OAST & HOOK

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Offices in
Suffolk and
Virginia Beach, Virginia
Tel: 757-399-7506
Fax: 757-397-1267
Web: www.oasthook.com

INSIDE THIS ISSUE

Editor
Sandra L. Smith,
Certified Elder Law Attorney

2010 TAX RELIEF ACT – IS IT REALLY A RELIEF?

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 ("Tax Relief Act") was signed by President Barak Obama on December 17, 2010. The Tax Relief Act made significant, but temporary, changes to the estate and gift tax laws and some income tax laws that will affect many individuals. Additionally, the Patient Protection and Affordable Care Act made some changes to the Medicare laws that will also affect many individuals. The attorneys at Oast & Hook have studied the effects of both of these Acts, and Oast & Hook will present a free seminar to those who think they could be affected by these changes. Oast & Hook will present this seminar twice on January 27, 2011, at the Virginia Beach Central Library, 4100 Virginia Beach Boulevard, Virginia Beach, Virginia 23452. The first presentation begins at 10:00 a.m., and the second presentation begins at 4:00 p.m. Make sure your estate plan and your plans for health care are not obsolete. Reserve your seat now. If you have any questions about this seminar or if you would like to register for it, then please phone Oast & Hook's Jennie Dell at 757-399-7506.

If you are interested in having an Oast & Hook attorney speak at your event, phone Jennie Dell at 757-399-7506 or e-mail her at dell@oasthook.com. Past topics include estate planning, long-term care planning and veterans benefits.

2011 ELDER LAW NUMBERS

There are several figures of interest to seniors and their families for 2011. They include long-term care spousal standards, long-term care premium deductibility limits, Social Security benefit changes, and Medicare premiums.

The Center for Medicare and Medicaid Services (CMS) has announced that there will be no changes in 2011 to the long-term care spousal standards that apply to a community spouse. A community spouse is a person who is not an inpatient in a medical institution or a nursing facility, but is married to a person who is an inpatient in a medical institution or a nursing facility (the institutionalized spouse).

The Protected Resource Allowance (PRA) (often referred to as the Community Spouse Resource Allowance, but technically this is incorrect) is the amount of assets that the community spouse is allowed to retain when the institutionalized spouse is eligible for Medicaid. The PRA is the greatest of either: (1) the Spousal Share (one-half of the total amount of joint countable assets as of the first day of continuous institutionalization for the institutionalized spouse), or (2) the Maximum Spousal Resource Standard at the time of application, or (3) the amount actually transferred to the community spouse as court-ordered spousal support, or (4) an amount determined at a hearing by the Department of Medical Assistance Services (DMAS). The PRA can be no more than the Maximum Spousal Resource Standard and no less than the Minimum Spousal Resource Standard. The Maximum and Minimum Spousal Resource Standards can change each year based on changes in the Consumer Price Index. The Maximum Spousal Resource Standard will remain at $109,560 for 2011, and the Minimum Spousal Resource Standard will remain at $21,912 for 2011.

The MMMNA has a minimum allowance amount and a maximum allowance amount. The MMMNA minimum allowance will remain at $1,821.25 for 2011, and the maximum maintenance needs allowance will remain at $2,739 for 2011. The community spouse excess Shelter Standard will remain at $546.38 for 2011. The utility standard deduction (SNAP) changed from 2008 to 2009. For 1 to 3 household members, the utility standard deduction decreased from $290 per month to $141 per month effective October 1, 2009, and the utility standard deduction increased from $365 per month to $381 per month for 4 or more household members.

CMS has announced that the home equity limit will increase to $506,000, and the average monthly private nursing facility cost for all of Virginia, except northern Virginia, has increased to $5,933. This private nursing facility cost is used to determine penalty periods for receipt of Medicaid long-term care services when Medicaid applicants or recipients have transferred assets subject to a penalty period.

The IRS established new limitations for 2010 for the deductibility of long-term care insurance premiums from federal taxes. Premium amounts above the limits are not considered to be a medical expense. For those 40 years of age or less, the maximum deduction is $330; for those more than 40 years of age to 50 years of age, it is $620; for those more than 50 years of age to 60 years of age, it is $1,230; for those more than 60 years of age to 70 years of age, it is $3,290; and for those over 70 years of age, it is $4,110. In Virginia, premiums that are not deductible on the federal individual income tax return can be taken as a deduction on the Virginia individual income tax return.

For those on Social Security, there will not be a cost of living increase for 2011. The Supplemental Security Income (SSI) federal payment standard will not increase in 2011, and it will remain at $674 per month for an individual and $1,011 per month for a couple. Most Medicare Part B enrollees will see no increase in their Part B premium payments as a result of a "hold harmless" provision in the law. Approximately 27% of beneficiaries are not subject to the hold-harmless provision because they are new enrollees on or after January 1, 2011, they are subject to the income-related additional premium amount, or they do not have their Part B premiums withheld from Social Security benefit payments, including those who qualify for both Medicare and Medicaid and have their Part B premiums paid on their behalf by Medicaid. For those individuals, their Part B premiums will be a minimum of $115.40 per month. The Medicare Part D prescription drug plan benchmark premium for Virginia increased to $33.25 for 2011.

Oast & Hook can assist seniors with their estate, financial, insurance, life care, long-term care, veterans benefits and special needs planning issues.

Ask Allie

O&H: Allie, we've heard about a local program that brings dogs to the classroom. Please tell us about it.

Allie: Sure! A recent article in the *Daily Press* says that Trinity Lutheran School in Newport News, Virginia, participates in the Paws to Read program. Dogs specially trained by Therapy Dogs International Inc. are brought to the kindergarten classroom so the students can read to them. Between two and four dogs visit every other Friday and each of the students reads with his or her own dog. The students take turns visiting in a room in which the dogs and readers can relax on a rug on the floor. Paws to Read is based on the concept that dogs are nonjudgmental listeners of those learning to read. "Students don't feel embarrassed by not pronouncing the word right or not knowing how to read this word or that word, and that's the main importance – that they feel the self-confidence. They can read to the dogs because they don't have feedback from the dogs," says Susana Tanious, a Trinity kindergarten teacher's assistant who coordinates the visits. What a great program! Hmmm…. I wonder if they could train cats to participate? I'll give that some thought, but first, it's time for a nap. See you next week!

Distribution of This Newsletter

Oast & Hook encourages you to share this newsletter with anyone who is interested in issues pertaining to the elderly, the disabled and their advocates. The information in this newsletter may be copied and distributed, without charge and without permission, but with appropriate citation to Oast & Hook, P.C. If you are interested in a free subscription to the *Oast & Hook News*, then please e-mail us at **mail@oasthook.com**, telephone us at 757-399-7506, or fax us at 757-397-1267.

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