

Michigan Moves Toward Asset Protection Insurance Plan

A new state law opens the door to a significant advance in long term care planning options. Public Act 674 signed into law December 30, 2006, directs the Michigan Department of Community Health to establish a procedure whereby people who purchase qualified long term care insurance policies, will be provided new protections from the Medicaid asset spend down rules.



For example, when the necessary steps have been taken, a person who has \$300,000 of long term care insurance, and who uses all of the available funds to pay for their care, will be eligible for Medicaid benefits when they have countable resources of no more than \$300,000. Currently Medicaid eligibility is achieved only when a person has less than \$2,000 of countable resources.

The new law directs one state agency (Department of Community Health) to obtain the necessary approval from the federal government, and directs another state agency (Office of Insurance and Financial Services) to establish a process for certifying that policies meet the requirements to be “qualified” long term care insurance policies. The law also requires the state to pursue agreements with other states so that if someone purchases such a policy in Michigan, and seeks Medicaid benefits in another state, the same Medicaid “spend down” protections will be afforded.

Many questions remain about how these policies will work, and when they will become available. However, if these policies come about as anticipated by this new law, they promise to offer an attractive new option for planning for long term care.