MEDICAID PLANNING FOR YOUR FUTURE

Medicaid planning is a widely discussed topic and top concern for estate planning clients due to the overwhelming cost of nursing home care. Medicaid has strict guidelines for the amount of total resources that an individual or couple may have in order to qualify for benefits. Even if only one spouse is seeking to receive Medicaid, the assets of both will be considered during the application process.

In order to qualify, countable resources must be equal to or less than the applicable asset resource amount under present rules, currently $2,000. Clients should consult an attorney before attempting to "impoverish" themselves in order to qualify for Medicaid. Current law does not prohibit an individual or his spouse's assets from less than fair market value. If an improper transfer occurred during the look-back period, then the improper transfer is assigned a penalty time where the applicant is ineligible for Medicaid. This creates a quandary for clients, many attorneys advise clients not to transfer countable assets in order to be eligible for assistance, but this is only partially true. Countable assets may be reduced by purchasing exempt assets, like an irrevocable prepaid funeral plan, cemetery lots, a transportation vehicle or personal property.

However, it also may be advisable to take advantage of specialized plans to reallocate some of the "excess" resources for the benefit of the spouse or family. Such planning may allow individuals seeking Medicaid assistance to become eligible sooner and save money.

A transfer made outside of the look-back period is not counted against the applicant. However, a transfer made within the look-back period is either a "proper" or "improper" transfer. An improper transfer is a transfer of an individual's or his spouse's assets for less than fair market value. If an improper transfer occurred during the look-back period, then the improper transfer is assigned a penalty time where the applicant is ineligible for Medicaid. This creates a quandary for clients, many attorneys advise clients not to transfer countable assets in order to be eligible for assistance, but this is only partially true. Countable assets may be reduced by purchasing exempt assets, like an irrevocable prepaid funeral plan, cemetery lots, a transportation vehicle or personal property.

The planning strategy used will be determined after careful consideration of the needs of the client and the timing of the application. After completing the planning and having the Medicaid application approved, remember that assets must be kept below the applicable asset resource amount and a redetermination will occur in one year.

As a word of caution, when beginning Medicaid planning, always remain aware of new laws and/or regulations as this area is ever-changing and could seriously impact your financial well-being.

Interested in learning more about Medicare planning? Attend Medicare and Muffins on Oct. 3: cbalaw.org

Who's Eligible for Medicaid?

low-income individuals
pregnant women
the elderly
people with disabilities
In home services, the program serves all low-income adults below a certain income level.

NOVEMBER 15, 2017

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