benefits, the penalty period begins as of the month of the transfer, as long as this month is not part of any other period of ineligibility. This change is also effective for transfers made on or after February 8, 2006. Previously, the penalty period generally began as of the month of the transfer for both applicants and recipients.

An individual with equity exceeding $750,000 in his or her home property is ineligible for payment of LTC services under the Medicaid program. This change is effective for applications being made on or after January 1, 2006. The individual may reduce equity in his or her home by taking out a home equity loan or a reverse annuity mortgage. However, if he or she transfers the proceeds from the loan or mortgage, a transfer of asset penalty may be imposed.

If an individual purchases an annuity on or after February 8, 2006, he or she must make the state the remainder beneficiary, or the purchase will be considered a transfer of assets for less than fair market value.

All of these provisions and others contained in the proposed regulation, including provisions regarding undue hardship, the treatment of annuities, mortgage notes, life estates and continuing care retirement communities, are either specifically required by, or necessary to give effect to, the DRA.

3. Statement of the Principal Considerations in Opposition to the Department's Intended Action as Urged in Written or Oral Comments and the Departments Reasons for Rejecting or Accepting Such Considerations

The Department is fulfilling this requirement by posting with this statement a memo setting forth the written and oral comments received regarding the proposed regulation and the Department's response to the comments.