

## Estate Recovery Becomes Law In Michigan

Michigan's state legislators passed Senate Bill 204 during their balance-the-budget session on September 30, 2007. This law mandates that a person's probate estate must pay back to the state "medical assistance payments subject to adjustment or recovery from an estate..."

What does this mean to you? Suppose you needed care in a nursing facility, and you paid for your care out of pocket until you "spent down" your assets to the point where you qualified for Medicaid. At that point, you will begin writing IOUs to the State Of Michigan for the money they spend on your care through the Medicaid program. Once you pass away, the state will file a claim against your estate for repayment of this money. Whatever remains in your estate upon your death – your house, car, bank account, etc. – will need to be sold or mortgaged by your heirs to pay off this debt.

This law went into effect on October 3, 2007, and applies to "medical assistance recipients who began Medicaid long-term care services after the effective date..." of September 30, 2007.

Why did the state do this? Estate recovery has been federal law since 1993, but Michigan chose not to comply with the law until they were forced to. If Michigan did not comply by September 30, they could have lost \$5 billion in federal Medicaid funds. With that money lost, our state would have no way to pay for those currently in Medicaid programs.

What can you do to protect yourself? First, consider purchasing a long-term care insurance policy. These policies will provide the funds to pay for long-term care so you will not need to spend down and apply for Medicaid. Second, talk to an Elder Law attorney to discuss your options for other legal actions or transfers. Above all, plan ahead! Don't wait until you need care to find out your options – it may be too late!

For a free consultation on estate planning or other financial matters, feel free to call Covenant Financial Planning at 586-739-3550, or toll free 866-884-6200.

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