

MEDICAID MYTHS AND REALITIES

Myth: To qualify for Medicaid, the individual will have to give up his home.

Reality: In Pennsylvania, the residence is an exempt asset, which means it does not count as a resource for purposes of becoming eligible for Medicaid—provided the individual states he/she intends to return to his/her residence, whether or not he/she will ever actually be able to return to the home.

However, if a Medicaid recipient's house passes under his Last Will and Testament, then the Department of Human Services will have the right to recover the amount of money, which has been spent on the Medicaid recipient's care from his/her Estate. This is known as Estate Recovery.

Myth: My husband and I have saved all these years. He has to go into a skilled nursing facility now and I don't want the Department of Human Services to take our money.

Reality: The Commonwealth of Pennsylvania will not take your money. If one spouse needs to enter a skilled nursing facility, Medicaid permits the spouse residing in the community to protect a certain amount of the assets. The maximum amount of assets which can be protected is \$123,600.00 and the minimum amount is \$24,720.00.

However, the amount of money which can be protected depends on the value of the couple's assets in the day one spouse enters the skilled nursing facility. An Elder Law Attorney can assist your family in qualifying for Medicaid, in preserving your assets, and in assuring your peace of mind.

Myth: I must hide my assets to apply for Medicaid.

Reality: There is no need to hide assets. An Elder Law Attorney can show you how to legally preserve your assets and pass them to your children, if you wish.

Myth: I can give away \$14,000.00 to each of my children and qualify for Medicaid.

Reality: Do not confuse the IRS rules with the Medicaid rules. While it is true an individual can make a gift of up to \$14,000.00 per person per year without gift tax consequences, the same \$14,000.00 gift will result in a period of ineligibility for Medicaid. An Elder Law Attorney will discuss with you some very advantageous gifting strategies, which are permissible under Medicaid's laws.

Myth: If I want to protect my assets, it needs to be done five years before I enter the nursing home.

Reality: The Department of Human Services will look back five years to determine the amount of money the individual has given away. Under the current law, if an individual makes a gift to someone other than a spouse, the person gifting the money needs to stay out of a skilled nursing facility for five years from the date of the gift since they are ineligible for Medicaid because of making said gift.

There are very specific rules on how to make gifts for Medicaid planning, as well as the period of ineligibility triggered by making a gift. If an individual is in a skilled nursing facility or needs to enter a skilled nursing facility, an Elder Law Attorney should first be consulted prior to making any gifts.

Myth: In order to qualify for Medicaid, you must spend down your assets to \$2,400.00.

Reality: There are many ways to become eligible for Medicaid. Spending down is one way; however, there are numerous other ways.

Also, an individual can retain \$2,000.00 in assets and disregard \$6,000.00 if his/her income is below \$2,250.00 (gross) per month. In essence, he/she can protect \$8,000.00 and qualify for Medicaid—if his/her income is within this range. If an individual's income exceeds \$2,250.00 (gross) per month, then he/she can only retain \$2,400.00 and qualify for Medicaid.

Ask an Elder Law Attorney to discuss numerous ways to qualify for Medicaid without spending down.

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