

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 610 Session of
2007

INTRODUCED BY WATERS, BLACKWELL, BISHOP, DALEY, GEORGE,
KIRKLAND, PALLONE, YOUNGBLOOD AND BELFANTI, MARCH 6, 2007

REFERRED TO COMMITTEE ON HEALTH AND HUMAN SERVICES,
MARCH 6, 2007

AN ACT

1 Amending the act of June 13, 1967 (P.L.31, No.21), entitled "An
2 act to consolidate, editorially revise, and codify the public
3 welfare laws of the Commonwealth," further providing for
4 treatment of life estates, annuities and other contracts in
5 determining eligibility for medical assistance.

6 The General Assembly of the Commonwealth of Pennsylvania
7 hereby enacts as follows:

8 Section 1. Section 441.6 of the act of June 13, 1967
9 (P.L.31, No.21), known as the Public Welfare Code, added July 7,
10 2005 (P.L.177, No.42), is amended to read:

11 Section 441.6. Treatment of Life Estates, Annuities and
12 Other Contracts in Determining Medical Assistance Eligibility.--
13 (a) As a condition of eligibility for medical assistance, every
14 applicant or recipient who owns a life estate in property with
15 retained rights to revoke, amend or redesignate the remainderman
16 must exercise those rights as directed by the department. The
17 acceptance of medical assistance shall be an assignment by
18 operation of law to the department of any right to revoke, amend
19 or redesignate the remainderman of a life estate in property.

1 (b) Any provision in any annuity or other contract for the
2 payment of money owned by an applicant or recipient of medical
3 assistance, or owned by a spouse or other legally responsible
4 relative of such applicant or recipient, that has the effect of
5 limiting the right of such owner to sell, transfer or assign the
6 right to receive payments thereunder or restricts the right to
7 change the designated beneficiary thereunder is void.

8 (c) In determining eligibility for medical assistance, there
9 shall be a rebuttable presumption that any annuity or contract
10 to receive money is marketable without undue hardship.

11 (d) Upon approval by the Federal Government of any required
12 State plan amendment implementing this subsection and
13 notwithstanding subsections (b) and (c), a commercial annuity or
14 contract purchased by or for an individual using that
15 individual's assets will not be considered an available resource
16 if the annuity meets all of the following conditions:

17 (1) Is an irrevocable guaranteed annuity.

18 (2) Guarantees to pay out principal and interest in equal
19 monthly installments with no balloon payment to the individual
20 so that payments are paid out over the actuarial life expectancy
21 of the annuitant, as set forth in life expectancy tables
22 approved by the department.

23 (3) Names the department as the residual beneficiary of any
24 funds remaining due under the annuity at time of death of the
25 annuitant, not to exceed the amount of medical assistance
26 expended on the individual during his or her lifetime.

27 (4) Is issued by an insurance company licensed and approved
28 to do business in this Commonwealth.

29 (e) This section applies to all annuity, life insurance and
30 other contracts entered into on or after the effective date of

1 this section and to life estates owned by any individual who
2 applies or reapplies for medical assistance on or after the
3 effective date of this section. Notwithstanding the foregoing, a
4 life insurance policy with a total face value of not more than
5 ten thousand dollars (\$10,000) shall not be included as a
6 countable resource for the purpose of determining the insured
7 person's eligibility for medical assistance.

8 Section 2. This act shall take effect in 60 days.