

# Does the Deficit Reduction Act Affect You?

The Deficit Reduction Act of 2005, which was signed into law on February 8, 2006 by President Bush has made major changes to Medicaid. The new law makes it harder for people to make themselves eligible for Medicaid in order to cover the cost of long-term care in a nursing home.

The implications of this rules change will be devastating to many people.

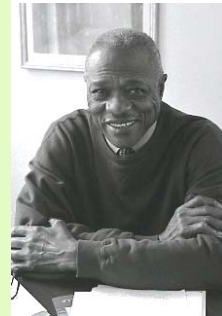
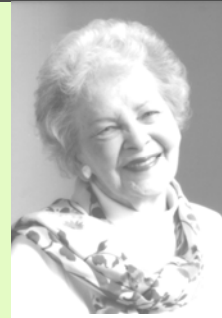
Some of the major provisions include:

- Extending Medicaid's "lookback" period for all asset transfers from three to five years.
- Changing the start of the penalty period for transferred assets from the date of transfer to the date of Medicaid application.
- Making any individual with home equity above \$500,000 ineligible for Medicaid nursing home care, although states may raise this threshold as high as \$750,000.

Although the federal law applies to all transfers made on or after February 1, 2006, there will be a grace period to come into compliance. Therefore, there is still some time to plan and transfer assets.

If you have been contemplating Medicaid planning, *now is the time to do it.*

Please call our Manhattan office at 212-953-1172 or our Brooklyn office at 718-238-6960 to schedule an appointment to discuss your options with one of our experienced attorneys.



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