2023

Long-Term Care Training Workbook

ONLINE/SELF-STUDY TRAINING

CONTENT ClearCert® CERTIFIED

ABOUT THE AUTHOR

LTC Connection specializes exclusively in LTC insurance training and education and has been working in the LTC insurance industry since 1999. We believe that each state's mandatory training is an opportunity to not only become compliant to sell LTC insurance, but to give you the competence and confidence you need to recommend and sell LTC insurance to your clients.

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TRAINING OVERVIEW

During this course, participants will learn about the state and federal regulations and requirements and the relationship between qualified state long-term care insurance Partnership programs and other public and private coverage of long-term care services, including Medicaid. They will learn about the available long-term care services and providers, as well as changes or improvements in long-term care services or providers. Also taught will be the alternatives to the purchase of long-term care insurance as well as the effect of inflation on benefits and the importance of inflation protection. The participants will also learn about consumer suitability standards and guidelines.

Monthly Median Costs: National (2021) *Source: Genworth 2021 Cost of Care Survey. https://www.genworth.com/aging-and-you/finances/cost-of-care.html*

In-Home Care	Community & Assisted Living	Nursing Home Facility
Homemaker Services $4,957	**Adult Day Health Care** $1,690	**Semi-Private Room** $7,908
Home Health Aide $5,148	**Assisted Living Facility** $4,500	**Private Room** $9,034

Medicare Part A covers skilled nursing care provided in a skilled nursing facility (SNF) under certain conditions.

- Days 1-20: $0 coinsurance per day
- Days 21-100: Up to $200 coinsurance per day
- Days 101 and beyond: All costs

Assets: Medicaid Divides Assets into Three Classes

Countable (non-exempt or available)	Non-Countable (exempt)	Inaccessible Assets
Any personal financial resources owned or controlled by the Medicaid applicant must be spent on care. • Cash, stocks, bonds, general investments • Tax-qualified pension plans if applicant is retired • Deferred annuities if not annuitized • Life insurance with cash surrender value, if death benefit exceeds $1,500 • Vacation and investment property	These are acknowledged by Medicaid, but not used in determining eligibility: • Cash allowance (usually between $2,000-$3,000) • Prepaid funeral (some states limit its cost) • Term life insurance • Business assets, if applicant derives livelihood from them • A car for personal use (some states cap its value) • Personal items	These resources would have had to be spent on the applicant's care (countable assets) or, in the case of a primary home, been subject to a lien for recovery of benefits. However, they have been protected by being transferred to family or friends. There are only two ways to protect assets: • Giving them away • Placing in trust

Primary Residence – Home Equity

Per the DRA, home property is excluded from resources (exempt) unless the individual's equity interest in his or her home exceeds **$**_____. States can increase this amount to **$**_____**.** An individual whose equity interest exceeds the amount is not eligible for long-term care services unless one of the following circumstances applies:

1. The individual has a spouse who is lawfully residing in the individual's home.
2. The individual has a child under the age of twenty-one who is lawfully residing in the individual's home.
3. The individual has a child of any age who is blind or permanently and totally disabled who is lawfully residing in the individual's home.

Your state: _____

Look-back and Ineligibility Periods

3 years increased to 5	State Formula	Penalty (Ineligibility Period)
As a result of the DRA of 2005, the look-back period was increased from three to five years, effective February 8, 2006. The period is in line with the five-year look-back for transfers into a trust. The transfer of assets into inaccessible status for less than fair market value (generally defined as gifts) within the applicable look-back period creates a period of ineligibility from Medicaid benefits.	The formula used by all states to determine ineligibility period is: ***Transferred assets, divided by the average monthly cost of nursing home care in the applicant's state, equals the number of months of ineligibility.*** The state's Medicaid office determines the average monthly cost of nursing home care in the applicant's state that is used in the formula above. **Your state's monthly cost of nursing home care:** **$**_____	For gifts made after 2006, the penalty period commences on the date the Medicaid application is submitted. Prior to this date the penalty period began on the date of the transfer that caused the penalty period. Depending on the date of the transfer in many cases the penalty period would have expired before the individual applied for Medicaid.

Medicaid has the right to review financial records at the time an application for benefits is received. State Medicaid programs evaluate each applicant's financial situation before granting access. The state looks for transfers of countable assets within a certain period of time, called a look-back period.

