



If you or your spouse are considering purchasing a financial product based on its treatment under the Medi-Cal program, read this important message!

You or your spouse do not have to use up all of your savings before applying for Medi-Cal.

### **Recovery**

An annuity purchased on or after September 1, 2004 shall be subject to recovery by the state upon the annuitant's death under the regulations of the Medi-Cal Recovery Program. Income derived from the annuity must be used to meet the annuitant's share of costs and, if the annuitant is married, the income derived from the annuity may impact the minimum monthly maintenance needs of the annuitant's community spouse. An annuity purchased by a community spouse on or after September 1, 2004 may also be subject to recovery if that spouse is the recipient of past or future Medi-Cal benefits.

### **Unmarried Resident**

An unmarried resident may be eligible for Medi-Cal benefits if he/she has less than \$2,000 in countable resources.

The Medi-Cal recipient is allowed to keep from his/her monthly income a personal allowance of \$35 plus the amount of any health insurance premiums paid. The remainder of the monthly income is paid to the nursing facility as a monthly share-of-cost.

### **Married Resident**

**Community Spouse Resource Allowance:** If one spouse lives in a nursing facility and the other spouse does not live in a facility, the Medi-Cal program will pay some or all of the nursing facility costs as long as the couple together does not have more than \$101,640 in countable resources.

**Minimum Monthly Maintenance Needs Allowance:** If a spouse is eligible for Medi-Cal payment of nursing facility costs, the spouse living at home is allowed to keep a monthly income of at least his/her individual monthly income, or \$2,541 in monthly income, whichever is greater.

### **Fair Hearings and Court Orders**

Under certain circumstances, an at-home spouse can obtain an order from an administrative law judge or court that will allow the at-home spouse to retain additional resources or income. The order may allow the couple to retain more than \$101,640 in countable resources. The order also may allow the at-home spouse to retain more than \$2,541 in monthly income.

### **Real and Personal Property Exemptions**

Many of your assets may already be exempt. Exempt means that the assets are not counted when determining eligibility for Medi-Cal.

### **Real Property Exemptions**

- One principal residence. One property used as a home is exempt. The home will remain exempt in determining eligibility if the applicant intends to return home someday.

The home also continues to be exempt if the applicant's spouse or dependent relative continues to live in it.

Money received from the sale of a home can be exempt for up to six months if the money is going to be used for the purchase of another home.

- Real property used in a business or trade. Real estate used in a trade or business is exempt regardless of its equity value and whether it produces income.

## Personal Property and Other Exempt Assets

- IRAs, KEOGHs, and other work-related pension plans. These funds are exempt if the family member whose name it is in does not want Medi-Cal. If held in the name of a person who wants Medi-Cal, and payments of principal and interest are being received, the balance is considered unavailable and is not counted. It is not necessary to annuitize, convert to an annuity, or otherwise change the form of the assets in order for them to be unavailable.
- Personal property used in a trade or business.
- One motor vehicle.
- Irrevocable burial trusts or irrevocable prepaid burial contracts.

There may be other assets that may be exempt.

This is only a brief description of the Medi-Cal eligibility rules. For more detailed information, you should call your county welfare department. Also, you are advised to contact a legal services program for seniors or an attorney that is not connected with the sale of this product.

**Please note:** The Federal Government has authorized the State of California, Department of Health Services (DHS) to seek repayment from annuities held by deceased Medi-Cal beneficiaries. The Department may seek repayment from the estate of a deceased Medi-Cal beneficiary for the expenses incurred for all premium payments and services received by the beneficiary's 55th birthday. Premium payments made by the State include, but are not limited to, dental premiums, Medicare premiums, and premium payments made to Medi-Cal managed care plans.

In addition, if you seek Medi-Cal payment for nursing facility services, you may be ineligible for those services if payments from your annuity extend beyond your life expectancy based upon life expectancy tables adopted by the Department of Health Services for this purpose. To find out about these tables, you may contact your local county welfare department.

Finally, the Department of Health Services is currently refining its policy regarding the treatment of annuities when determining eligibility for nursing facility services. Any regulatory changes will only impact annuities that are purchased after the effective date of any regulatory amendments.

## Acknowledgement

I have read the above notice and have received a copy.

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PURCHASER SIGNATURE

\_\_\_\_\_  
DATE

\_\_\_\_\_  
SPOUSE SIGNATURE (IF APPLICABLE)

\_\_\_\_\_  
DATE

\_\_\_\_\_  
LEGAL REPRESENTATIVE SIGNATURE (IF APPLICABLE)

\_\_\_\_\_  
DATE

## Notice of Asset Sale or Liquidation

The sale or liquidation of any stock, bond, IRA, certificate of deposit, mutual fund, annuity or other asset to fund the purchase of life insurance or an annuity may result in (a) tax consequences, (b) early withdrawal penalties or (c) other costs or penalties. You or your agent may wish to consult independent legal or financial advice before selling or liquidating any assets and prior to the purchase of any life or annuity products being solicited, offered for sale or sold.