



Coming in next month's newsletter: Demutualization of Life insurance cos.

THOUGHT FOR THE MONTH . . .

"Every problem has in it the seeds of its own solution. If you don't have any problems, you don't get any seeds."—Norman Vincent Peale

CHANGES OCCUR WHEN?

Throughout each year ALTCS adjusts the eligibility standards based on the changes to different federal guidelines.

Since most of the ALTCS financial criteria is based on Federal Benefit Rates, the ALTCS monthly income limit, personal needs allowance, the maximum and minimum community spouse resource allowances, and the Qualified Individual-2 program benefits change annually in January.

Some of eligibility standards are based on the Federal Poverty Level guidelines. These guidelines change annually in April. The Medicare Cost Sharing programs monthly income limits are affected by these changes. The programs affected are QMB (Qualified Medicare Beneficiary), SLMB (Specified Low-Income Medicare Beneficiary), QI-1 and QI-2 (Qualified Individual Programs).

The next set of changes occur in the month of July. These are also based on Federal Poverty Levels. The community spouse monthly need, excess shelter allowance, and family allowances are affected by these changes.

The final standards that are changed annually include the average cost for private-pay rate, and the standard utility allowance for community spouse cases. These standards change each October.



**2003
GUIDELINES
Individual Standards**

- \$1656—ALTCS Monthly Income Limit
- \$2000—Resource Limit
- \$739.00—QMB Income Limit
- \$739.01-886.00—SLMB Income Limit
- \$886.01-997.00—QI-1 Income Limit
- QI-2 program—discontinued

Community Spouse Standards

- \$3312—ALTCS Monthly Income Limit*
- \$20132—Initial Resource Limit
- \$18132—Minimum Resource Allowance
- \$90660—Maximum Resource Allowance
- \$1493—Monthly Spousal Need
- \$448—30% deduction from excess shelter expenses
- \$228—Standard Utility Allowance
- \$995.00—QMB Income Limit
- \$995.01-1194.00—SLMB Income Limit
- \$1194.01-1344.00—QI-1 Income Limit



Other Standards

- \$82.80—NF Personal Needs Allowance
- \$1656—HCBS Personal Needs Allowance
- \$210—Home Maintenance Allowance
- \$58.70—Monthly Medicare Premium

SPEAKING SCHEDULE

- January 23rd—ASU Support Group
 - February 4th—Medtronic
 - May 16th—Desert Samaritan Hospital
 - June 28th—Alzheimer's Association
- Want to learn more about ALTCS & its requirements? Call 480/464.4968 and have Carol Aragon-Montgomery speak to staff or residents at your next meeting.

Because ALTCS has many guidelines and the process can be overwhelming for someone needing care, refer them to **Montgomery & Associates** for a no-obligation free initial evaluation. We can help them spend down, organize their assets, and sort through the ALTCS red tape to qualify as soon as possible.
480/464.4968

**NEED A PREVIOUSLY
ISSUED NEWSLETTER?
HAVE A SUGGESTION or A
NEWSLETTER IDEA?
CALL US!**





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OUR NEWEST STAFF MEMBER IS...

Summerrose Schmidt

Summerrose Schmidt (or you can call her "Summer") is our newest staff member. Summer came on board November 21, 2002. She is working part-time in the late afternoon and evening so that she can care for her three children (with a son on the way) during the day.

Our hope is that we will be better able to serve the needs of our clients and referral sources by having another staff member to answer the phone, answer your questions, and work on cases to ensure accurate and timely implementation of the planning and maintenance of our clients' cases.

Summer comes to us by way of Denny's and PhotoPro. She has over 10 years experience working in customer service. Her experience at PhotoPro afforded her the chance to hone her organization and accuracy skills.

Summer is extremely organized, efficient, and sweet. We believe her customer service skills and sweet disposition will be an asset to our clients and referral sources.

Montgomery & Associates, Inc., is very fortunate to have her join our firm and we hope that you will enjoy working alongside her as she trains to become proficient as an ALTCS planning technical assistant.

As always, if you have any ALTCS-related questions, or if you would just like to say "HELLO" to Summer, please call us at 480/464.4968.

LIFE INSURANCE

Life insurance can be a tricky subject with ALTCS. There are many rules governing whether or not life insurance is excluded or counted when determining ALTCS resource eligibility.

Let's explain some of the reasons why life insurance can be complex.



First of all, life insurance can be either term insurance or whole life insurance. **A)** Term insurance is typically a death benefit only with no accumulation of cash surrender value (CSV) and is an excluded resource regardless of the total face value. Exception to this rule is when term insurance is part of a universal life

insurance package—which means that it has some sort of investment account attached to the policy. In this case, the term insurance typically has no surrender value, but the investment portion of the account is surrenderable and therefore, available as an asset for ALTCS eligibility. **B)** Whole life insurance is a death benefit that earns a CSV over the life of the insured. The insured pays a premium during his "whole life" or during a set period of time (up to age 85). While the policy is in force, should the insured die before he's accumulated the face value (FV) of the policy, his beneficiaries receive the face value. During his life he may borrow against or cash in his policy and the insurance company will pay the CSV at his request.

Secondly, insurance companies can be mutual or stock companies. Mutual companies may pay their whole life insured a dividend annually based on that year's profit. Stock companies typically do not pay dividends on their policies.

Thirdly, the insured may take their dividend in four different forms: 1) cash, 2) as a dividend addition which purchases additional insurance that earns CSV, 3) as a dividend accumulation which is set aside like a savings account and earns interest, or 4) as payment toward the next year's annual premium. If the cash option is chosen, the check received is counted as income in the month of receipt. If the dividend addition is chosen, the additional insurance and cash surrender value are excluded if the policy itself is excluded. **If the dividend accumulation is chose, then the accumulation account is always a separate countable asset , even if the policy itself is an excluded asset.** If the payment toward next year's premium is chosen, it doesn't affect ALTCS eligibility at all.



ALTCS must determine the total FV of all life insurance policies owned by the applicant and if married, their spouse. If the total FV of all policies owned by the applicant on each insured is **\$1500.00 or less**, then the policies are an excluded asset regardless of the CSV (unless the CSV includes a portion that is the dividend accumulation account). If the total FV of all life insurance policies owned by the applicant on each insured is **more than \$1500.00**, then the policies' total CSV is counted toward the current ALTCS resource guidelines.

If you have residents or patients who are unsure how their life insurance policies will affect their ALTCS eligibility, please send them to Montgomery & Associates, Inc. for their free initial evaluation. 480/464.4968 SEE, WE TOLD YOU IT WAS TRICKY!!