



State of New Jersey

DEPARTMENT OF HUMAN SERVICES

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

CN 712

TRENTON, NEW JERSEY 08625

(609) 588-2600

ALAN J. GIBBS  
Commissioner

SAUL M. KILSTEIN  
Director

**MEDICAID COMMUNICATION NO.** 93-8

**DATE:** 3/25/93

**TO:** County Welfare Agency Directors

**SUBJECT:** Life Insurance; Living Needs Benefit

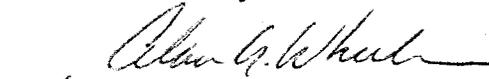
As you may be aware, certain insurance companies have begun offering life insurance policies that, if an individual is terminally ill, will allow the insured individual the option of accessing the proceeds of the policy while still living. These policies are sometimes referred to as "living needs benefit" policies. The purpose of this communication is to inform the county welfare agencies how these policies should be treated for purposes of Medicaid eligibility.

The Health Care Financing Administration (HCFA) has determined that, in accordance with SSI policy, if an individual has a life insurance policy that allows him or her to receive the death benefit while living, he or she will not be required to file for those proceeds. If, however, the applicant or recipient does file for and receive such benefits, any payment will be considered income in the month received and as an available resource to the extent the payment is held into following months. A copy of the federal instruction is attached.

This policy applies equally to all aged, blind, or disabled applicants or recipients of Medicaid Only and New Jersey Care...Special Medicaid Programs. Should your agency encounter one of the subject policies for an applicant or recipient of any AFDC-related Medicaid segment, please bring it to the attention of Medicaid field staff.

Should you have any questions concerning this communication, please refer them to the Medicaid field staff assigned to your county.

Sincerely,

  
Saul M. Kilstein  
Director

SMK:Jh

Attachment

cc: Marion E. Reitz, Director  
Division of Family Development

Nicholas Scalera, Director  
Division of Youth and Family Services



DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care  
Financing Administration

Refer to DMD:SOB:6

OCT 9 1990

Region II  
Federal Building  
26 Federal Plaza  
New York NY 10278

MEDICAID STATE OPERATIONS LETTER #90-90

From: Associate Regional Administrator  
Division of Medicaid

To: State Agencies Administering the Medicaid Program

Subject: Life Insurance Proceeds for the Terminally Ill

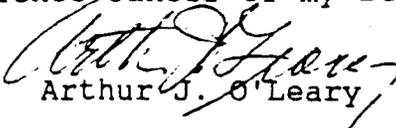
We have had several questions regarding a new type of life insurance payment for the terminally ill. The purpose of this letter is to inform you of our policy regarding the availability of these funds and how to treat them if received.

The Prudential Insurance Company has begun offering a new policy that allows a terminally ill person (or in some cases individuals permanently confined to a medical institution) an option to receive the proceeds of their life insurance policy while still living. This type of policy has been called a "living needs benefit program".

In most cases, individuals who are applying or are already eligible for Medicaid and who could qualify to receive their death benefits from a life insurance policy while living, will be aged or disabled. For these individuals, we look to the policy of the Supplemental Security Income (SSI) program for consideration of these funds as income or resources. Therefore, we have obtained from the Social Security Administration information on how SSI will consider these monies. The following policy applies to both the SSI program and to those categories of Medicaid eligibility that rely on SSI policy. (We anticipate that the AFDC program will follow the same policy but have not yet received verification as to how they will consider such an insurance policy).

If an individual has a life insurance policy that allows him/her to receive his/her death benefit while living and the individual meets the insurance company's requirements for receiving such proceeds, he/she will not be required to file for such proceeds. If, however, that individual does file for and receive the benefits, the payment will be considered income in the month it is received and available as a resource if held into following months.

Questions may be referred to Florence Janoff of my staff on 212-264-2775.

  
Arthur J. O'Leary