

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

EA

ACTION REFERRAL

TO <i>Hutto</i>	DATE <i>7-29-14</i>
--------------------	------------------------

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>000034</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>cc: Mr. Keck</i>	<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____
<i>* Let me know if Beth would like to respond.</i>	<input type="checkbox"/> FOIA DATE DUE _____
	<input checked="" type="checkbox"/> Necessary Action

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1. <i>No response needed.</i>			
2.			
3.			
4.			

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1234 ENTERPRISE DRIVE DE PERE, WI 54115 TELEPHONE 866.605.7437 FACSIMILE 866.605.7438 INFO@MEDICAIDANNUITY.COM

July 25, 2014

RECEIVED

JUL 29 2014

Tony Keck
South Carolina Dept. of Health & Human Services
PO Box 8206
Columbia, SC 29201-8206

Department of Health & Human Services
OFFICE OF THE DIRECTOR

RE: Reducing State Medicaid Spending on LTC

Dear Mr. Keck,

I recently read the Government Accountability Office's ("GAO") report from May of 2014, entitled, "Financial Characteristics of approved Applicants and Methods Used to Reduce Assets to Qualify for Nursing Home Coverage." I found it interesting that intra-family promissory notes were used more frequently than commercial annuities. It appears that the note has one distinct advantage over the annuity.

So what is the advantage? Unlike the annuity, which requires that the State be named as the primary beneficiary – creating a contractual relationship for the insurance company, the note simply comes to an end. Even though the Deficit Reduction Act of 2005 mandated that a note could not be self-cancelling – forcing the residual payments into a probate – which is the forum for estate recovery, families simply disregard the requirement. In short, the account that was established to fund the note is divided between the surviving family members – children. Until States begin to implement a tracking and audit system for intra-family promissory notes, families will continue to exploit this loophole.

If the loophole is ever closed, it is my opinion that families will turn to commercial annuities to service their Medicaid needs, resulting in States receiving the residual payments that they are entitled to. If you would like to discuss this matter in more detail, please feel free to contact me.

Sincerely,

Krause Financial Services


Dale M. Krause
DMK/stf

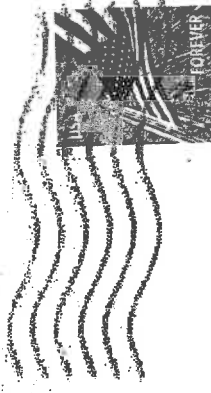


DALE M. KRAUSE, J.D., LL.M.
1234 ENTERPRISE DRIVE
DE PERE, WI 54115

RECEIVED

JUN 29 2014

Department of Health & Human Services
OFFICE OF THE DIRECTOR



GREEN BAY WI 543

25 JUL 2014 PM 2 L

Tony Keck
South Carolina Dept. of Health & Human Services
PO Box 8206
Columbia, SC 29201-8206

29202820606



Brenda James

From: Libby Powers
Sent: Friday, August 01, 2014 4:14 PM
To: Brenda James
Subject: Log Letter responses 000007, 000025
Attachments: Log Letter Response 000007 7-31-14.pdf; Log Letter Response 000025 7-31-14.pdf

Brenda,

I have attached the responses for these log letters.

Also, log letter 000034 had no necessary action, Beth will not be responding.

Thanks.

Libby Powers
Administrative Coordinator
Powersl@scdhhs.gov
803.898.1035
1801 Main Street
Columbia , SC - 29201
www.scdhhs.gov



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