



# Long Term Care University

## Long Term Care University – Question of the Month

By Aaron Skloff, AIF, CFA, MBA

11/15/13

**Q: Can I protect my home away from the Massachusetts MassHealth (Medicaid) Program if I purchase a Long Term Care Insurance policy? If so, are there any requirements?**

### **The Problem – Limited Benefits and Limited Medicaid**

Most long term care (LTC) insurance policies provide a limited amount of benefits. Even policies covering 10 years of care generally have a daily or monthly limit. The cost of long term care in excess of the daily or monthly limit while you use the policy and the cost of care after the policy's benefits have been exhausted can be financially devastating to you and your family. To compound the problem, assistance in the form of Medicaid is generally limited to the impoverished. Furthermore, Medicaid must generally recover the cost of care it provides by placing a lien against your home.

### **The Solution – MassHealth (Medicaid) Program**

If you receive MassHealth (Medicaid) benefits and have a long term care insurance policy that meets certain requirements, you might be exempt from some MassHealth eligibility and recovery rules. These rules determine:

1. Whether your home will need to be sold in order for you to become eligible for MassHealth benefits and
2. Whether you or your estate may need to repay MassHealth for any of the long term care expenses it paid on your behalf

**Massachusetts is the only state in the entire U.S. that specifically protects your home from Medicaid nursing home liens and estate recovery if you meet the requirements below.** Many states have adopted Dollar for Dollar Partnership Programs; where in most states for every dollar that your qualifying long term care insurance policy pays in benefits, a dollar of assets is protected from Medicaid. In those states your policy may ultimately pay \$300,000 in benefits and protect \$300,000 in assets. **In Massachusetts, your policy may ultimately pay \$100,000 in benefits and protect your \$700,000 home.**

### **MassHealth Qualifying Long Term Care Insurance Policies**

Your long term care insurance policy must meet the following minimum requirements in order for you to qualify for the MassHealth eligibility and recovery exemptions:

1. Have enough benefits to cover nursing home care for at least 730 days (two years) and
2. Have benefits of at least \$125 per day for nursing home care and
3. Not require an elimination period of more than 365 days, or in lieu of a waiting period a deductible of more than \$54,750

### **New Law Effective January 1, 2013**

Massachusetts enacted Senate Bill (SB) 2359 at the end of 2012, with a January 1, 2013 effective date. Prior to SB 2359, in order to be eligible for the MassHealth eligibility and recovery exemptions the policyholder had to purchase a LTC insurance policy that **"on the date the policyholder entered a nursing home"** the policy's benefits met the minimum benefits described above. Before the new law, policyholders who used their benefits in their own home or in an assisted living facility could deplete their benefits below the minimums prior to the date the policyholder entered a nursing home, disqualifying the MassHealth exemptions.

SB 2359 corrected this problem with the "snapshot" approach. The snapshot approach dictates that the exemption is based on a snapshot of what benefits were available **on the date the policy was issued**. Now, policyholders no longer need to hoard their benefits to preserve MassHealth exemptions. SB 2359 provides greater incentives to protect one's independence and estate through the purchase of Long Term Care Insurance.

### **Action Step – Purchase a Long Term Care Insurance Policy that Meets MassHealth (Medicaid) Program Requirements**

When you purchase a policy that meets the MassHealth (Medicaid) Program requirements you gain all the benefits of a traditional long term care insurance policy plus your home is protected.

Aaron Skloff, Accredited Investment Fiduciary (AIF), Chartered Financial Analyst (CFA), Master of Business Administration (MBA), is the Chief Executive Officer of Skloff Financial Group, a Registered Investment Advisory firm. The firm specializes in financial planning and investment management services for high net worth individuals and benefits for small to middle sized companies. He can be contacted at [www.skloff.com](http://www.skloff.com) or 908-464-3060.