

DISCLOSURE OF ANNUITIES

MEDICAL ASSISTANCE COVERAGE FOR NURSING FACILITY SERVICES

The federal Deficit Reduction Act of 2005 (DRA) makes certain changes to the Medicaid eligibility rules for Medicaid coverage of nursing facility services. Nursing facility services include the following:

- Services provided in skilled nursing facilities (other than short-term rehabilitation), including hospice and managed long-term care, health-related facilities, or intermediate care facilities;
- Nursing facility services provided in a hospital; and
- Home and community-based services provided pursuant to a waiver under Section 1915(c) or (d) of the Social Security Act.

Individuals who are seeking Medicaid coverage of nursing facility services must disclose any interest the individual or his/her spouse has in an annuity.

Beginning with Medicaid applications filed on or after August 1, 2006 for Medicaid coverage of nursing facility services, including requests for an increase in Medicaid coverage of nursing facility services, applicants are required, as a condition for the provision of Medical Assistance, to disclose a description of any interest the individual or the individual's spouse has in an annuity. The disclosure of interest in an annuity is required regardless of whether the annuity is irrevocable or treated as an asset.

In addition, for annuities purchased by the applicant or the applicant's spouse on or after February 8, 2006:

- the State must be named the remainder beneficiary in the first position for at least the amount of Medicaid paid on behalf of the annuitant; or
- the State must be named in the second position after a community spouse or minor or disabled child, or in the first position if such spouse or representative of such child disposes of any such remainder for less than fair market value.

You must send in a copy of the annuity contract owned by you or your spouse in order for us to verify that the State has been named the remainder beneficiary. Failure or refusal to send in the required documentation will result in us considering the purchase of the annuity to be a transfer of assets for less than fair market value.