HOW TO QUALIFY FOR MEDICAID TO COVER NURSING HOME CARE EXPENSES

Never make a promise you cannot keep. I always cringe when I hear someone say, "***I will never put my… (spouse, father, mother) in a nursing home."***

Nursing home care can cost more than $120,000 per year, which can quickly deplete an individual or couple's life savings. Medicare does not pay for long-term care in the nursing home (except for some limited days for Rehabilitation) so when nursing home care is required, if you do not have long-term care insurance, you must either pay out-of-pocket or apply for Medicaid.

The Medicaid program that pays for nursing home care has specific eligibility requirements for individuals and couples. Generally, people think they have to be impoverished before Medicaid will begin paying for their care. However, in many situations, property and assets can be saved from the cost of care with careful asset planning both prior to and after nursing home admission.

Qualifying for Medicaid benefits for long-term care has always been confusing; however, the Deficit Reduction Act of 2005 made this cumbersome process even more difficult. The Deficit Reduction Act of 2005 (DRA), which was signed into law by former President Bush on February 8, 2006, imposes many restrictions on when and if you will qualify for benefits to cover your nursing home care expenses.

Under DRA, transferring assets makes a person ineligible for Medicaid (for long-term care services) for one month for every $7940 given away during what is known as the "look-back period" (the period immediately before a person applies for Medicaid).

Currently, the maximum look-back period is five years. The ineligibility period does not begin until the Medicaid application is filed and the applicant is determined to be eligible for Medicaid if it were not for the transfer(s). Transfers (or gifts) are subject to the Medicaid ineligibility period described above. For example, if you transferred $79,400 today, a Medicaid ineligibility period of approximately 10 months would be created (79,400 ÷ $7,940 = 10 months). If you would need nursing home care within the five year "look back period," the $79,400 gift would be reported to the county assistance office at the time of the application. This 10 month ineligibility period would begin on the date when the Medicaid application is filed and you are determined to be eligible for Medicaid if it were not for the transfer. This means that you would be required to privately pay for your nursing home care for at least 10 months. However, if you did not apply for Medicaid for at least five years from the date of the transfer, you should not have to disclose the transfer.

Despite the numerous restrictions the Deficit Reduction Act (DRA) has placed on Medicaid eligibility, our office is able to assist individuals and families in developing asset protection plans to avoid depleting their assets should they become ill and nursing home care. For those individuals who are already in a nursing home, despite the harsh new Medicaid rules, our office is continuing to help nursing home residents qualify for Medicaid benefits while maximizing the amount of money they are able to protect.

Keep in mind that Medicaid planning is very fact specific and not all planning techniques work in every situation. Before spending down all of your assets, contact our office to schedule an initial consultation to discuss Medicaid benefits and to review your planning options.

We are here to help you no matter where you are in your aging journey.