

PIA of Indiana's Annual Convention

May 10-11, 2018 • Indianapolis Marriott East

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Long Term Care & the Myths of Medicaid

Presenter: Lora Mount



#PIAIndiana18

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Lora Mount

Lora R. Mount grew up in Scottsburg, Indiana. She earned an undergraduate degree from Indiana University Southeast in elementary education, and was a public school teacher for six years. Lora later earned her Doctor of Jurisprudence degree from Indiana University School of Law at Indianapolis.

Lora is a member of the Indiana State Bar Association and its probate and elder law sections, and the Bartholomew County Bar Association. Lora serves on the board of the Indiana Chapter of the National Academy of Elder Law Attorneys, and the Hoosier Hills Estate Planning Council. Lora also serves on the South Central Leadership Committee for Riley Children's Foundation and the Development Committee for the Heritage Fund of Bartholomew County.



“MEDICAID MYTHS”

THE THINGS YOU THOUGHT YOU KNEW
ABOUT MEDICAID

PRESENTED BY:

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Medicare Benefits



Am I covered?

Medicare and Long Term Care

When will traditional Medicare pay for my stay if I need to go to the nursing home?

- ✓ If I am admitted to the hospital and;
- ✓ If I stay in the hospital for a period of at least 72 hours and;
- ✓ If I transfer from the hospital to a nursing facility for rehab services within 30 days of discharge.



How Long Will Medicare Cover My Stay?



- Up to 100 days
 - 1–20 Medicare pays Full Cost, You pay Nothing
 - 21–100 Medicare pays all but a daily copayment*
 - Beyond 100 days you pay full cost
 - * The copayment (your share) is up to \$167.50 per day in the year 2018. It can change each year.
 - If you have a Medigap (Medicare Supplement Insurance) policy with the Original Medicare Plan or are in a Medicare Advantage Plan, your costs may be different or you may have additional coverage.

Common Problems with Coverage

- Observation Status
 - If a patient is only inpatient in the hospital on observation status then Medicare will not be available to cover the subsequent rehab stay.
- Medicare Advantage Plans
- Same benefit period?



Other Options

- Hospice
- VA Aid and Attendance
- Medicaid

Medicaid Basics for Nursing Home Coverage

- Basic Medicaid eligibility resource rules (effective 6/1/14)
 - Single person: No more than \$2,000 of countable resources
 - Married person: No more than \$2,000 of countable resources by the Medicaid recipient
 - Certain resources protected for the spouse
- Special Income Limit for 2018: \$2250.00/month

Myth #1: I should give away all of my assets to my children in case I need nursing home care.

NO

- Risks in gifting property
 - Loss of control
 - Recipient does not protect money (i.e. divorce, creditors)
 - Potential tax consequences



Myth #1: Continued

Giving Away Assets



- Can I give away \$10,000 (now \$14,000) per year without penalty?
- 5-year look-back/transfer penalty
 - Some limited exceptions apply
 - Computing the transfer penalty
- “Hiding assets” to become eligible for Medicaid is a crime

Myth #2: The nursing home or “government” will take my home if I cannot pay for nursing home care.

- Ownership of real estate may not prevent Medicaid eligibility
 1. When Medicaid recipient is married
 - Spouse’s real estate may be exempt
 2. When Medicaid recipient is not married
 - Real estate may be exempt if offered for sale or for rent, or if it is rented
 - If you sell your home, you may lose Medicaid eligibility and should consult with an elder law attorney
- Beware of Medicaid liens and Medicaid reimbursement claims

Myth #3: I should get a divorce to qualify my spouse for Medicaid.

NO

- Spousal impoverishment rules
 - Certain assets are protected for the spouse
 - Additional assets may be able to be protected for the spouse at home



Myth#3: continued

- Consider Medicaid Waiver Services to pay for services to assist a caregiver spouse or caregiver children
- What happens if the caregiver spouse dies first?
- Legal Separations- a possible planning tool

Myth #4: If all of my assets are in a revocable trust, then they will be protected.

NO

- Generally, assets in a revocable trust are treated the same as if the applicant owned the assets in his or her sole name
- Certain types of irrevocable trusts are not considered available but transferring assets to the trust could result in a period of ineligibility for Medicaid



Myth #5: I should plan to pay for my future care using Medicaid.

No.

- Changes may be coming.
- Not all facilities accept Medicaid or have Medicaid beds available
 - Will Medicare pay?
 - Consider long-term care insurance and other insurance options to help fund your long-term care
 - VA Aid and Attendance Pension benefit
 - Can you afford to private-pay?

Should I just go ahead and apply now?



What can be done now if someone has dementia or other long term illness?

1. Consult with an elder law attorney at the onset
2. Sign a Financial Power of Attorney now that would allow Medicaid planning, if appropriate later
3. Appoint a Health Care Representative who can make health care decisions on your behalf

4. If married, update the estate plan, power of attorney and healthcare documents
*New will for the healthy spouse should include a testamentary special needs trust for the benefit of the sicker spouse.
5. If nursing home care may be required in the future, then families should become familiar with area facilities

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