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LTC, Medicaid, & Estate Recovery

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Coffee Clutch Comments often made about Medicaid...

- I'm not eligible for Medicaid – its for really poor people
- Just transfer your assets to your family
- Joint accounts with my kids won't count as assets
- If you go into a facility - The State will take your money/house
- You need to give your house to your kids, or the state will take that too
- My sister in Illinois had this happen, it's the same here in Wisconsin



What is Medicaid?

Medicaid currently provides health coverage to millions of Americans, including eligible low-income adults, children, pregnant women, elderly adults and people with disabilities.

Medicaid is administered by states, according to federal requirements. The program is funded jointly by states and the federal government.



To be eligible for WI Medicaid:

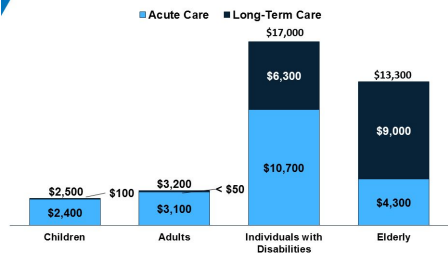
- A person must meet both non-financial and financial requirements (Income & Countable Assets)
- A person must fit into a general eligibility group and meet specific requirements relating to residency, citizenship, immigration status, third party liability, income and assets.

In General...

- People age 65 or older
- People who are blind
- People with a certified disability



Medicaid per enrollee spending is significantly greater for the elderly and individuals with disabilities compared to children and adults.



NOTE: Rounded to nearest \$100. Spending may not sum to totals due to rounding.

SOURCE: Kaiser Family Foundation and Urban Institute estimates based on data from FY 2013 MSBS and CMS-64 reports. Due to lack of data, states not included: CO, KS, NE, or RI.

KFF

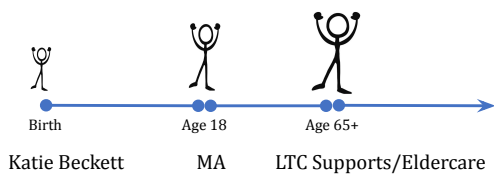
Qualifying for Medicaid – 2 Main Paths

Eldercare
Long Term
Care Supports

Disability
Qualification



Medicaid Options



Qualifying for Medicaid

Eldercare
Long Term
Care
Qualification



Pension
Social Security
Other Income

Medicaid (MA)
LTC Supports



Age 65+



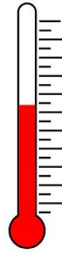
Questions when addressing LTC...

- When will you need it – Now or Future?
- What kind of care
 - In Home, Nursing Home, Skilled Nursing
- Family – Married, Heirs, children in the home?
- What are your current assets?
 - Real Property and/or Business
 - Retirement Accounts – IRA, Roth, 401k
 - Non-Retirement money
 - **60 month Rule**
- Do you have any LTC Tools/Insurance in place?



Medicaid Costs

- "Income" is expected to contribute to the cost of care
- Cost often exceeds income
- Excess costs pertaining to the costs of certain Long Term Care and Chronic Disease Programs are tracked and accumulated on an individual's record
- These costs are negotiated at the government level and are often less expensive than private care
- At the passing of the individual on Medicaid, there is a value that the State will look to recover (Clawback)



Medicaid Estate Recovery Program

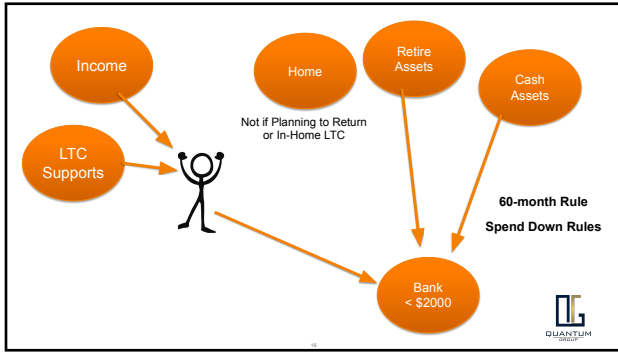
- "There's a bill" – the state will look to recover that bill, but only that bill. Usually the bill exceeds assets, but its important to understand the difference
- The State will not immediately look to recover if...
 - There's a surviving spouse
 - Surviving minor child under 21
 - Surviving disabled child of any age
- If Countable Real Estate exists, LIENS can be filed on those properties, BUT can released if the home is sold later at a fair market value and no repayment is made

