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**NEW LAW INCREASES INTEREST IN LONG TERM CARE INSURANCE (FALL 2006)**

When President Bush signed the Deficit Reduction Omnibus Reconciliation Act in 2006 it made it **tougher for senior Americans to get Medicaid coverage for Long Term Care** and forced hard-working Americans to look seriously at insurance that will cover that risk. The new law:

- **Changed the start of Medicaid penalty period** The start of the penalty period for someone who transfers assets to gain eligibility for Medicaid is now, the date the person applies for Medicaid, instead of the date of transfer.
- **Increased the “look back” period** The look back for asset transfers made by Medicaid applicants is now 5 years (used to be 3 years).
- **Changed how Medicaid treats Annuities** The applicant and spouse must disclose any interest they have in annuities, and name their state as primary beneficiary (after the spouse and any disabled or minor children), for the amount of Medicaid assistance the state has provided the annuity recipient.
- **Changed how Medicaid treats Home Equity** Under previous law the value of an applicant’s home equity was not considered in determining Medicaid eligibility. Now unless the home state elects to raise the limit, individuals with home equity over \$500,000 will not be eligible for Medicaid coverage. (The maximum will not apply if the home is occupied by the applicant’s spouse, or by a child under age 21 or a child who is blind or permanently disabled.)

At the same time, the legislation expands the **“Partnership LTC Insurance Programs”** soon to be available in most states. This will reduce pressure on the state Medicaid monies, as the provision allows benefit monies paid for care from a tax-qualified Long Term Care Insurance policy to be considered primary coverage. The individual can then exempt the amount paid by the LTC policy from Medicaid eligibility review. This allows individuals who purchase tax-qualified LTC insurance plans to protect their assets up to the face value of their policy. If they use up their LTC policy benefits, they would not be required to spend all their assets before qualifying for Medicaid.

The escape hatch for those thinking Medicaid would be their LTC coverage answer is closing! As public awareness grows about the Long Term Care crisis in America, the number of policies issued is expected to double in the next five years.

To request information or a consultation on your tax-qualified long term care insurance options contact us:  
**Fax:** 970-384-1901 **Call:** 970-384-1900 or 800-613-4021 ext. 120 **E-mail:** [insurance@lidke.com](mailto:insurance@lidke.com) or [www.lidke.com](http://www.lidke.com)

Name \_\_\_\_\_ E-mail Address \_\_\_\_\_

Home Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Your Age \_\_\_\_\_ Spouse’s Age \_\_\_\_\_ Non-Tobacco user for 5 years **Self:** Yes? No? **Spouse:** Yes? No?

Employer \_\_\_\_\_ Day Phone \_\_\_\_\_ Eve Phone \_\_\_\_\_