Potential Asset Spend-down

Prepared for John & Mary TestClient

Calculation assumes John enters a nursing home in the State of Connecticut in 2008

	John		Mary
Step 1: Total all of the couple's assets.		$ 1,000,000	
Step 2: Total Exempt and Unavailable Assets.		$400,000	
Step 3: Determine Countable Assets		$ 600,000	
Step 4: Split Assets Equally	$ 300,000		$ 300,000
C: List amount entitled to:	$ 1,600		$ 104,400
Step 6: Find Balance	$ 298,400		$ 195,600
Step 7: Determine Spend-down Amount		$ 494,000	

Step 1: Total all of the couple's assets.

Assets include all real property and investment and personal property of the couple. Examples of assets include CD's, Savings accounts, mutual funds, IRA's and other retirement accounts, business property and investments, automobiles and other vehicles, lake property and other recreational property, farmland and any other type of property owned.

Step 2: Total Exempt and Unavailable Assets

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Medicaid allows certain assets to be considered "exempt" or "unavailable." Some of the most common* are:
Your Home is normally if a spouse is living in the home along with personal property. Personal items such as a wedding ring, etc. An automobile. A Burial Fund or trust, limited in value. There are other assets considered exempt or unavailable, this is just a partial list of the most commonly held assets.

Step 3: Subtract exempt and unavailable assets

Step 3: Determine Countable Assets

Subtract the assets in Step 2 from the Total Assets in Step 1 to determine the couple's Countable Assets

Step 4: Split Assets Equally

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Connecticut's Partnership Plan became effective: Original

Step 5: State Medicaid Limits And Partnership Asset Protection:

A. Institutionalized Spouse is entitled to keep: $ 1,600
Plus Possible Qualified Partnership Benefit of: $ -

B: Community spouse is allowed one half of assets with a minimum of: $ 20,880
and a maximum of: $ 104,400

C: List amount entitled to:

Connecticut has a Partnership Plan or has passed legislation to do so. To qualify for protection your policy must be Tax Qualified, meet CT's inflation guidelines and state that it is Partnership Certified. This projection may assume asset protection for full policy benefits.

After the couple has spent down to their respective limits, they will meet the Medicaid asset test assuming they have made no illegal transfers and their Home Equity is less than the Medicaid limit in their state. At that time, Medicaid will determine how their income will be used.

Special Note: Home Equity above $500,000 may create Medicaid eligibility problems!

If your State's Partnership date is "TBD" it means the final guidelines are still being decided at this time.

Potential Asset Spend-down

Prepared for Mary TestClient as a single person.

Calculation assumes Mary enters a nursing home in the State of Connecticut in 2008

	Mary
Step 1: Total all of the assets.	**$ 1,000,000**

Assets include all real property and investment and personal property of the person. Examples of assets include CD's, Savings accounts, mutual funds, IRA's and other retirement accounts, business property and investments, automobiles and other vehicles, lake property and other recreational property, farmland and any other type of property owned.

Step 2: Total Exempt and Unavailable Assets

Step 2: Total Exempt and Unavailable Assets. **$400,000**

Medicaid allows certain assets to be considered "exempt" or "unavailable." Some of the most common* are:
Your Home is normally exempt for the first 6 months. Personal items such as a wedding ring, etc. An automobile. A Burial Fund or trust, limited in value. There are other assets considered exempt or unavailable, this is just a partial list of the most commonly held assets. Qualified Partnership LTC insurance policies may provide protection on a dollar for dollar set-aside for any benefits paid by the policy.

Step 3: Subtract exempt and unavailable assets (See note below for Medicaid's treatment of the home for an individual)

Step 3: Determine Countable Assets **$ 600,000**

CT's Partnership Plan became effective: **Original**

Step 4: Determine Medicaid Limits With Possible Qualified Partnership Benefit:

CT has a Partnership Plan or has passed legislation to do so. To qualify for protection your policy must be Tax Qualified, meet CT's inflation guidelines and state that it is Partnership Certified. This projection assumes asset protection for full policy benefits.