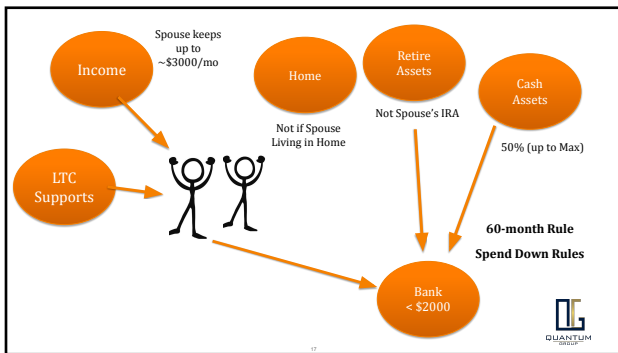


Medicaid Estate Recovery Program, Cont'd

- DHS may not file a LIEN if those survivors live in the home or of a member living in the community
- Personal Property cannot be recovered
- If a Long Term Care Partnership Insurance policy is in place and assisting with the cost of care. Generally, the amount paid by the policy over time is not recoverable
- Rules on Assets can vary. Important to consult an Eldercare Attorney to best plan for Asset Movement
- Prior Planning is far better than Crisis Planning







18.4.3 Calculate the Community Spouse Asset Share

The community spouse asset share is the amount of countable assets greater than \$2,000 that the community spouse, the institutionalized person, or both, can possess at the time the institutionalized person applies for Medicaid

IF the total countable assets of the couple are:	Then the community spouse asset share is:
\$274,800 or more	\$137,400
Less than \$274,800 but greater than \$100,000	1/2 of the total countable assets of the couple
\$100,000 or less	\$50,000

18.4.6.1 Asset Transfer Period

The institutionalized spouse must transfer the assets to the community spouse by the next review (12 months). If their assets are above \$2,000 on the date of the next scheduled review, they will be determined ineligible. They will remain ineligible until their assets no longer exceed the \$2,000 Medicaid asset limit.

Example 3 Robert was first institutionalized September 2013. Lucinda, Robert's wife, remained in the community. The couple passed the joint asset test and Robert was determined eligible in September 2013. The couple's total combined assets were \$42,000, \$32,000 of which were owned solely by Robert. Robert had until the next scheduled review (August 2014) to get his total assets under the \$2,000 Medicaid asset limit. By August 2014, Robert had only transferred \$23,000 to Lucinda. Robert still had \$9,000 in assets. Robert became ineligible September 2014 and will remain ineligible as long as his assets are over \$2,000.

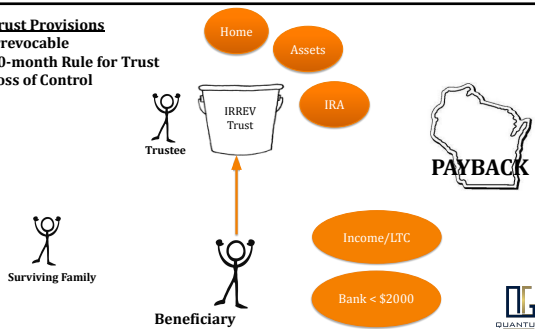
QUANTUM MEDICAL

39.4.4 LTC Spousal Impoverishment Post-Eligibility Allowances

Description	Amount
Community Spouse Lower Income Allocation Limit	\$3,286.66
Shelter Base Amount	\$986.00
Community Spouse Income Allocation Maximum	\$3,853.50
Dependent Family Member Income Allowance Maximum	\$821.67
Dependent Family Member Income Allowance Standard	\$2,465
Community Spouse Asset Share (CSAS) Maximum	\$154,140

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Trust Provisions Irrevocable 60-month Rule for Trust Loss of Control



Violating the the 60-month rule... Events occurring 60 months prior to application

Case Study:

Application for Medicaid in Jan 2022. Lookback shows a gift to a family member of \$50,000 in Jan 2018

#1 - We are "In the 60-month window"

#2 - A penalty period will be assessed before Medicaid benefits will begin

#3 - Penalty equal to "divestment amount" divided by average daily cost of care

- \$50,000 divided by \$300/day = Penalty period is 166 days
- 166 Days that Person/family will have to provide private care before Medicaid LTC will begin



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Financial Solutions

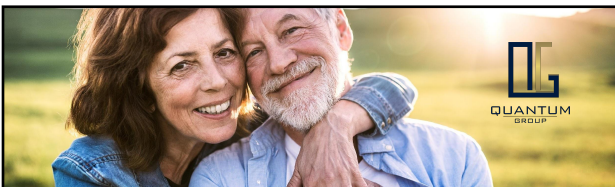
- Financial Planning, CPA, Legal – Spend \$ on Good Advice
 - Where is your risk as of today?
 - Retirement Assets vs Non – Retirement
 - Can you create a LTC Bucket of money?
- Use or Lose Insurance option (like auto insurance)
 - Monthly premium based on age/health
 - Premium can increase
 - Pays monthly benefit after 90 day wait
- Lump Sum Insurance Option
 - Annuity or Permanent LI – Health Knockout Questions
 - Multiplies value of Lump Sum used to pay for care
 - Will not be accessible other than to pay for care
 - Goes to Heirs upon passing



Word to the Wise...

- Act
 - Talk to professionals who care to help
 - If you don't understand, ask questions until you do
 - LTC is expensive, don't hope it works out
- Define your Assets. If you have time... Adapt
 - Conversion to Non-taxable Assets – CPA, FP
 - Establish a habit of gifting to family – CPA, FP
- Unless your neighbor is an eldercare attorney, they aren't a good source of information.





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