

DEPARTMENT OF HEALTH AND SOCIAL SERVICES
DIVISION OF SOCIAL SERVICES
Statutory Authority: 31 Delaware Code, Section 512 (31 Del.C. Ch.5, §512)

ORDER

Long Term Care Eligibility Process, U.S. Savings Bonds

Nature Of The Proceedings:

Delaware Health and Social Services (“Department”) / Division of Social Services initiated proceedings to amend the Division of Social Services Manual (DSSM) regarding the Long Term Care Program related to the redemption period for certain U.S. Savings Bonds and provides instructions on waiving the redemption period for U.S. Savings Bonds. The Department’s proceedings to amend its regulations were initiated pursuant to 29 **Delaware Code** Section 10114 and its authority as prescribed by 31 **Delaware Code** Section 512.

The Department published its notice of proposed regulation changes pursuant to 29 **Delaware Code** Section 10115 in the January 2005 *Delaware Register of Regulations*, requiring written materials and suggestions from the public concerning the proposed regulations to be produced by January 31, 2005 at which time the Department would receive information, factual evidence and public comment to the said proposed changes to the regulations.

Citations

- 31 CFR 351.6; 352.12;359.70; 351.85; 360.90
- POMS SI 01140.240

To DSSM 20330.7 - U.S. Savings Bonds:

1. Change the redemption period for U.S. Savings Bonds Series EE and I from 6 months to 12 months; and,
2. Include instructions provided by the Centers for Medicare and Medicaid Services (CMS) on waiving the mandatory redemption period.

Summary Of Comments Received With Agency Response And Explanation Of Change

The Governor's Advisory Council for Exceptional Citizens (GACEC), the Delaware Developmental Disabilities Council (DDDC), and the State Council for Persons with Disabilities (SCPD) offered the following summarized comments:

First, some savings bonds are not redeemable for several months after initial purchase. During this period, they are not a countable resource since they cannot be converted to cash. Traditionally, savings bonds had a 6 month minimum “retention” period. However, some savings bonds now have a 12-month retention period. Therefore, DSS has modified its regulation to characterize both types of bonds as “non-resources” during the 6 or 12 month retention period.

Second, a bondholder may avoid the retention period and obtain a refund based on hardship (e.g. bondholder needs funds for nursing home care). DSS has added several sentences to describe this option.

We believe that the consequences of obtaining a refund of a bond based on hardship are not clearly stated. We infer that the refund would constitute a resource, at least as of the next month. In contrast, DSS clearly states that bonds redeemed after the retention period become resources in the 7th or 13th month. DSS may wish to add a similar clarifying sentence covering the status of a hardship refund.

Agency Response: The following clarifying sentence is added to the final order regulation: *If the Treasury receives the bond(s) and grants the waiver, it will issue the individual a check. At that point, the individual would have a countable resource in the amount of the check.*

Findings Of Fact:

The Department finds that the proposed changes as set forth in the January 2005 *Register of Regulations* should be adopted.

THEREFORE, IT IS ORDERED, that the proposed regulation to amend the policies for the Long Term Care Program is adopted and shall be final effective March 10, 2005.

**DSS REGULATION #05-11
REVISIONS:**

20330.7 U.S. Savings Bonds

U.S. Savings Bonds are obligations of the Federal Government. They are not transferable and can only be sold back to the Federal Government. ~~They~~ Normally, they cannot be redeemed for six months after the issue date specified on the face of the bond. For Series EE, and I Savings Bonds, the redemption period has been extended to 12 months. They are not resources during the ~~6-month mandatory~~ retention period. They become resources (not income) as of the 7th or 13th month. A bond may not roll over or renew in order to prolong the minimum retention period. Actual redemption (converting to cash) of one bond is required before purchasing a new bond. However, the U.S. Treasury regulation authorizes the Commission of Public Debt to waive the regulatory provisions pertaining to U.S. Savings bonds including the redemption period in order to “relieve any person or persons of unnecessary hardship”. A request for a refund because the person now requires Nursing Home care and so needs the funds used to purchase the bonds may constitute hardship. A written request to the Commissioner of Public Debt requesting a waiver to the redemption period is all that is required. The bondholder may simultaneously tender the bond(s) for redemption. [If the Treasury receives the bond(s) and grants the waiver, it will issue the individual a check. At that point, the individual would have a countable resource in the amount of the check.]

The individual in whose name a U.S. Savings Bond is registered owns it. The Social Security Number shown on a bond is not proof of ownership. The co-owners of a bond (bond titled AND/OR) own equal (50%) shares of the redemption value of the bond. The bond may show an owner followed by POD (proof of death) and another name. This is a survivorship type of bond. The first named individual owns 100% of the bond. The second individual will own 100% of the bond upon the death of the first individual.

Physical possession of a U.S. Savings Bond is a requirement for redeeming it. This is true for sole or joint ownership. If an individual alleges that he or she cannot submit a bond because a co-owner or other individual will not relinquish physical possession of the bond, obtain a signed statement from the co-owner or the other individual that he or she: has physical possession of the bond; will not allow the applicant to cash the bond; and if co-owner, will not cash the bond and give the applicant his or her share.

The Table of Redemption Values for U.S. Savings Bonds is used to determine the value of a bond. These are available from a local bank. The bank will need the series, denomination, date of purchase or issue date. After the mandatory 6 month retention period, the value of a series H or HH bond is its face value.

8 DE Reg. 1313 (3/1/05)