A. Institutionalized Spouse is entitled to keep:	**$ 1,600**
Plus Possible Qualified Partnership Benefit of:	**$ -**
C: List amount entitled to:	**$ 1,600**
Step 5: Determine Spend-down Amount	**$ 598,400**

SPECIAL NOTE REGARDING HOME:

During the spend-down, your Medicaid case worker may advise you if you have any ability to make legal transfers such as setting up a burial trust, etc. After an individual has spent down to the asset limit, Medicaid will determine the home will be considered an available resource unless certain exceptions are met. If the home does not qualify for an exception, it will normally have to be sold and the proceeds spent on care. After all has been spent down to the asset limit, Medicaid will determine how their income will be used. Note: If the Spend-down Amount amount above is negative, the Spend-down is complete and the negative balance can be used to protect additional assets received in the future or assets available to Estate Recovery.

If your State's Partnership date is "TBD" it means the final guidelines are still being decided at this time.

Income Calculation

Prepared for John & Mary TestClient

Calculation is based upon John entering a nursing home in the State of Connecticut in 2008

		Institutionalized Spouse **John**		Community Spouse **Mary**
Step 1: List current incomes List each spouses total monthly income.		$ 2,400.00		$ 1,200.00
Step 2: Monthly Maintenance Income Allowance: The Community Spouse is not required to contribute any of their income towards the cost of care. They may be entitled to some of Institutionalized Spouse's income, if needed, to bring her income up to the Monthly Maintenance Income Allowance. If applicable, this step moves income from the institutional spouse to the Community Spouse. The MMIA is currently:	$ 1,712	$ 512	→	$ 512
Step 3: Determine Balances		$ 1,888.00		$ 1,712.00
Step 4: Community Spouse may be entitled to additional income in special circumstances. The Community Spouse may be entitled to additional income under special circumstances. These may income include excess household expenses, dependent child, grandchild or parent. The maximum income, including additional income, is currently $2,610 per month. Contact your County Case Worker to see if you may be entitled to additional income.		$ -		$ -
Step 5: Institutionalized Spouse is entitled to a Personal Needs Allowance - currently: The Institutionalized Spouse may be entitled to additional income in special situations. Situations may include Health insurance premiums, paying a guardian or conservator, maintaining certain dependents, or certain income including Special Veterans Pension, German Reparations and Japanese or Aleutian Restitution Payments.	$ 63	$ 63		
Step 6: Amount couple must pay towards care: This is the amount that the couple will have to contribute to the cost of care each month.		$ 1,825.00		N/A
		John's Income		**Mary's Income**
Step 7: Amount of income left to couple		$ 63		$ 1,712.00

Because Mary has income below $1712 he/she is entitled to some of John's income to bring him/her up to that Monthly Allowance. In Step 2, $512 is being taken from John's income and moved to Mary.

Step 4: Because of the variations between states, this calculator does not allow for this calculation. However, without a hardship exception, the income the Community Spouse receives from the Institutional Spouse can bring the total monthly income to a ***maximum of $2,610.***

John may have to contribute $1825 to the cost of care each month.

Question: Can Mary can live on $1712 a month without affecting his or her lifestyle?

Note: Medicaid law varies from state to state. This worksheet is designed to show an approximation of a Medicaid spenddown. However, you should contact your local Medicaid case worker for an accurate picture of your situation.

Income Calculation For An Individual

Prepared for Mary TestClient

Calculation is based upon Mary entering a nursing home in the State of Connecticut in 2008

		Mary
Step 1: List current income		**$ 2,400.00**
Step 2: Institutionalized Spouse is entitled to a Personal Needs Allowance - currently:	$ 63	**$ 63**

Step 1: This calculator uses the higher income of a couple as the income for the surviving spouse. To show a different income, enter as an individual on the Input Page.

An Individual may be entitled to additional income in special situations. Situations may include Health insurance premiums, paying a guardian or conservator, maintaining certain dependents, or certain income including Special Veterans Pens

Step 2: This is the amount an individual is entitled to keep each month while Medicaid is helping pay the cost of care.

Mary may have to contribute $2337 to the cost of care each month.

Step 3: Amount the Individual must pay towards their cost of care: **$ 2,337**

Once Mary is down to $63 a month and $1600 of assets, Mary normally will qualify for Medicaid's help. For most, this is a loss of a lifetime of savings before they qualify for help with Long Term Care costs.

