

MEDICAID PLANNING FOR NURSING HOME CARE

There is a significant likelihood that you or a family member will need long-term care during their lifetime. According to the National Institute on Aging, approximately 70% of people over age 65 will need some type of long-term care during their lifetime, and more than 40% will need nursing home care.

Long-term care in a nursing home, at an annual cost exceeding \$100,000.00, can be financially devastating. During an average nursing home stay (according to a recent National Nursing Home Survey) of 835 days, the modest life savings of an elderly individual could be wiped out.

There are basically 3 ways to pay for long-term nursing home care: Long-term care insurance, private pay and Medicaid. Long-term care insurance will help to offset the cost of long-term care. However, if such a policy is not purchased well before the need for such care arises, more than likely the ability to purchase such policy will no longer exist due to the age, health or mental capacity of the individual. For most people, the only option is to pay for such care until their "countable" resources are no more than \$1,500.00 and then apply for Medicaid.

So how does one qualify for Medicaid benefits without completely exhausting their life savings? The answer: Medicaid planning.

Certain resources, most notably a person's home, prepaid burial contracts, burial plots, one automobile, household goods and personal effects, are excluded in calculating the amount of "countable" resources for purposes of qualifying for Medicaid. Also specifically excluded, and of special interest to Holocaust survivors, is the accumulation of German reparations. It is best to keep such funds segregated from other accounts and to keep records of such payments.

For a married couple, the spouse not in need of long-term care (the "community spouse"), is allowed to keep 50% of the couple's combined countable resources, up to a maximum of \$119,220. The couple's combined countable resources are usually determined as of the date the individual is first admitted to the nursing home for a continuous period of 30 days. The remaining amount, less \$1,500.00, must be spent by the married couple before qualifying for Medicaid.

Medicaid also considers only countable resources in determining eligibility. Debts and liabilities are generally ignored. As such, basic Medicaid planning will likely include using "countable" resources to make home repairs, pre-pay mortgage and funeral expenses, and purchase household goods and personal effects.

Medicaid planning may also involve the use of trusts, gifts, loans, annuities or other complex planning techniques and timing can be crucial even with basic Medicaid planning techniques. Therefore, it is highly recommended that Medicaid planning only be done by a lawyer experienced in Medicaid planning.