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Briefly Speaking

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NURSING HOME CARE AND YOUR LIFE'S SAVINGS

The Pennsylvania Department of Public Welfare ("DPW") has implemented the Deficit Reduction Act of 2005 ("DRA") which affects all Medicaid applications submitted on or after March 5, 2007. Elder Law attorneys have opined that Medicaid planning options have been dramatically reduced by these new regulations. In connection with the Act, DPW has tightened certain eligibility requirements. For instance, they have eliminated the Resource First Rule and, in its place, the modified Income First Rule has been implemented. The new rules and regulations will dramatically affect certain annuities that were purchased to protect the healthy spouse. The regulations now presume that annuities are available income for Medicaid purposes. DPW has also implemented a partial month of ineligibility, the extension of the look-back period is extended to 60 months from 36 months with respect to all transfers made

after February 8, 2006. (Transfers made prior to that date are grandfathered.) For applications filed after March 5, 2007, a penalty of ineligibility will be imposed which begins on the date when the applicant is otherwise financially and medically eligible for long-term benefits. If your house exceeds \$500,000 in equity, Medicaid benefits will be denied. The applicant would be required to borrow against the house or otherwise spend down the home equity before benefits will be authorized. As stated above, the new rules have a dramatic impact on the use of annuities, the major change being that the Commonwealth of Pennsylvania must be named the alternate beneficiary after/along with the community spouse or disabled child. Then the Commonwealth would collect an amount equal to the assistance paid to the beneficiary on behalf of the decedent. Pennsylvania encourages people to purchase long-term care

insurance under a special partnership program with the Commonwealth.

If you are 65+ years of age, do not have long-term care insurance, and are without enough income to support one spouse remaining at home while paying the other spouse's bills in the nursing home, you need to review your Estate/Medicaid planning, so that you do not spend down your life's savings. A careful review of the eligibility rules with your attorney may insure that the stay-at-home spouse is not impoverished and the spouse being cared for in a nursing facility can chose a nursing facility of the highest quality.

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