Montgomery & Associates, Inc.

SEPTEMBER 2004 NEWSLETTER

SOME RECENT CHANGES TO ALTCS INCOME & RESOURCE POLICY

CHANGE #1: Effective August 15, 2004, ALTCS has made specific policy changes with regard to Special Treatment Trusts, including income-only (or Miller) trusts.

CHANGE: Policy has been revised to extend the period of time that AHCCCS has to review trusts from 10 days to 45 days.

EFFECT: Since the ALTCS application processing timeframe is 45 days, it is imperative that those needing these types of trusts provide a complete trust package to ALTCS as quickly as possible to potentially prevent delays in processing their cases. **Montgomery & Associates, Inc.** ***provides assistance in preparing these trusts and has the knowledge and experience to ensure that all pieces of the trust puzzle are complete and accurate for ALTCS's review.***

CHANGE: Policy has been revised to permit the trustee of an Income-only trust to issue the beneficiary (ALTCS member) an amount equal to the personal needs allowance.

EFFECT: Rather than the trustee having to issue multiple payments for each personal need item, food, clothing, and/or shelter expense, he/she can now write one check out of the trust, cash it, and use it as needed for the ALTCS member's needs. Please keep in mind that funds disbursed for personal needs, food, clothing or shelter do count as income in the eligibility determination. ***ALTCS members or potential members sometimes need help navigating through the pitfalls of the income-only trust policy,*** **Montgomery & Associates, Inc.** ***can help!***

CHANGE: Policy has been revised to permit the purchase of a specially equipped vehicle from trust funds provided the vehicle is titled to the trust or titled to an individual with a lien held by the trust.

EFFECT: Funds that have been left to accumulate in the trust because the ALTCS member was limited to the amount of disbursements that could be made from the trust are now accessible for a vehicle purchase.

CHANGE: Policy has been revised to incorporate additional allowable trust disbursements:

- income taxes when an actual tax liability is established
- Purchase of an irrevocable burial plan, or life insurance policy funding an irrevocable burial plan, or designating an amount (not greater than $1500.00) as a burial fund
- Travel expenses of a companion (does not include spouse or parent, if ALTCS member is a child), when a companion is required to permit the ALTCS member to travel

EFFECT: Funds that have been left to accumulate in the trust because the ALTCS member was limited to the amount of disbursements that could be made from the trust are now accessible for income taxes, burial funds, and companion travel expenses.

As always, if you have questions about this article or need to refer clients or patients to a knowledgeable income-only trust resource, please call **Montgomery & Associates, Inc.** at **480/464.4968**.

CHANGE #2 REGARDING: INTEREST & DIVIDEND INCOME

Effective July 2004:

Due to changes in the Social Security Act, ALTCS will no longer count the interest and/or dividends in the eligibility determination for any of the AHCCCS programs, including ALTCS, QMB, SLMB, & QI-1.

Additionally, interest and/or dividends will not be counted in the ALTCS Share of Cost.

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CHANGE 3: TEFRA LIENS ON REAL PROPERTY

Effective September 11, 2004, AHCCCS has chosen to implement their right to place TEFRA liens against the real property of certain permanently institutionalized nursing home members. AHCCCS files liens against property to recover the cost of AHCCCS benefits upon the member's death or the sale or transfer of the property. Liens can be placed against both home and non-homestead property.

AHCCCS seeks to collect the total amount of AHCCCS costs during the time the ALTCS member was on the program. Costs to be recovered include capitation payments, Medicare Part A & B premiums, co-insurance, deductibles, reinsurance, fee-for-service payments, and any other payments made by AHCCCS.

If the ALTCS member is currently residing in a nursing facility and has been for at least 90 consecutive days, is age 55 or older, and cannot reasonably be expected to be discharged to return to his or her own home, ALTCS will have a lien imposed against their home or other real property unless an exception exists.

EXCEPTIONS *(ALTCS will not place a lien or the lien will not be enforced)*:

- Members of federally recognized Indian tribes (Native Americans)
- ALTCS member has a surviving spouse
- ALTCS member has a child under the age of 21
- ALTCS member has a child of any age who is blind or permanently and totally disabled
- ALTCS member has a sibling who was living there for at least a year before the ALTCS member was admitted to the facility
- ALTCS member has a child living there for at least two years before the ALTCS member was admitted to the facility and that child provided care to the customer which allowed the ALTCS member to stay out of an institution* (*must be documented to the state's satisfaction)

Please note that if an ALTCS member is discharged from a facility and returns to his or her own home on a permanent basis, the TEFRA lien will be removed.

Since the placement of a lien can affect whether or not a person decides to pursue ALTCS, you may want to consider referring them to **Montgomery & Associates, Inc.** for their initial evaluation to educate them about the information available to them for spend down before applying for ALTCS.

If you have questions about this updated policy or would like to review the estate recovery brochure, please contact us at 480/464.4968.

Thought for the month . . .

"The secret of success is consistency of purpose."

—Benjamin Disraeli

Because ALTCS has many guidelines and the process can be overwhelming for someone needing care, refer them to

Montgomery & Associates, Inc.

for a no-obligation initial evaluation.

We can help them spend down, organize their assets, and sort through the ALTCS red tape to qualify as soon as possible.

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