THE NEW MASSHEALTH (MEDICAID) EXEMPTION*

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Massachusetts is **encouraging** residents who own homes—or expect to—to buy long-term care insurance. A recent change in the MassHealth estate recovery exemption now allows long-term care insurance policy owners who use a "minimum" benefit (Option 1) to shelter their homes from liens or being sold—even if MassHealth is paying for their long-term care because the insurance is depleted. The change now allows for insurance to pay for care at **home**—not just nursing homes- and still qualify for the exemption. This means the home can be passed on to loved ones or can be left in the estate, regardless of how much equity is in the home (how much it is worth). While Option 1 is essential—we might suggest other options if they are affordable.

Prior to this change, a long-term care insurance policy had to pay for at least 2 years of care in a **nursing home** to qualify for the exemption. Because the majority of insurance claims are paid to people at **home**, and because most people want to perceive their home as their future long-term care facility, this change (click) is extremely consumer friendly. Generally, for people who live alone to qualify for MassHealth they need to spend assets down below $3,000. In addition liens are put on the home for those admitted to nursing homes and not expected to return to the home. The logic is that the lien will eventually help MassHealth **recover** costs they provided for care. The rules are more complicated for married couples- but ultimately the home will still be in jeopardy unless there are sufficient assets to pay for care- or unless long-term care insurance is obtained.

With the new change, a policy that has a **minimum** duration of two years (Option 1) can be used for care at home- and the policy owner can still qualify for the MassHealth home exemption. From a planning perspective, this means the net worth of the home can be sheltered from spend down and estate recovery. For the majority of employee/ homeowners without "substantial" assets that can pay for extended care, insurance is now a very important part of the financial/retirement plan. For those with substantial assets who own long-term care insurance, buying "up" to a more expensive home may be part of the asset preservation strategy.

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You can also obtain an elder care attorney specialist by enrolling in the BMC MetLaw program.

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