

Use of Annuities in Medicaid Planning Evaluation Quiz

1. **Medicaid qualification is administered by:**
 - a) The Social Security Administration.
 - b) The federal government.
 - c) The National Academy of Elder Law Attorneys.
 - d) The state where the applicant resides.

2. **Medicaid is a program that:**
 - a) Provides dental care to seniors only.
 - b) Always pays for prescription drugs.
 - c) Provides medical assistance for qualifying individuals.
 - d) Consists of two parts, A and B.

3. **A Medicaid applicant currently must meet the:**
 - a) Annuity maximum age limit.
 - b) Asset and resource eligibility requirements.
 - c) Age limit specified by the Social Security Administration.
 - d) Federal poverty guidelines.

4. **“Spendedown” refers to reducing one’s assets to state-established asset limits to qualify for Medicaid.**
 - a) True.
 - b) False.

5. **In general, what assets are currently considered “noncountable”:**
 - a) The primary residence, cash equivalents, and an automobile.
 - b) The primary residence, stocks, IRAs, household goods, and a prepaid burial plan.
 - c) The primary residence, a vacation home, cash equivalents, and an automobile.
 - d) The primary residence, an automobile, a prepaid burial plan, and household goods.

6. **To satisfy current federal Medicaid eligibility rules, an annuity must be:**
 - a) Fixed, irrevocable, nontransferable, and actuarially sound.
 - b) Irrevocable, actuarially sound, nonassignable, and noncommutable.
 - c) Assignable, irrevocable, commutable, and actuarially sound.
 - d) Nonassignable, revocable, noncommutable and fixed.

7. **Settlement Options 7, 8, and 9 are only:**
 - a) Available on the MarkOneSM Annuity Series and can be annuitized in the first year.
 - b) Available on the BenchMarkSM Annuity Series and may be exercised during the first contract year.
 - c) Available on SummitMarkSM Annuity Series and can be annuitized after the first year.
 - d) Available on the VistaMarkSM Annuity Series and may be exercised during the first contract year.

- 8. The length of payment stream under Settlement Options 7, 8, and 9 is determined by the:**
- a) Surrender Value.
 - b) Annuitization Value.
 - c) Commissions paid.
 - d) Annuitant's life expectancy.
- 9. Settlement Options 7 and 8 are available if the Owner elects the BenchMark Extra 2 or Extra 4. However, it would not be advantageous to use these options if the:**
- a) Client's life expectancy is less than five years.
 - b) Contract will be annuitized immediately.
 - c) Contract has Joint Owners.
 - d) Client's life expectancy is greater than five years.
- 10. In general, to be eligible for Medicaid all of the following are requirements EXCEPT:**
- a) A person must be at least 65 or blind or disabled (as defined by the state of residency).
 - b) A person must be a resident of the state that provides the Medicaid benefits.
 - c) A person must be on Social Security.
 - d) A person must need the type of care provided by a nursing home. (Most states have a preadmission screening program.)
- 11. Which of the following statements about Medicaid is correct?**
- a) All assets are countable.
 - b) You must meet your state's resource and asset eligibility requirements.
 - c) Medicaid was signed into law in 1935.
 - d) Assets are never counted jointly.
- 12. Medicaid currently pays only for nursing home costs.**
- a) True.
 - b) False.
- 13. I should always advise a client to seek the advice of an attorney specializing in elder law prior to purchasing an annuity in conjunction with Medicaid or medi-Cal planning.**
- a) True.
 - b) False.
- 14. All of the following statements about Medicaid are true EXCEPT:**
- a) Medicaid was signed into law in 1965.
 - b) Medicaid is an entitlement program that cannot be denied to those who qualify and choose to participate.
 - c) Assets are counted jointly for married couples.
 - d) Medicaid consists of two parts, A and B.
- 15. Settlement Options 7, 8, and 9 can be used as a substitute for long-term care insurance.**
- a) True.
 - b) False.

- 16. Medicaid provides:**
- a) Medical benefits to those who contributed to its funding through payroll taxes.
 - b) Funds to states to assist their medical public-assistance programs.
 - c) Funds to charitable organizations for providing medical benefits to poor people.
 - d) Funds to states for the sole purpose of providing nursing or custodial care to qualifying individuals.
- 17. “Gifting” of assets may trigger all of the below except:**
- a) Taxable event.
 - b) Thirty-six-month ineligibility period in most states.
 - c) Reduction of Social Security benefits.
 - d) Sixty-month ineligibility period in most states.
- 18. When is the best time for a client to start planning for nursing home expenses?**
- a) When creating an overall financial plan prior to needing long-term care.
 - b) When someone goes into a nursing home.
 - c) When all of a couple’s assets have been spent.
 - d) When all of a couple’s assets have been transferred to their children.
- 19. All of the following are true of Settlement Option 9 EXCEPT:**
- a) The annuitization value is based on the greater of the Annuity Cash Value or the Guaranteed Annuity Cash Value.
 - b) The annuitization value is based on the Surrender Value.
 - c) The Owner may specify the percentage of the value which will be paid out as a lump sum at the end of the specified payout period.
 - d) May be elected at any time during the life of the contract.
- 20. Settlement Options 7, 8, and 9 can be elected at?**
- a) The time of confinement to a nursing home.
 - b) The time of issue, although the option may be exercised later.
 - c) The time of issue and must be exercised immediately.
 - d) Any time during the life of the contract.
- 21. A local attorney specializing in elder law:**
- a) Is nice but an optional addition to the planning team.
 - b) Will probably advise against an annuity so should not be consulted.
 - c) Will probably advise the purchase of a Medicare supplement.
 - d) Should always be consulted because they are familiar with the state requirements.

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