

SENATE BILL No. 819

October 19, 2005, Introduced by Senator SWITALSKI and referred to the Committee on Appropriations.

A bill to amend 1939 PA 280, entitled
"The social welfare act,"
(MCL 400.1 to 400.119b) by adding section 107a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 107A. (1) IN ESTABLISHING FINANCIAL ELIGIBILITY FOR THE
2 MEDICALLY INDIGENT, RESOURCES SHALL BE DISREGARDED ACCORDING TO
3 STANDARDS ESTABLISHED FOR THE RELATED MEDICAL ASSISTANCE PROGRAM.
4 FOR DETERMINING ELIGIBILITY FOR THE MEDICAL ASSISTANCE PROGRAM
5 ONLY, THE VALUE OF AN ANNUITY AS A RESOURCE SHALL ONLY BE
6 DISREGARDED IF ALL OF THE FOLLOWING APPLY:

7 (A) THE ANNUITY IS COMMERCIALY ISSUED BY A COMPANY LICENSED
8 IN THE UNITED STATES AND ISSUED BY A LICENSED PRODUCER.

9 (B) THE ANNUITY IS IRREVOCABLE.

10 (C) THE ANNUITY IS PURCHASED BY A MEDICAL ASSISTANCE
11 APPLICANT, MEDICAL ASSISTANCE RECIPIENT, OR HIS OR HER SPOUSE

1 SOLELY FOR THE BENEFIT OF THE MEDICAL ASSISTANCE APPLICANT, MEDICAL
2 ASSISTANCE RECIPIENT, OR HIS OR HER SPOUSE.

3 (D) THE ANNUITY IS ACTUARIALY SOUND AND RETURNS THE PRINCIPAL
4 AND INTEREST WITHIN THE ANNUITANT'S LIFE EXPECTANCY.

5 (E) THE ANNUITY PAYMENTS ARE IN SUBSTANTIALLY EQUAL MONTHLY
6 PAYMENT AMOUNTS STARTING WITH THE FIRST PAYMENT AND CONTINUING
7 THROUGH THE TERM OF THE ANNUITY PAYOUT.

8 (2) THE DEPARTMENT OF COMMUNITY HEALTH HAS FIRST PRIORITY TO
9 RECOVER THE COSTS OF MEDICAL ASSISTANCE PAID ON BEHALF OF THE
10 MEDICAL ASSISTANCE APPLICANT OR RECIPIENT FROM THE REMAINING
11 PRINCIPAL OF THE ANNUITY UPON THE DEATH OF THE ANNUITANT.

12 (3) AN ANNUITY NOT MEETING THE CRITERIA DESCRIBED IN THIS
13 SECTION IS CONSIDERED A TRANSFER OF AN ASSET FOR LESS THAN FAIR
14 MARKET VALUE AND IS SUBJECT TO DIVESTMENT PENALTIES AS OUTLINED BY
15 THE DEPARTMENT.