

EFFECTIVE

May 1, 2015.

Subject(s)**BEM 401****Medicaid**

An annuity purchased or amended by, or for the benefit of, the applicant or recipient on or after February 8, 2006 must name the State of Michigan as the remainder beneficiary in the first position, or as the second remainder beneficiary after the community spouse or minor or disabled child, for an amount at least equal to the amount of the Medicaid benefits paid on behalf of the institutionalized individual. The naming of the state in the first or second position must be verified at application or redetermination. An annuity purchased or amended by, or for the benefit of, the applicant or recipient on or after February 8, 2006 that does not name the state as the remainder beneficiary is a divestment of the total purchase price.

An annuity purchased for the sole benefit of the applicant's spouse is not a transfer for less than fair market value and is not required to name the State of Michigan as a remainder beneficiary if the annuity is actuarially sound and payments are made only to the applicant's spouse during the spouse's lifetime. An annuity purchased or amended for the sole benefit of the applicant's spouse, on or after February 8, 2006, that does not meet these requirements and does not name the state as a remainder beneficiary is a divestment of the total purchase price.

Reason: Circuit court decision.

**MANUAL
MAINTENANCE
INSTRUCTIONS**

Changed Items ...

[BEM 401](#)