

Medicaid Long-Term Care Benefits

Are you eligible for Medicaid long-term care benefits?

Medicaid eligibility is complicated; understanding the rules is key.

One of the most common concerns expressed by our clients is the financial impact of a potential nursing home admission and what it means for a spouse or the family. This is not surprising given that the average cost of nursing home care for a semi-private room in NH is over \$10,500/month and continues to rise. Many families have not considered how they might pay for long-term care, which can be quite a gamble considering nearly 70% of those over 65 will need assistance at some point. Only a small percentage of individuals have long-term care insurance; unfortunately, many individuals are uninsurable, while others cannot afford the premiums. At best, federal Medicare insurance benefits only pay for up to 100 days of institutionalized care, and then only for rehabilitative stays after a qualifying hospitalization. Only a small percentage of nursing home residents are eligible for Veteran's benefits. The most common alternative to insurance or privately paying for care is Medicaid, which is estimated to pay between 45% and 65% of the total nursing home costs in the U.S. Medicaid uses both state and federal funds and is "means-tested," meaning only those who meet certain income and asset limits can qualify.

More facts about Medicaid:

How does Medicaid work? There are many different types of Medicaid programs and this article only focuses on Medicaid for nursing home level of care provided in a facility or at home. When an applicant meets specific financial and medical criteria, Medicaid will cover a portion of the cost of care.

What are the eligibility rules? The rules for Medicaid eligibility are strict. The applicant must be a U.S. citizen or a resident alien in the state of application. A Medicaid applicant is allowed to retain only a certain amount of resources and also must be income eligible. Some examples of countable resources include cash, stocks, bonds, retirement and investment accounts. If the individual is single, the resource limit is \$2,500; if the individual is married the rules are more complicated and the at-home spouse can keep more assets. Each nursing home in NH has a specific "Medicaid Reimbursement Rate", which is the amount that Medicaid will pay a facility for a bed. To be income-eligible in NH, the Medicaid applicant's gross income must be less than the Medicaid reimbursement rate for the specific nursing home where the applicant resides. Qualifying for Medicaid also involves medical eligibility requirements, meaning the individual needs help with at least two activities of daily living (ADLs).

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What is the process? An application must be filed with the Department of Health and Human Services (“DHHS”). The application itself is lengthy and detailed, and the answers to each question must be substantiated by legal or financial documentation. These supporting documents may include: social security card, Medicare card, health insurance cards, birth certificate, marriage certificate, life insurance policies, deeds, trust documents, car registrations, household expense bills, funeral contacts, income statements, and financial statements for the last five years. Financial transactions will be reviewed in detail and explanations to DHHS often are requested.

Sometimes real estate must be removed from a revocable trust before an application is filed but after the nursing home admission. All gifts or transfers of assets within the last five years must be revealed and explained, and a problematic transfer could result in a denial of benefits for a period of time.

How do we help clients become eligible for Medicaid? We help guide our clients through the Medicaid application process, starting with an understanding of the clients’ specific circumstances, both financial and personal. Planning options will differ depending upon whether there is a spouse, minor children, disabled family members, a caregiver child, problematic estate planning documents, real estate holdings, prior gifts or minimal or excess resources, etc. With that foundation, we design and implement a plan which may include some or all of the following:

- Assembling all required back up documentation, and reviewing financial records to identify all countable resources, sources of income and any problematic gifts
- Identifying options for preserving assets for a spouse, minor or disabled child, or adult caregiver child
- Providing advice on spending down assets to meet the Medicaid resource limits
- Working with financial advisors and other professionals during the spend down process
- Updating estate planning documents and preparing deeds, as needed
- Preparing petitions for spousal support as necessary
- Filing all paperwork and attending meetings with DHHS

For more detailed information Medicaid and its specific requirements in our state, download our free comprehensive guide:

Understanding NH Medicaid Rules for Long Term Nursing Home Care

For a guide on Medicaid versus Medicare, download our helpful chart below:

Medicaid versus Medicare

Check out our Video Library for additional resources.