Asset Treatment: Individuals and Couples

Individual	Couples	Community Spouse Resource Allowance (CSRA)
Medicaid considers all assets classified as countable to be spent on skilled nursing home care before eligibility is granted. The individual would be allowed to keep assets considered non-countable: • Cash allowance ($2,000-$3,000) • Prepaid funeral (some states limit its cost) • Term life insurance • Business assets, if applicant derives livelihood from them • A car for personal use (some states cap its value) • Personal items • Primary residence if it does not exceed a cap set by the state of either **$**_____ **or** **$**_____	All countable assets in a marriage are considered jointly held and available to be spent on the institutionalized spouse, subject to certain spousal allowance limits. A provision called the spousal impoverishment rule allows the community spouse to retain a certain amount of assets and income. Beyond this allowance, all of the couple's assets, earned by and held in the name of either partner or jointly, are generally considered countable and available to fund the institutionalized spouse's care. This is the case even if: • there is a premarital agreement • they were never contributed to by the institutionalized spouse • even if the couple lives in a community-property state (where assets brought into the marriage are not subject to division in a divorce.) There is an exception to this rule in some states. If the community spouse has a tax-qualified plan that currently prohibits access to its assets, it might not be considered as part of the institutionalized spouse's asset. Please check your state policy on qualified plans for community spouses who have not retired.	A snapshot is taken of the couple's assets on the day the spouse goes into a medical institution or nursing home where he/she is expected to stay more than 30 days. The community spouse gets to keep a certain amount of those assets, calculated by the community spouse resource allowance (CSRA) formula. The CSRA was established to allow the community spouse to survive financially if his/her spouse needed SNF care. The community spouse is allowed to keep half of the couple's combined assets, but: • no LESS than a minimum (called the floor) • no MORE than a maximum (the ceiling) • assets in excess of the ceiling are required to be spent down on the institutionalized spouse's care. **Your State's Minimum (floor)** **$**_____ **Your State's Maximum (ceiling)** **$**_____

States have the option of raising the minimum (floor). Some states have raised it to the maximum (the ceiling). In those states, the community spouse gets to keep the maximum in combined assets and must spend down assets above the maximum on the institutionalized spouse's care.

Income Qualification for Medicaid: Individuals

Individuals	Spend Down States	Income Cap States
All income, regardless of how earned or when received, is considered available to be spent on the Medicaid beneficiary's care, with three exceptions: • Personal monthly needs allowance, usually between $30-$60 per month to cover such items as clothing, toiletries, and medical expenses not covered by Medicare or Medicaid • The beneficiary's Medicare Part B premiums • Medicare supplement insurance premiums	More than half the states employ a so-called spend-down program in which the beneficiary's monthly income goes to the nursing home, with Medicaid making up any difference. The only condition is that, in the aggregate, the monthly income must be less than the private cost of a room. Therefore, if an individual has enough income to pay for their own care, regardless of if they meet the asset criteria, Medicaid will not pay for their care. **Which is your state?** (circle) **income cap state** **spend down state**	The remaining states are considered "income cap" states and eligibility for Medicaid benefits is barred if the nursing home resident's income exceeds **$**_____a month. A **Miller Trust** allows the excess above this amount to be paid into a qualified income trust, into which all income is deposited and from which distributions under the cap may be made to the nursing home. *Please remember that in a cap state, a Medicaid applicant's income will still have to be spent on his care, even if it is under the cap; the cap only determines eligibility.*

Qualified Income Trusts

The rules that allow states to set a cap also provide a means to circumvent it, via setting up a Miller Trust.
Established either by the family of the applicant or the nursing facility, the trust must provide that:

- Beneficiary be the Medicaid applicant
- Applicant's income be paid into the trust
- Beneficiary (the applicant) receive a monthly personal needs allowance
- Applicant's spouse, if any, be paid a sum equal to the minimum monthly maintenance needs allowance
- Trustee distribute to the nursing home to pay for the applicant's care, an amount less than the current cap
- The balance remains in trust, and at the death of the applicant, the trust turns the balance over to the state

Income: Couples

Income	MMMNA	Raise the Floor
The community spouse's monthly income is never used in determining eligibility for the institutionalized spouse.	The community spouse is allowed to keep a Minimum Monthly Maintenance Needs Allowance (MMMNA) of no less than the minimum known as the floor. **Your state's minimum:** **$**_____	Each state has the right to raise the floor (minimum) up to a maximum to allow the community spouse to keep more income. **Your state's maximum:** **$**_____

Income Cap State

At the time of this publication, these states are "income-cap" states that permit Miller Trusts.

