Long term care planning — It's your responsibility.

With the signing of the **Deficit Reduction Act (DRA) of 2005** by President Bush in February 2006, the federal government has taken steps to encourage Americans to take more personal responsibility for covering the cost of their long term care (LTC). One provision in the DRA allows states to establish Qualified State Long Term Care Insurance Partnership (QSLTCIP) Programs. The intention of these government-sponsored LTC programs is to:

- help protect the stability of state Medicaid programs
- promote the importance and value of private LTC insurance coverage
- offer Medicaid Asset Protection to consumers who buy LTC insurance, enabling them to protect an additional dollar amount of personal assets and still remain eligible to apply for Medicaid coverage of LTC services if needed

Your state has chosen to establish such a program.

Taking asset protection one step further

LTC insurance is designed to help protect your assets and preserve your independence and quality of life in the event you require long term care. Your state's Partnership Program takes this concept one step further — by offering Medicaid Asset Protection above and beyond the benefit currently available in LTC insurance policies.

What is Medicaid Asset Protection?

Medicaid Asset Protection is a means of protecting a portion of your assets that you would otherwise have to utilize, or "spend down," in order to determine eligibility for Medicaid benefits that continue to pay for your long term care. A Partnership-qualified policy enables policyholders to protect one dollar of personal assets for every dollar the policy pays out in benefits. The amount of an individual's Medicaid Asset Protection is equal to the sum of all benefits paid under the Partnership-qualified policy when he/she seeks to qualify for Medicaid.

The total assets you are able to keep as a result of your Partnership-qualified policy are above and beyond all the regular resource allowances under the Medicaid program, including any assets your spouse may be allowed to keep. It's important to keep in mind that, while a certain portion of your assets may be protected, you are still required to apply your income toward the cost of long term care in accordance with state Medicaid requirements.

Understanding the purpose and limitations of Medicaid

Medicaid is a program originally intended to help finance health care for those without the means to pay for private insurance. Over time it has evolved into the primary public payer for long term care services provided in nursing homes (versus assisted living facilities or the home). In fact, Medicaid currently pays for nearly two-thirds of all U.S. nursing home residents.*

To qualify for Medicaid coverage of LTC services, rules normally require applicants to spend down their assets to a prescribed level. Until the Deficit Reduction Act passed, it was easier for people to transfer ownership of personal assets in order to qualify for Medicaid LTC benefits for which they would otherwise not be eligible. Over time, this has put a tremendous strain on the state's Medicaid system, jeopardizing its ability to support its intended recipients — those who will truly need help in the years and decades to come.

*Source: National Governor's Association, ww.nga.org; Policy Positions: EC-16. Medicaid Reform Policy, 7/20/05.