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ELDER LAW NEWS UPDATE *May 2014*

TO: Clients, Friends and Colleagues

SUBJECT: ***NYS PARTNERSHIP FOR LONG TERM CARE***

HISTORY

In the early 1990's, the **Robert Wood Johnson Foundation** introduced a joint private/public program which would ensure that 100% of a medicaid recipient's resources would be protected from the cost of long term care once the policy was utilized. ***No planning! No transfers!*** It became known as the Partnership for Long Term Care program, which was offered to all 50 states. New York was just ***one of four states*** (New York, California, Connecticut, and Indiana) which adopted the program, a paltry showing to say the least. By virtue of this insightful action, New York State's *total asset protection benefit, enjoys grand fathered status,* even though abbreviated versions of the partnership plan were introduced by later federal legislation (Deficit Reduction Act of 2005 (DRA)). You can now purchase *"dollar for dollar"* protection,, which means that you may purchase coverage that equals the value of the resources you own, which may be modest. After 2005, many states chose to adopt this modified partnership long term care program.

NYS also provides for an income tax credit equal to 20% of the annual premium for the policy.

HOW DOES IT WORK?

The purchase of a basic NYS Partnership Long Term Care policy, with three years of nursing home care and six years of home care coverage, ***or*** four years of nursing home care and four years of home care, will provide for total asset protection once the policy benefits have been exhausted. The insurance company will provide 90 days notice to the insured that the policy's limits have been reached and it is time to apply for Medicaid Assistance.

Medicaid will consider your income in determining eligibility and not your resources, so if you have a monthly income that is higher than the monthly cost of care, you will not be eligible. Those with higher resources that are income producing, could transfer them, or reduce the income produced by changing the investments in order to reduce income. Unless, the income is inalienable, such as pension income, social security and IRA distributions, you could well arrange to reduce the income received. Your income should be considered when you are purchasing such a policy.

The policies are now portable, which means that you may utilize the NYS Partnership policies in other states that recognize the partnership policies. You will not, however, be able to enjoy 100 % asset protection in another state.

HOW DOES THIS APPLY TO ME?

For most seniors, the cost of the annual premiums may be challenging, especially if their health has been compromised. When long term care policies are not viable options, the Asset Protection Trust will address these very issues. Nevertheless, these partnership policies are a good planning tool for the baby boomers who will be facing long term care issues in the years to come.