Note: Medicaid law varies from state to state. This worksheet is designed to show an approximation of a Medicaid spenddown. However, you should contact your local Medicaid case worker for an accurate picture of your situation.

Partnership Information For Connecticut As Of February, 2008

Connecticut has a Partnership Plan or has passed legislation to do so. To qualify for protection your policy must be Tax Qualified, meet CT's inflation guidelines and state that it is Partnership Certified. This projection may assume asset protection for full policy benefits.

Starting Date of Plan: **Original**

Income Cap State? **No**

Home Equity Limit: **$750,000** ***Scroll down for more information***

Policy Exchange Date: **Original** ***Scroll down for more information***

Inflation Coverage Requirements ***Scroll down for more information***

The following table shows the state's **minimum** guidelines for Inflation Protection. Remember this is based on the age as of the date of purchase - even if the policy is exchanged or reissued.

Ages 18 to 60	5%C
Ages 61 to 75	5%C
Age 76 plus	5%C

C = Compound, S = Simple, CPI = Indexed to the CPI, GPO = Guaranteed Purchase Options, 10 or 20 = Ten or Twenty Year 5% Compound, TBD = To Be Decided, None = Inflation is optional

Inflation Guidelines may vary due to an insurer's available inflation options and state approval.
See the individual companies guidelines for more information.

Agent Training Deadline **Original**

Agent Training Hrs **Original**

Key
NAIC = 8 hours initial training and 4 hours every 2 years after that
TBD = To Be Decided
x/y = x is initial hours, y is hours after that
Original = Current Partnership State
Pre-DRA = Training for all LTC producers required prior to DRA

Special: *N/A*

FAQ's

How do benefits work on a shared benefit policy?

Each person will receive asset protection based on the actual dollars they receive in benefits regardless of who owns the policy they receive the benefits from.

Scroll Down or click on the Next Button in the upper left corner of your screen to see the next page.

Why do Inflation Options vary from company to company?

The state sets the guidelines for Inflation requirements based on DRA's guidelines. Some companies offer inflation protection options as low as 2.5%. In setting guidelines, some states allow policies with this option to be certified under their Partnership Plan. Other companies may only offer 5% Coumpound and 5% Simple inflation protection options. If so, their minimum inflation protection for Partnership Plan's will be 5%!

What is the Home Equity Limit?

Individuals with home equity exceeding the Home Equity Limit will not be eligible for Medicaid coverage unless they meet one of the exceptions. The exceptions are if the Medicaid recipient's spouse, child under 21, or adult blind or disabled child, lives in the home.
The DRA does allow an individual to reduce his or her home equity interest without penalty through reverse mortgage or home equity loan. However, there will be a penalty if the equity interest proceeds are given away.

What is the policy exchange date?

The policy exchange date is set by most states when setting up their Partnership Plan. Insurer's that have their policies certified as Partnership policies will review all policies sold after the exchange date. If a policy meets the inflation guidelines, the company will exchange the policy for a new policy that offers asset protection. If the policy does not meet the guidelines, they will notify the policyholder of what needs to be done to get asset protection.

DRA does not allow policies issued before the Exchange Date to receive Partnership Asset. However, DRA does allow companies to re-issue new policies with a new effective date after the Exchange Date. Check with your agent or insurer to determine whether your company will allow this.

If my State hasn't passed a Partnership Plan yet, what inflation option should I purchase?

The Deficit Reduction Act of 2005 states that to receive Partnership Asset Protection, qualified long term care insurance (LTCI) policies must include inflation protection based on the age at purchase. While states have the flexibility to determine the actual options they will accept, they will use the following guidelines from DRA.

Ages 18 to 60:	**Compound inflation protection required**
Ages 61 to 75:	**Some form of inflation protection (simple or compound) is required**
Age 76 plus:	**No inflation requirements (may be purchased by choice)**

To date, there has been only a limited number of states that have determined rules here. If your state has not passed legislation then no exchange date has been set. To be safe, you should consider 5% Compound inflation if you are in the under age 61 age group. Between 61 and 75 years of age, consider 5% Compound or 5% Simple inflation coverage.