NURSING   FACILITY   SERVICES

- The individual disclosed to the State any interest the individual or his spouse has in any annuity;

- The State is named as the remainder beneficiary, or as the second remainder beneficiary after a community spouse or minor or disabled adult child, for an amount at least equal to the amount of Medicaid benefits provided when the annuity is purchased by an applicant or spouse;

If the annuity does not meet all stated requirements above, the full purchase value is considered the amount of the transfer.

NOTE: Endowment Life Insurance Policies are considered balloon annuities and subject to a transfer penalty.

In order for an annuity to be actuarially sound, the average number of years of expected life remaining for the individual who benefits from the annuity must coincide with the life of the annuity.   If the individual is not reasonably expected to live longer than the guarantee period of the annuity, the individual will not receive FMV. The annuity is not, then, actuarially sound and a transfer of resources for less than FMV has taken place.

NOTE: For annuities purchased prior to 2/8/06, use Periodic Life Tables found in Appendix E. The penalty is considered to have occurred at the time the annuity was purchased prior to 2/8/06. Only the amount that is not actuarially sound is treated as an uncompensated transfer.

NOTE: Period Life Tables in Appendix G of this chapter are used for annuities purchased on or after 2/8/06.

EXAMPLE: A 65-year-old man purchases a $10,000 irrevocable, non-assignable annuity on 7/28/08 which is to be paid over 10 years in equal payment amounts and names the State of WV as the second remainder beneficiary after his disabled son. His life expectancy, according to Appendix G, is 16.05 years. The annuity is irrevocable, non-assignable, actuarially sound, provides equal payment amounts and the state is named as a secondary remainder beneficiary. No transfer of resources has taken place.

EXAMPLE: An 80-year-old man purchases a $10,000 annuity on January 1, 2006 to be paid over 10 years. According to Appendix E, his life expectancy is only 6.98 years. Therefore, the amount