Table of Contents

9.0.06 Annuities 1
Annuity Recovery Overview 1
HMS Annuity Recovery Success for Arizona 1
Arizona-Specific Knowledge 2
HMS's Annuity Recovery Process 3
Develop Lead 3
Process Referral 3
Notify Annuity Provider 3
Recovery 4
Bank and Report 5
Acknowledge Payment and Close Case 5
Reporting 7

This page intentionally left blank.

9.0.06 ANNUITIES

ANNUITY RECOVERY OVERVIEW

Under the current contract, HMS has established an effective Annuity program solution for AHCCCS. Through monthly data matches and extracts, HMS has successfully partnered with AHCCCS to recover over $265,000 since 2015. Our proven methodologies and tools comply with all applicable state and federal requirements and serve as a crucial component of Arizona's cost containment efforts.

The Deficit Reduction Act of 2005 (DRA) changed the treatment of annuities. As a condition of eligibility for coverage of long-term care services, Medicaid applicants are now required to disclose any interest in an annuity. The DRA required that annuities name the State as the primary remainder beneficiary (or as the second remainder beneficiary after a community-based spouse or minor or disabled child) for at least the value of the Medicaid assistance provided.

Annuities have been used for some time as a Medicaid planning tool for potential recipients to become Medicaid eligible for long-term care by converting resources into spousal income. The type of annuity that is used is a Single-Premium Immediate Annuity (SPIA) because it is paid for in a lump sum premium and immediately starts paying back the premium to the annuitant.

THE DRA and AHCCCS policy provide that the following requirements be met for the annuity to qualify for special treatment:

- The annuity must be purchased from a commercial insurance company
- The annuity must be immediate
- The annuity must be irrevocable
- The annuity must be nonassignable and nontransferable
- The annuity must pay out in a series of substantially equal monthly payments
- The term of monthly payments must be less than the life expectancy of the annuitant, according to Social Security life expectancy tables
- AHCCCS must be designated as the primary beneficiary of the annuity after the death of the annuitant

HMS ANNUITY RECOVERY SUCCESS FOR ARIZONA

As an experienced TPL services contractor in Arizona, HMS has already developed an operational and successful Medicaid Annuity Recovery program. During the time we have been providing annuity recovery services, we have developed relationships with annuity providers, long-term care and estate planning advisers, and elder law attorneys. HMS is the wisest choice for AHCCCS, since only we can offer continuity of recovery processes from the date of contract award.

ARIZONA-SPECIFIC KNOWLEDGE

HMS is fluent in annuity recovery in Arizona. Our caseworkers navigate the PMMIS and long-term care systems (ACE and HEA+) to accurately value cases without needing AHCCCS staff. No other vendor has HMS's specific Arizona knowledge. The choice of another vendor would require AHCCCS resources to impart knowledge HMS already has.

In the following sections, we provide our method of approach to meeting AHCCCS and the State of Arizona scope of work and continuing to provide industry leading annuity services. Also, in response **Sections 9.1** we provide a quick reference cross-walk to the requirements from AHCCCS's scope of work.

HMS'S ANNUITY RECOVERY PROCESS

[redacted]

[redacted]

Figure 9.0.06-1. [redacted]

[redacted]

DEVELOP LEAD

[redacted]

PROCESS REFERRAL

[redacted]

[redacted]

NOTIFY ANNUITY PROVIDER

[redacted]

RECOVERY

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Bank and Report

[redacted]

[redacted]

Acknowledge Payment and Close Case

[redacted]

[redacted]

Figure 9.0.06-2. [redacted]

[redacted]

REPORTING

Our Maestro system facilitates the automated production of reports and produces all of the reports required in the solicitation.

[redacted]

This page intentionally left blank.