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# Elder Law Alert



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## Pennsylvania's Long Term Care Insurance Partnership Program Has Been Approved

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The Long Term Care Insurance Partnership is a program intended to create an incentive for people to purchase long term care insurance to pay for nursing home care. The program was created by the government in an attempt to reduce the number of people applying for Medicaid. This program works such that a person is allowed to keep assets equal to the value of the policy they purchase and still qualify for Medicaid. Normally, a person may only retain \$2,400.00 when applying for Medicaid.



Another important feature of the program is the suspension of the Medicaid Estate Recovery Program to the estates of those people qualifying for Medicaid under the program. Generally, the Medicaid

Estate Recovery Program requires that the state of Pennsylvania look to the estate of a deceased individual who has received Medicaid benefits during his lifetime for repayment of those benefits. If a person has retained excess resources under the long term care partnership program, the Estate Recovery Program will not apply, and there will be no repayment.

To qualify for inclusion in the long term care partnership program, a long term care insurance policy must meet certain qualifications as set out in the Internal Revenue Code. As well, the policy can not have been purchased before July 1, 2007, the effective date of the program's implementation in Pennsylvania. However, insurers are required to exchange policies purchased after February 8, 2006 for policies qualifying for the program, and they must contact all individuals purchasing policies after that date to inform them of their right to make an



exchange. Also, if the policy is purchased in Pennsylvania, the policyholder will only qualify for the Medicaid program in Pennsylvania, and will not qualify in another state.

Implementation of the Partnership Program in Pennsylvania should be one more factor to entertain when considering the purchase of a long term care insurance policy. The possibility of saving thousands of dollars is a great incentive, however, it is one that should be thoroughly discussed with an insurance agent with experience in such policies. It is yet one more tool to add to the asset protection tool box.

*If you have questions about this article, please contact:*

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