

Medicaid Eligibility: Using Estate Planning Techniques

Leveraging Gifting, Income Planning and Asset Transfer Strategies to Support Client's Eligibility

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1pm Eastern | 12pm Central | 11am Mountain | 10am Pacific

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**A PRIMER ON MEDICAID RULES FOR
MARRIED INSTITUTIONALIZED INDIVIDUALS**

I. Some Definitions

- A. Community Spouse - means a person who is married to an institutionalized spouse and is not an inpatient in a medical institution or a nursing home.**
- B. Institutionalized Spouse - means a person who is in a medical institution who is married to a spouse not in a medical institution or nursing home.**
- C. Minimum Monthly Maintenance Needs Allowance (MMMNA) - is the amount to which a community spouse's income is compared in order to determine the spouse's monthly income allowance. The MMMNA equals the monthly maintenance needs standard plus the excess shelter allowance if applicable up to the maximum.**
- D. Monthly Maintenance Needs Standard - \$1,835.75 7/01/12**
- E. Maximum Monthly Maintenance Needs Allowance - \$2,841 7/01/12**
- F. Excess Shelter Allowance - \$551.63 7/01/12**
- G. Spousal Resource Share - means the minimum amount of the couple's combined countable resources necessary for a community spouse to maintain himself in the community. \$22,278 1/1/12**
- H. Spousal Share - means ½ of the couple's combined countable resources at the beginning of the first continuous period of institutionalization, as determined by a resource assessment.**
- I. Maximum Spousal Resource Standard - means the maximum amount of the couples combined countable resources established for a community spouse to maintain himself in the community. \$113,640 1/1/12**

Note that C, D, E, F all deal with figuring out the community spouse's income allowance and that G, H, I concern the community spouse's resource allowance.

II. How Couple's Income Is Treated

John

\$1500/mo Pension
\$900/mo SSA

Total \$2,400

Jane

\$800/mo Earnings
\$200/mo SSA

Total \$1,000



NURSING HOME ADMISSION DATE

INSTITUTIONALIZED SPOUSE (John)

All income in his name goes to nursing home except allowances below

- ! Jane's Monthly Needs Allowance •
(includes excess shelter allowance)
- ! SS for other uncovered medical expenses
- ! Monthly Personal Needs Allowance (usually \$40)

COMMUNITY SPOUSE (Jane)

Gets to keep All income in her name

- PLUS, if needed:
Monthly Needs Allowance
+
- Excess Shelter Allowance
(But no more than \$2,841.00 the
Maximum Monthly Maintenance)

Take our example above. John's income is \$2,400 and Jane's income is \$1,000. The Monthly Maintenance Needs Standard is \$1,838.75. So Jane can receive \$838.75 from John's income. But that's not all. Jane can also receive a shelter allowance. If Jane is paying \$1000 mortgage and \$120 in utility bills her total shelter costs are \$1120. Take $\$1120 - \551.63 (excess shelter allowance in 2012) = \$568.37. Jane is allowed an additional \$568.37 shelter allowance from John's income. Jane MMMNA is $\$838.75 + \$568.37 = \$1407.08$. While John is in the nursing home Jane will have a total income of \$2407.08 (\$1,000 of her own income plus \$1407.08).

The income that John pays to the nursing home is calculated as follows. $\$2,400 - \$1407.08 = \$992.92$ minus \$40.00 (John's PNA) equals \$952.92. If John had outstanding Medical Expenses uncovered by Medicaid John could further deduct an amount from his income to pay those back

bills.

III. How A Couple's Resources Are Treated

John and Jane have total countable resources as of the day John is admitted to the nursing home of \$130,000. (This is excluding the home and the family car which are exempted from countable resources).

You must determine what the Community Spouse's Resource Allowance (CSRA). Since countable resources are \$130,000 the spousal share is $\frac{1}{2}$ of \$130,000 or \$65,000. Jane is allowed to keep \$65,000. John is allowed to keep only \$2,000 in resources. The rest of the \$63,000 must be spent down. Suppose the countable resources were \$300,000. Would Jane be allowed to keep \$150,000? The answer is No since the Maximum Spousal Resource Standard is \$113,640.00. If the total countable resources of John and Jane were \$20,000 would Jane have to spend down to \$10,000.? No again, since the spousal resource share (minimum) is \$22,278.