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MEDICAID BULLET POINTS - 2016

Substantial changes to the Medicaid laws were passed by Congress and signed into law by President Bush in February of 2006 as part of the Deficit Reduction Act of 2005 and adopted in New York State effective August 1, 2006. As a result, rules concerning Medicaid eligibility and the ability to protect assets from long-term nursing home stay have undergone many changes. There are many uncertainties with this legislation and how the provisions will be interpreted. The following is a quick summary of the provisions of the law:

- Phase-in the extension of the look-back period for a Medicaid application from three to five years.

- Changes the way gifts of assets made during the look-back period are penalized. The penalty period will now begin to run after a person applies (and would have been otherwise eligible) for Medicaid. NOT when the asset was gifted.

- Disqualifies Medicaid applicants if the equity value of the applicant's residence exceeds $800,000.

- Requires applicants and their spouses who purchase an annuity after February 8, 2006 to name the State of New York in first position as death beneficiary to pay back Medicaid benefits (or in second position where there is a spouse, minor or disabled child). Any changes made to annuities purchased before February 8, 2006 to prevent the State from recovering may also be considered a transfer of assets.

- Exempt transfers between spouses, to disabled children, trusts for the sole benefit of disabled children and caretaker children were NOT affected by the DRA.

- "Institutionalized" Individual can retain the following: (1) $14,850 in resources, life insurance with a face value of $1,500 or less, unlimited irrevocable burial trust account, and $50 per month in income.

- "Community Spouse" can retain the following: (1) $74,820 in resources (or one-half of the couple's combined assets up to a maximum of $117,240, whichever is greater), house with up to $800,000 in equity, a vehicle of any kind, and $2,981 per month in income. If there is not sufficient income available to provide the community spouse with his or her income allowance, additional resources may in some cases be retained to generate extra income.

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