

**BEFORE THE ALASKA OFFICE OF ADMINISTRATIVE HEARINGS  
ON REFERRAL BY THE COMMISSIONER OF HEALTH AND SOCIAL SERVICES**

In the Matter of:	)	
	)	
C S	)	OAH No. 13-0390-MDE
_____	)	DPA No.

**DECISION**

**I. Introduction**

This case is C S’ appeal of the decision by the Division of Public Assistance (or Division) to deny his Medicaid application. The Division denied his application for Medicaid benefits because Mr. S’ resources exceeded the \$2000 limit due to the cash value of his whole life insurance policy.

Mr. S admitted the cash value of his whole life insurance policy was in excess of \$6000. Mr. S argued that it was unfair to deny his application because of this policy because he needed to keep this policy so that his relatives would be able to pay for his burial and travel to his funeral.

The Division’s denial Mr. S’s application must be upheld. The cash value of Mr. S’ whole life insurance policy is an asset that had to be included when his resource were calculated for the purpose of determining his eligibility for Medicaid. There is no exception to the \$2000 resources limit applicable to Mr. S’s situation.

**II. Facts**

Mr. S receives Special Low Income Medicare benefits.<sup>1</sup> On March 5, 2013, Mr. S, as requested, filed a copy of information about his life insurance policy with the Division. This information showed that this policy had a net cash value on February 8, 2013 of \$6,533.10.<sup>2</sup>

On March 12, 2013, the Division mailed a notice to Mr. S stating that was not eligible for Medicaid his resources exceeded the \$2000 limit for qualifying for that program. The notice also explained that \$1,500 of the cash value of his life insurance policy would deducted as the maximum allowed for a burial account that would not count toward the resource limit. This deduction left \$5,033.10 as the countable resource attributable to his life insurance policy. While this amount exceeded that \$2000 limit to qualify for Medicaid, the resource limit for Special

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<sup>1</sup> Exhibits 1 & 2.  
<sup>2</sup> Exhibits 2.1 & 2.2.

Low Income Medicare Beneficiaries program has a higher resources limit. The Division informed Mr. S that he was below that limit and still qualified for the Special Low Income Medicare Beneficiaries program.<sup>3</sup>

Mr. S appealed that decision by filing a Fair Hearing Request form. In this request, Mr. S argued that his life insurance policy should not have been counted as a resource.<sup>4</sup>

Mr. S's appeal was heard by telephone on March 27, 2013. The hearing was audio recorded. Mr. S testified on its behalf. DPA Public Assistance Analyst Jeff Miller represented the Division.<sup>5</sup>

Mr. S admitted at the hearing that the cash value of his whole life insurance policy was in excess of \$6000. Mr. S argued that it is both unfair and unreasonable to deny his application for Medicaid based on the cash value of his life insurance policy. Mr. S explained that this policy is intended to ensure that there is money to pay for his burial and for his relatives to travel to his funeral when he dies. Mr. S maintains that it costs more than \$1500 to be buried in No Name. Mr. S does not believe it would make sense for him to cash out his insurance for less than half its value at his death. Mr. S explained that he wants Medicaid coverage because he needs surgery for his eye and for his back, and his Medicare coverage will not pay for all the costs of these procedures. Mr. S does not want to go further into debt for medical expenses.<sup>6</sup>

### **III. Discussion**

Although Mr. S is frustrated that he did not qualify for Medicaid because of his life insurance policy. The regulations that set the eligibility requirements for Medicaid do set resource limitations. Alaska Regulation 7 AAC 40.270(a)(1) sets the resources limit for an individual at \$2000. Resources are defined to include personal property, such as Mr. S' life insurance policy.<sup>7</sup> The cash value of Mr. S' policy far exceeds this limit even after the \$1500 burial fund limit is applied. Mr. S may wish to seek advice. It is not clear that he understands all of his options about how his resources and debts can be managed and his medical needs prioritized.

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<sup>3</sup> Exhibit 3.

<sup>4</sup> Exhibit 4.1.

<sup>5</sup> Recording of Hearing.

<sup>6</sup> Recording of Hearing- Testimony of Mr. S.

<sup>7</sup> 7 AAC 40.260(a).

#### **IV. Conclusion**

Mr. S did not qualify for Medicaid. The Division's decision is AFFIRMED.

Dated this 15<sup>th</sup> day of April, 2013.

*Signed*  
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Mark T. Handley  
Administrative Law Judge

### **Adoption**

The undersigned, by delegation from of the Commissioner of Health and Social Services, adopts this Decision under the authority of AS 44.64.060(e)(1), as the final administrative determination in this matter.

Judicial review of this decision may be obtained by filing an appeal in the Alaska Superior Court in accordance with Alaska R. App. P. 602(a)(2) within 30 days after the date of this decision.

DATED this 8<sup>th</sup> day of May, 2013.

By: *Signed*  
\_\_\_\_\_  
Name: Mark T. Handley  
Title: Administrative Law Judge

[This document has been modified to conform to the technical standards for publication.]