

MEDICAID PLANNING RESOURCES

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For advisors and associates of The Complete Financial Group

Medicaid Planning After Reform for qualification changed substantially on February 8, 2006.

The steps that generally provide the guidelines fall into the following categories:

1. The DRA law includes a look-back time of **Five Years** for applying for Medicaid benefits.
2. The new role of **Income Annuities** in Medicaid Planning.
3. Types of **Immediate Annuities** Used in Medicaid Planning.
4. HFCA **Medicaid Life Expectancy** Tables.
5. Getting Licensed to Sell Medicaid Annuities.

Generally, if an applicant's assets exceed the Medicaid test limits, they may still become eligible for Medicaid by converting those assets into an **immediate annuity**. Keep in mind that each state has its own rules for determining Medicaid eligibility and these rules may differ from those of other states.

Immediate Annuities

Immediate income annuities are the type of annuity most often selected in Medicaid planning, with the promise of a stream of regular payments (usually monthly). These immediate annuities are "irrevocable" contracts, actuarially sound, cannot exceed the person's life expectancy table and guarantee a monthly payment up to the maximum HCFA limit per their state's regulations.

A Medicaid Compliant Annuity is a Guaranteed-Issue, Single Premium Immediate Annuity

This product contains restrictions making the annuity inaccessible and non-transferable in order to comply with Medicaid requirements. It is a "crisis" Medicaid planning tool offered by a limited number of insurance companies and was designed to convert a lump-sum of countable resources into an income stream. With the lump-sum of countable resources eliminated, the nursing home resident/ Medicaid applicant becomes eligible for Medicaid benefits.

In summary, a Medicaid Compliant Annuity must be **irrevocable, non-assignable, actuarially sound, designate the state Medicaid agency as a beneficiary, and provide for equal payments with no deferred and no balloon payments.**

To be certain you are providing the correct advice and properly structure product, contact our office for assistance.

Stan Fidrych, Jr CSA MGA- 800-368-3211 or 610-637-4734 info@completassurance.com