

BASICS OF MEDICAID NURSING HOME PLANNING

- I. Introduction.
 - A. Increasing need for nursing home care.
 1. Aging population.
 2. Families less able to provide in home care.
 - B. Government health care.
 1. Medicare: covers up to 20 days in nursing home.
 2. Medicaid:
 - (a) Covers long-term care indefinitely.
 - (b) Needs based.
 - C. Private financing: long-term care insurance.
- II. Basic Medicaid Eligibility Requirements.
 - A. Aged, blind or disabled.
 - B. Must intend to stay in Georgia.
 - C. U.S. Citizen, legal alien who entered U.S. prior to 8/22/96, or qualified aliens thereafter.
 - D. Must assign all third party medical payments to State of Georgia.
 - E. Must reside in nursing home for at least 30 continuous days.
 - F. Must require intermediate or skilled level of care.

III. Income Limit.

- A. \$2,163 per month maximum.
- B. Qualifying Income Trust.
 - 1. Permits qualification for those earning more than the maximum income.
 - 2. Income is used for personal needs allowance, support of spouse and children, payment of medical expenses with the balance going to the nursing home.
 - 3. The State of Georgia must be the remainder beneficiary of the trust to the extent of Medicaid payments.

IV. Resource Limits.

- A. Married: \$119,240 of countable resources.
- B. Single: \$2,000 of countable resources.
- C. Noncountable resources:
 - 1. Homeplace.
 - 2. Income producing real property that generates \$6,000 or less per year.
 - 3. Household goods and personal effects.
 - 4. Income producing business property.
 - 5. Vehicle: one vehicle per married couple.
 - 6. Retirement accounts:
 - (a) Must make periodic payments that include a

portion of principal. RMDs qualify.

- (b) Accounts belonging to spouse are exempt whether or not periodic payments are being made.

7. Annuities: must be irrevocable, nonassignable, actuarially sound, and provide for approximately equal payments.

8. Burial Exclusion.

- (a) Prepaid burial space items (plot, casket, headstone).

- (b) \$10,000 exclusion for remaining burial costs, which includes:

- (1) Prepaid contract.

- (2) Designated account.

- (3) Life insurance.

9. Life insurance.

- (a) Cash value is countable resource.

- (b) Term life insurance is not countable.

D. Excess resources: may be lowered by:

- 1. Spending down.

- 2. Using countable resources to buy noncountable resources.

V. Transfer of Resources.

A. Penalty.

1. Look back period: 60 months.
2. Determination of Penalty: Value of all transfer within 60 months divided by average monthly nursing home cost (presently \$5,627) equals months of ineligibility.

B. Nonpenalized transfers.

1. Transfers for fair market value.
2. Transfers to spouse.
3. Transfers by spouse after nursing home eligibility has been established (does not apply to annuities or homeplace).
4. Certain transfers to support a disabled person.
5. Transfers of homeplace:
 - (a) To spouse.
 - (b) To child who is minor, blind, or disabled.
 - (c) To sibling who is co-owner and has lived in home for one year prior to entering nursing home.
 - (d) To child who resided in the home for two years and provided care that permitted applicant to remain at home rather than go into nursing home.
6. Payments under personal care contract.
 - (a) Must be in writing before services are rendered.
 - (b) Services must be detailed.

(c) Charges must be paid within 30 days after they were performed.

(d) Spouse or parent cannot be the compensated caregiver.

C. Reverse half a loaf.

1. File Medicaid application showing penalized transfers to get a determination of the penalty.
2. Gift recipients pay monthly nursing home expenses.
3. Under complex mathematical formula, recipients get to keep one-half or more of the gifts.

VI. Estate Recovery.

A. State has claim against estate of Medicaid recipient for all nursing home Medicaid payments.

B. Exemption: Estates under \$25,000.

C. Delayed Enforcement:

1. Surviving spouse.
2. Child under 21.
3. Child who is blind or disabled.
4. A sibling who resided in the home for one year prior to admission into nursing home and rendered caregiving services.
5. A child who resided in the home for two years prior to admission onto nursing home and rendered caregiving services.

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