

Medicaid Annuities

Annuities Bought for Medicaid Applicant's Spouse Are Neither Income Nor Resource

A U.S. district court has held that the annuities a Medicaid applicant purchased for his wife cannot be considered as either assets or income when determining Medicaid eligibility. *Jackson v. Selig* (U.S. Dist. Ct., E.D. Ark., No. 3:10-CV-00276-BRW, March 13, 2013).

Richard Jackson lived in a nursing home and applied for Medicaid benefits. The state denied Mr. Jackson's application because he had more than \$300,000 in available resources. Mr. Jackson purchased an annuity for his wife for \$248,949.09 and a smaller annuity for himself, and then reapplied for benefits. The state found Mr. Jackson transferred resources for less than fair market value and issued a 69-month penalty period.

Mr. Jackson sued the state in federal court. The state filed a motion to dismiss, but the district court denied the motion. Both parties asked for summary judgment. (Mr. Jackson died during the pendency of the lawsuit.)

The U.S. District Court for the Eastern District of Arkansas grants summary judgment to Mr. Jackson. The court holds that because the annuities complied with federal Medicaid law, they cannot be considered as assets when determining Medicaid eligibility. In addition, the court rules that the annuity payments were made to Mr. Jackson's wife, so the annuity payments are not income or resources available to Mr. Jackson.

For the full text of this decision, [click here](#).

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