

# Medicaid for the Elderly, Blind or Disabled Divestment

Divestment is giving away one's resources, such as income, non-exempt assets and property for less than fair market value in order to enroll in Medicaid for the Elderly, Blind or Disabled (EBD). **Divestment** is also an action taken to avoid receiving income or assets that one is entitled to receive. For example, waiving pension income or disclaiming an inheritance.



**Note:** Fair market value is an estimate of the price an asset could have been sold for on the open market at the time it was given away.

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## When applying for Medicaid EBD, divestment is important if:

- You are living in or entering a nursing home or hospital for a stay of 30 days or more.
- You are applying for the Medicaid EBD — Community Waivers Program.
- You are applying for Medicaid EBD — Family Care.
- You are applying for Medicaid EBD — Program of All-Inclusive Care for the Elderly (PACE) or Partnership

## The “divestment penalty period”

A divestment penalty period is a period of time when Medicaid EBD will not pay for nursing home care or long-term care benefits through the Community Waivers Program, Pace, Partnership, or Family Care. A person may still be able to get limited Medicaid EBD card services during the divestment penalty period.

## Divestment penalty period and how it is calculated

When you apply, you will be asked whether any financial resources have been transferred to another person or to a trust within the past 60 months. If you transferred financial resources during this time period, and did not receive fair market value for your transfers, a divestment penalty period will be calculated.

A divestment penalty period is calculated based on:

- Value of transferred resources
- The date on which the individual is institutionalized (or requesting Community Waivers, Family Care, PACE, or Partnership), has applied for Medicaid EBD, and is otherwise able to enroll in Medicaid EBD but for the imposition of the divestment penalty period
- Current average daily private nursing home rate

**Example:** Jane divested \$20,000 on January 15, 2015. She was admitted to a nursing home, applied for Institutional Medicaid EBD on January 20, 2015, and was able to enroll in Medicaid EBD. The average daily cost of nursing home care is \$241.78, so the calculated penalty period for the divestment is 82 days ( $\$20,000 \div 241.78 = 82.71$ ). Partial days in which Jane is not able to get benefits will be rounded down (82.71 days is rounded down to 82 days). The penalty period runs from January 20, 2015, through April 2, 2015 (12 days in January, 28 days in February, 31 days in March, and two days in April). On April 3, 2015, Medicaid EBD will begin to pay for the cost of Jane's institutional care.

**For More Information:**

- Contact Member Services at 1-800-362-3002 (TTY and translation services are available), or
- Contact your local agency.

Information provided in this document is general. To find out more detailed information, contact your local agency. This information is also online at [dhs.wi.gov/em/customerhelp](https://dhs.wi.gov/em/customerhelp).

The Department of Health Services is an equal opportunity employer and service provider. If you have a disability and need to access this information in an alternate format, or need it translated to another language, please call (608) 266-3356 or 1-888-701-1251 (TTY). All translation services are free of charge.

For civil rights questions, call (608) 266-9372 or 1-888-701-1251 (TTY).



**State of Wisconsin**  
**Department of Health Services**  
**Division of Health Care Access and Accountability**