Alabama
Alaska
Arizona
Arkansas
Colorado
Delaware
Florida
Georgia
Idaho
Indiana
Iowa
Kentucky
Mississippi
Missouri (HCBS waivers only)
Nevada
New Jersey
New Mexico
Ohio
Oklahoma
Oregon
South Carolina
South Dakota
Tennessee
Texas
Wyoming

2023 Tax Deductions

For taxable years beginning in 2023, the limitations under §213(d)(10), regarding eligible long-term care premiums includable in the term "medical care", are as follows:

Attained age before close of taxable year	Maximum deduction for year
40 or less	$480
More than 40 but not more than 50	$890
More than 50 but not more than 60	$1,790
More than 60 but not more than 70	$4,770
More than 70	$5,960

Other IRS Figures of Note (2023)

- Gift Tax Exclusion: $17,000
- Lifetime Estate and Gift Tax Exemption: $12.92 million
- Itemized Deductions – Medical Expenses: The medical expense deduction threshold is 7.5% of AGI

PARTNERSHIP GUIDE

YOUR STATE'S PARTNERSHIP PROGRAM STATUS

Active Partnership Program: YES NO

REQUIREMENTS OF A PARTNERSHIP POLICY

- ☐ Covers an insured who was a resident of the state when coverage first became effective
- ☐ Is a tax-qualified (TQ) policy under IRC section 7702B
- ☐ Is issued after the State's Partnership effective date
- ☐ Meets certain consumer protection requirements (based on the NAIC 2000 Model Act and Regulation)
- ☐ Policy has correct inflation protection

INFLATION PROTECTION REQUIRED FOR LTC POLICY TO QUALIFY AS PARTNERSHIP POLICY

60 and Younger	compound inflation protection*
61 to 75	compound inflation protection*
	simple inflation protection
76 and older	must be offered one of the inflation protection options above, but not required to purchase any

**Most states allow CPI inflation protection to count as compound. Check with your state and carrier(s).*

DOLLAR-FOR-DOLLAR ASSET PROTECTION

- Dollar-for-dollar policies protect a specific amount of personal assets
- For every dollar that an LTC Partnership insurance policy pays out in benefits, a dollar of assets can be protected during the Medicaid eligibility determination.
- The amount protected is calculated based on the amount of benefits paid by the LTC insurance company on the policyholder's behalf
- It is not equal to the amount of the premiums paid and not necessarily equal to the benefit maximum.

PARTNERSHIP ASSET PROTECTION SCENARIOS

	Countable, Non-Exempt Assets (Must be spent down)	Partnership LTC Insurance Benefits Paid	Dollar for Dollar Assets Protected	Medicaid Spend Down
Person A	$50,000	$50,000	$50,000	$0
Person B	$200,000	$180,000	$180,000	$20,000
Person C	$1,000,000	$500,000	$500,000	$500,000
Person D	$200,000	$0	$0	$200,000

Each person also keeps the cash allowance their state allows.

All figures updated as of January 2023
Please contact your state Medicaid office to see if these figures have changed.

Primary Residence Home Equity Limit

AL	$688,000
AK	$688,000
AZ	$688,000
AR	$688,000
CA	No maximum home equity limit.
CO	$688,000
CT	$1,033,000
DC	$1,033,000
DE	$688,000
FL	$688,000
GA	$688,000
HI	$1,033,000
ID	$1,033,000
IL	$688,000
IN	$688,000
IA	$688,000
KS	$688,000
KY	$688,000
LA	$688,000
ME	$1,033,000
MD	$688,000
MA	$1,033,000
MI	$688,000
MN	$688,000
MS	$688,000
MO	$688,000
MT	$688,000
NE	$688,000
NV	$688,000
NH	$688,000
NJ	$1,033,000
NM	$688,000
NY	$1,033,000
NC	$688,000
ND	$688,000
OH	$688,000
OK	$688,000
OR	$688,000
PA	$688,000
RI	$688,000
SC	$688,000
SD	$688,000
TN	$688,000
TX	$688,000
UT	$688,000
VT	$688,000
VA	$688,000
WA	$688,000
WV	$688,000
WI	$955,000
WY	$688,000

