

Common Nursing Home and Medicaid Planning Myths

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As elder law attorneys, we meet many people with misconceptions about how they'll fund nursing home care - whether Medicare or Medicaid will pay - and the type of planning opportunities available to them. Here are the five most common myths:

Medicare will cover my nursing home bills.

While Medicare may partially fund temporary rehabilitation in a nursing home for a limited number of days, it does not cover long-term institutionalized care.

To qualify for Medicaid, I can't own any assets. In general, the Medicaid "asset" and "income" limits are approximately \$2,000 for an unmarried individual. Any asset not specifically deemed "excludable," qualifies as a "countable" resource for eligibility purposes. However, certain assets do not count towards eligibility.

If I give away assets, I won't qualify for Medicaid for three years. When applying for Medicaid, you must disclose all assets that were transferred, for less than fair market value, prior to the date the application was completed. Presently, the "look back" period is 36 months (for basic transfers) and 60 months (for transfers into trusts). While Medicaid evaluates transfers that occur during this three-to-five-year period, your Medicaid ineligibility may be shorter depending upon the type of assets given away, who you gave them to and the value of the transferred assets.

I can put all assets in my spouse's name and then qualify for Medicaid. With limited exceptions, joint assets and individual assets of

either spouse are deemed "available" to the Medicaid applicant. However, couples are not required to "spend down" all of their assets in order for one spouse to become Medicaid eligible. Instead, the non-institutionalized spouse may retain property and income within certain prescribed amounts. These amounts vary by state and will be calculated, within a set range, after considering individual factors.

I should give my house to my child, in case I must go into a nursing home.

While Medicaid considers the home an excludable asset, the home remains so for only the period that the Medicaid applicant/recipient continues to reside in the home as a primary residence. If he or she requires nursing home care in the future, the value of the home becomes an asset and could compromise Medicaid eligibility. In most cases, the outright transfer of the home to a child is not advisable for many reasons. However, other Medicaid planning options can protect the family home and other assets. You should discuss these options with your estate or elder law attorney.

Planning for nursing home care can involve difficult emotional decisions involving you and your loved ones. It's important that you understand how government funding can affect your situation and that you seek the advice of a professional before you proceed with those decisions.

For more information call Lindabury, McCormick & Estabrook, PA. Westfield, NJ 908-233-6800.