



# Long Term Care University

## Long Term Care University – Question of the Month

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06/15/10

**Q: Can the purchase of a long term care insurance policy qualify me for the Massachusetts MassHealth (Medicaid) Program? 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 lifetime benefit policies generally have a daily, monthly or annual limit. The cost of long term care after a policy has been exhausted can be financially devastating for you and your family. To compound the problem, assistance in the form of Medicaid is generally limited to the impoverished.

### **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 \$400,000 home.**

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

Your long term care insurance policy must meet minimum **requirements as of the day you enter a nursing home** in order for you to qualify for the MassHealth eligibility and recovery exemptions. Specifically, your policy must meet the following requirements when you enter the nursing home:

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

### **Often Overlooked - Policy Benefits Can Change from Initial Purchase**

Changes in policy benefits can turn a policy that initially qualified under the Program into a disqualifying policy and vice versa. Example 1. You purchase a policy with 730 days of care that initially meets the Program requirements, but you use 100 days for home care – leaving you with 630 days. **As 630 days is less than the 730 day requirement as of the day you enter a nursing home, this policy would be become disqualified under the Program.**

Example 2. You purchase a policy with a \$100 per day benefit that does not initially meet the Program requirements, but your policy includes an inflation protection rider. By the time you need nursing home care the daily benefit has risen to \$130. **As \$130 per day greater is than or equal to the \$125 per day minimum requirement as of the day you enter a nursing home, this policy would become qualified under the Program.**

### **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.

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