Average Monthly Cost of Nursing Home Care Used to Determine Penalty Period

AL	$6,600.00
AK	Varies by area of state
AZ	$8,912.70-Maricopa, Pima and Pinal; $8,138.28 – all other
AR	$7,151.00
CA	$10,933.00
CO	$9,186.00
CT	$14,060.00
DC	$14,175.99
DE	$10,795.00 ($354.91 per day)
FL	$10,809.00
GA	$9,034.00
HI	$8,850.00
ID	$9,481 ($312 per day)
IL	Varies. See IL DHS calculator
IN	$7,167.00
IA	$7,786.35 ($256.13 per day)
KS	$234.27 per day
KY	$252.43 per day
LA	$5,000.00 ($164.38 per day)
ME	$8,476.00
MD	$10,190.00 ($350 per day)
MA	$410.00 per day
MI	$9,880.00
MN	$9,312.00
MS	$7,107.00 ($233 per day)
MO	$6,894.00
MT	$8,257.21 ($271.47 per day)
NE	Actual monthly cost of care at the private pay rate
NV	$9,059.10
NH	$10,756.51 ($353.60 per day)
NJ	$374.39 per day
NM	$7,811
NY	Varies by location. (Between $11,328 and $14,012)
NC	$7,110.00 ($237 per day)
ND	$10,719.00 ($352.42 per day)
OH	$7,453.00
OK	$189.24 per day
OR	$10,342.00
PA	$14,676.04 ($482.50 per day)
RI	$9,961.00 ($328 per day)
SC	$8,349.98 ($274.52 per day)
SD	$8,158.12 ($268.21 per day)
TN	$6,852.30 ($228.41 per day)
TX	$7,212.00 ($237.93 per day)
UT	$6,938.00
VT	$10,442.43 ($347.41 per day)
VA	$9,032.00 Northern Virginia; $6,422.00 All Other Counties
WA	$11,076.00 ($367.00 per day)
WV	$11,085.00 ($369.48 per day)
WI	$9,350.08 ($307.40 per day)
WY	$8,087.00

Spousal Impoverishment Provision

Community Spouse Resource Allowance

	MINIMUM	MAXIMUM
AL	$29,724	$148,620
AK	$148,620	
AZ	$29,724	$148,620
AR	$29,724	$148,620
CA	$148,620	
CO	$148,620	
CT	$50,000	$148,620
DC	$29,724	$148,620
DE	$29,724	$148,620
FL	$148,620	
GA	$148,620	
HI	$148,620	
ID	$29,724	$148,620
IL	$109,560	
IN	$29,724	$148,620
IA	$29,724	$148,620
KS	$29,724	$148,620
KY	$29,724	$148,620
LA	$148,620	
ME	$148,620	
MD	$29,724	$148,620
MA	$29,724	$148,620
MI	$29,724	$148,620
MN	$148,620	
MS	$148,620	
MO	$29,724	$148,620
MT	$29,724	$148,620
NE	$29,724	$148,620
NV	$29,724	$148,620
NH	$29,724	$148,620
NJ	$29,724	$148,620
NM	$31,290	$148,620
NY	$74,820	$148,620
NC	$29,724	$148,620
ND	$29,724	$148,620
OH	$29,724	$148,620
OK	$25,284	$148,620
OR	$29,724	$148,620
PA	$29,724	$148,620
RI	$29,724	$148,620
SC	$66,480	
SD	$29,724	$148,620
TN	$29,724	$148,620
TX	$29,724	$148,620
UT	$29,724	$148,620
VT	$148,620	
VA	$29,724	$148,620
WA	$59,890	$148,620
WV	$29,724	$148,620
WI	$50,000	$148,620
WY	$148,620	

Monthly Maintenance Needs Allowance

	MINIMUM	MAXIMUM
AL	$2,288.75	
AK	$3,715.00	
AZ	$2,288.75	$3,715.50
AR	$2,288.75	$3,715.50
CA	$3,715.50	
CO	$2,288.75	$3,715.50
CT	$2,288.75	$3,715.50
DC	$2,288.75	
DE	$2,289.00	$3,715.50
FL	$2,288.75	$3,715.50
GA	$3,715.50	
HI	$3,715.50	
ID	$2,288.75	$3,715.50
IL	$2,739.00	
IN	$2,288.75	$3,715.50
IA	$3,715.50	
KS	$2,288.75	$3,715.50
KY	$2,288.75	$3,715.50
LA	$3,715.50	
ME	$2,288.75	$3,715.50
MD	$2,288.75	$3,715.50
MA	$2,288.75	$3,715.50
MI	$2,288.75	$3,715.50
MN	$2,289.00	$3,715.50
MS	$3,715.50	
MO	$2,288.75	$3,715.50
MT	$2,288.75	$3,715.50
NE	$2,288.75	$3,715.50
NV	$2,288.75	$3,715.50
NH	$2,289.00	$3,715.50
NJ	$2,288.75	$3,715.50
NM	$2,288.75	$3,715.50
NY	$3,715.50	
NC	$2,289.00	$3,435.50
ND	$2,550.00	
OH	$2,288.75	$3,715.50
OK	$3,715.50	
OR	$2,288.75	$3,715.50
PA	$2,288.75	$3,715.50
RI	$2,289.00	$3,715.50
SC	$3,715.50	
SD	$2,288.75	$3,715.50
TN	$2,288.75	$3,715.50
TX	$3,715.50	
UT	$2,289.00	$3,715.50
VT	$2,289.00	$3,715.50
VA	$2,288.75	$3,715.50
WA	$2,289.00	$3,715.50
WV	$2,288.75	$3,715.50
WI	$3,051.66	$3,715.50
WY	$3,715.50	