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By American Health Line

Lawyers Prepare Clients for Potential Rule Changes

With the House poised to approve the budget reconciliation bill (HR 4241) -- a provision of which would tighten asset-transfer rules for Medicaid eligibility -- and send it to President Bush for his signature as early as Feb. 1, lawyers and financial advisers are "scurrying" to inform seniors that they should make plans to transfer assets before the legislation is enacted, the Wall Street Journal reports. The measures affecting Medicaid are part of the fiscal-year 2006 spending-cut package that was approved by both chambers of Congress last month. The House now must take a second vote on the bill because of small changes made by the Senate to provisions not affecting asset-transfer rules. The proposed changes would prevent a person with equity in a home of more than \$500,000 from qualifying for Medicaid. States would be allowed to increase the qualification to \$750,000. Under current law, primary residences of any value are typically exempt (Silverman, Wall Street Journal, 1/24).

The new rules also would extend the "lookback" period for asset transfers for seniors seeking Medicaid long-term care coverage from three years to five and would change the date that the asset-transfer penalty begins from the day the gift was made to the day of the Medicaid application (American Health Line, 12/5/05). **Bernard Krooks**, an elder-law attorney in New York, sent a letter to clients notifying them about the probable changes, stating, "Transfers made before the law is enacted will not be subject to the new penalty-period rules and other new provisions." Krooks' firm has expanded its hours to handle increased business (Wall Street Journal, 1/24).

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