

WGIUPD

GENERAL INFORMATION SYSTEM

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DIVISION: Office of Health Insurance Programs

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TO: Local District Commissioners, Medicaid Directors

FROM: Judith Arnold, Director
Division of Health Reform and Health Insurance Exchange Integration

SUBJECT: Required Tables/Method for Valuing Life Estate Interest

EFFECTIVE DATE: Immediately

CONTACT PERSON: Local District Support Unit
Upstate (518)474-8887 NYC (212)417-4500

The purpose of this General Information System (GIS) message is to remind local departments of social services (LDSS) that Administrative Directive 11 OHIP/ADM-8 requires use of the life estate and remainder interest tables published by the Internal Revenue Service (IRS) for all life estate and remainder interest calculations, effective with the release of the ADM (September 26, 2011).

The IRS uses an interest rate that changes monthly based on the economy and an actuarial table, "Table S, Single Life Factors," that corresponds to the applicable interest rate to get the appropriate percentage necessary to place a value on life estate and remainder interest.

Districts can obtain the interest rate that applies to the month of the transfer at <http://www.irs.gov/businesses/small/article/0,,id=112482,00.html>.

The actuarial table that corresponds to the applicable interest rate can be found at <http://www.irs.gov/retirement/article/0,,id=206601,00.html>. Click on "Table S," then scroll down to the appropriate interest rate (noted at the top of each section).

For purposes of valuing life estate and remainder interest under the transfer rules, the policy and examples of computing life estate and remainder interest are provided in Administrative Directive 96 ADM-8, "OBRA '93 Provisions on Transfers and Trusts." However, the life estate and remainder interest table published by the IRS must be used, not the table in Attachment V. to 96 ADM-8.