STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY

GEORGE DEUKMEJIAN, *Governor*

DEPARTMENT OF HEALTH SERVICES
714/744 P STREET
SACRAMENTO, CA 95814

January 26, 1989

TO: All County Welfare Directors
All County Administrative Officers

Letter No: 89-08

SUBJECT: LIFE ESTATES

Regulations regarding the valuation of life estates went to public hearing on August 3, 1988. These regulations would expand the current method of valuing life estates by allowing applicants and beneficiaries to provide an appraisal value under certain conditions. There has been a delay in filing the regulations; however, the Department feels that it would not be advisable to wait before implementing this new provision. Effective March 1, 1989, the market value of life estates shall be determined as follows:

The value of a life estate is:

1. The entire value of the property in which the life estate is held if the applicant or beneficiary was the owner of the property prior to the transfer and the life estate is revocable, or

2. In all other instances, the value determined in accordance with the Internal Revenue Service (IRS) actuarial table or, at the applicant's or beneficiary's option, a lesser value established by a person qualified to appraise such items as described in Title 22, California Code of Regulations (CCR), Section 50441 (c) (2). The IRS actuarial tables are found in Medi-Cal Eligibility Manual, Procedure Section 9A, pages 3 and 4.

Please note that because the California Gift Inheritance Formula has been repealed, and since State law requires that an applicant's property be evaluated in accordance with federal law, the alternative method for valuing life estates is the Internal Revenue Service actuarial tables. The IRS tables are, in actuality, identical to the California Gift Inheritance Tax Formula. This change is also being addressed in a forthcoming regulation change.

These corresponding regulation changes will be filed as nonemergency regulations with the Secretary of State's office soon. Changes to the Medi-Cal Eligibility Manual will follow shortly thereafter.

If you have any questions regarding the above issue please call Sharyl Shanen-Raya of my staff at (916) 324-4956 or ATSS 8-454-4956.

Sincerely,

Original signed by

Frank S. Martucci, Chief
Medi-Cal Eligibility Branch

cc: Medi-Cal Liaisons
Medi-Cal Program Directors

Expiration Date: December 31, 1989