multiplied by 2.5
- For vehicles up to 8 years old, the FMV is the average trade-in value listed in the most current available NADA Official Used Car Guide.
- For vehicles 8 to 18 years old, the FMV is the average trade-in value listed in the most current available NADA Older Car Guide.
- For vehicles more than 18 years old, use the value listed for the vehicle at 18 years old.

If the A/R disagrees with the NADA listed value and eligibility is affected by the value, give him/her the opportunity to rebut the value.

Rebuttal evidence consists of a written appraisal of the automobile's FMV obtained by the A/R, at his/her own cost, from a **disinterested knowledgeable source** such as a used car or truck dealer or an automobile insurance company.

Provide the rebuttal source with a complete description of the automobile including year, make, model, equipment, etc. Assume the automobile to be in average condition unless there is evidence to the contrary.

Inform the rebuttal source that the estimate should show the average retail value for the automobile in the geographic area covered by the local media. If the estimate is obtained by telephone, document the file with all the pertinent facts.

**PROCEDURES**  
**Family Medicaid COAs**  
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| <b>Step 5</b> | Determine the EV by subtracting the amount owed from the FMV.  |
| <b>Step 6</b> | Apply a \$4,650 exclusion to one automobile's EV.  |
|               | Total the countable value of all automobiles, add to the value of other countable resources and apply to the resource limit. |