

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

305.01.01 Treatment of Annuities – General

The DRA added new requirements to the treatment of annuities purchased on/after 02/08/2006. These requirements are outlined in this chapter. However, the following guidelines describe the overall treatment of annuities that applies regardless of the purchase date. These policy principles apply as a companion to the annuity policy based on the purchase date:

1. Revocable Annuities

An annuity that is revocable is a countable resource. Some annuities which appear irrevocable may be revocable with a penalty, reducing the total value. Generally, an annuity is revocable until the time it is annuitized. Verification is needed to make a determination.

- An annuity is a countable resource if it can be sold, cashed in, surrendered or revoked. An annuity that can be revoked is valued at the amount the purchaser would receive if canceled.
- An annuity is a countable resource if it can be assigned to a new owner or the payments transferred to someone else. If an annuity is assignable, it is valued at the amount the annuity can be sold on the secondary market.

2. Irrevocable Annuities

- If an annuity cannot be revoked or cashed in and the annuity contract does not allow the annuitant to transfer ownership or payments to someone else, the annuity is not a countable resource, although it may be a transfer of assets if purchased within the 5-year look-back period as outlined in this chapter.
- If periodic payments are not being made, the individual must take all steps necessary to receive periodic payments as outlined in this chapter. If periodic payments are denied but a lump sum payment is possible, the lump sum amount is a countable resource.

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Eligibility Policy and Procedures Manual

Treatment of Annuities – General (Continued)

3. Payments Produced by Annuities

Annuity payments paid to the annuitant are countable income regardless of whether the annuity itself is countable as an asset or treated as a disqualifying transfer. Certain conditions apply to the frequency and amount of the payments required in order for an annuity to avoid being treated as a transfer of assets, as outlined in this chapter.

4. Non-Annuitized Annuity (or any portion thereof)

The equity value of an annuity that is not annuitized or any part of an annuity that is not annuitized is a countable resource. Verification is needed to make a determination.

5. Funds Used to Purchase an Annuity for Someone Other Than an Allowable Person

When an applicant's or recipient's own funds are used to purchase an annuity for someone other than the applicant/recipient or his/her spouse, the purchase is evaluated under transfer of assets rules.

6. Right to Receive Payment Transferred to Non-Allowable Person

If the right to receive payments on an annuity is assigned to someone other than the applicant/recipient, his/her spouse or to a minor or disabled child of the applicant/recipient, the assignment is evaluated under transfer of assets rules.