

**205.631 Life settlement proceeds for long-term care services not considered as resource or asset for Medicaid eligibility -- Notice of exhaustion of proceeds -- Medicaid and applied income payments to begin immediately upon exhaustion of life settlement proceeds -- Administrative regulations.**

- (1)
  - (a) To the extent allowable under state or federal law, the proceeds of a life settlement received pursuant to KRS 304.15-726 shall not be considered as a resource or asset in determining a Medicaid applicant's or recipient's eligibility for Medicaid and shall only be used as allowed for long-term-care services in accordance with KRS 304.15-726.
  - (b) No state or federal Medicaid funds may be used for the recipient's care until available proceeds from the life settlement are utilized for the recipient's care, excluding the amount retained for final expenses in accordance with KRS 304.15-726.
  - (c) The recipient, as defined in KRS 304.15-726, shall provide notice, in a manner prescribed by the cabinet, that the life settlement proceeds in the irrevocable account established pursuant to KRS 304.15-726 are exhausted or will become exhausted on a specified date.
- (2) The cabinet shall ensure that Medicaid and applied income payments shall begin on the day following exhaustion of the life settlement proceeds if notice is provided to the cabinet as required by subsection (1)(c) of this section.
- (3) The cabinet may promulgate administrative regulations defining a service or support deemed a long-term-care service for the purposes of KRS 304.15-726. The cabinet shall promulgate an administrative regulation prescribing the manner in which a recipient, as defined in KRS 304.15-726, shall provide notice to the cabinet in accordance with subsection (1)(c) of this section.
- (4) The cabinet shall provide to all applicants as part of the application for enrollment in the Medicaid program:
  - (a) Written notice of the options provided in KRS 304.15-726; and
  - (b) Information about options that do not allow a life insurance policy to be considered as an asset or resource in determining eligibility for medical assistance.
- (5) The cabinet shall provide information about the options in KRS 304.15-726 to other state and local, public and private agencies and organizations in cooperation with one (1) or more nonprofit organizations, pursuant to an agreement between the state and each nonprofit organization. Costs for materials and distribution of information required by this subsection shall not be the responsibility of the state, unless required by law.

**Effective:** July 15, 2014

**History:** Created 2014 Ky. Acts ch. 60, sec. 2, effective July 15, 2014.