

Medicaid & Long-Term Care Costs



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Major Concern of Families

- Will costs for long-term care exceed my/our savings?



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Fact

- 70% of persons age 65 or older
- Will need long-term care



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Facts

- Montana Average Length of Stay (2016)
 - 2.5 years
 - 1 in 5 stay more than 5 years



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Nursing Home Care Costs 2017

- Montana Average
 - \$ 6,819* monthly
 - \$ 81,826* yearly

*Rounded



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Who Pays????



- Medicaid 61%
- Residents & Families 32%
- Medicare 7%

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4 Ways to Provide for Long-term Care COST\$



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Way.....#1



1. 32% Use Personal Resources
 - Current income
 - Savings/Investments
 - Sale of assets

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Way.....#2



2. Purchase
 - Regular long-term care insurance
 - Long-Term Care Partnership Insurance Policy
 - 12.6% over age 65 have LTC insurance

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Long-Term Care Partnership Insurance Program



- MontGuide
- www.montana.edu
 - Search by title

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2017 Montana Long-Term Rate Comparison Guide (COMPREHENSIVE BENEFIT)

Company	Age 55	Age 60	Age 65	Age 70
Bankers	\$746	\$819	\$956	\$1,201
Genworth	\$383	\$447	\$549	\$832
Massachusetts Mutual	\$491	\$523	\$623	\$850
Mutual of Omaha	\$679	\$696	\$759	\$864
New York	\$741	\$789	\$866	\$1,158
State Farm Mutual Auto	\$968	\$960	\$1,000	\$1,143

2017 Montana Long-Term Rate Comparison Guide (COMPREHENSIVE BENEFIT)

Company	Age 55	Age 60	Age 65	Age 70
Thrivent	\$624	\$652	\$802	\$948
Transamerica	\$391	\$481	\$615	\$808
United Security Assurance	\$317	\$366	\$506	\$707

2017 Montana Long-Term Rate Comparison Guide

- Available from Montana Commission of Securities & Insurance


<http://csimt.gov/wp-content/uploads/2017-LTC-Rate-Guide.pdf>

Senior & Long Term Care Division-DPHHS

- **Montana Legal Guide to Long Term Care Planning**
1-406-444-4077


Way.....#3

- Depend on relatives to pay nursing home costs
 - Most families say *no way!!!*



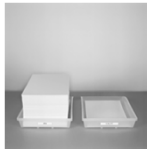
Way.....#4

- **Medicaid**
 - 61% of Montanans in nursing homes receive Medicaid assistance



Montana Eligibility Tests

- Circumstances
- Assets
- Income



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Circumstances Test

- 65 or older
- Permanent U.S. resident
- Montana resident
- Have a Social Security Number
- Medical criteria



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Assets Test

- Resources
 - Countable
 - Excluded



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Countable Resources:

- Non-home real estate
- Vehicles
- Checking & savings accounts
- U.S. Savings Bonds



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Countable Resources:

- Investments
 - Stocks
 - Bonds
 - Mutual funds



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Countable Resources:

- Retirement Plans
 - Keogh accounts
 - IRAs (Roth, Traditional)
 - SEPs
 - SIMPLES



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Countable Resources:

- Retirement Plans (con'd.)
 - 401 (k) plans
 - 403 (b) plans
 - 457 plans



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Countable Resources

- Life estates
- Oil & mineral rights
- Assets in living (*revocable*) trusts
- Cash value in life insurance



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Countable Resources Summary

- Any asset over which individual has control are countable resources



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Excluded Resources



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Excluded Resources

- Home (Single Person)
 - If applicant was living in it & expects to return to it within 6 months



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Excluded Resources

- Home (value less than \$552,000)
 - If used as primary residence by
 - Spouse
 - Other dependents



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Excluded Resources



- Personal Effects
- Ordinary Household Goods



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Excluded Resources



- Cash value of life insurance
 - Total value of \$1,500 or less

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Excluded Resources



- Burial plot
- Burial fund
 - \$1,500

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Excluded Resources



- Irrevocable burial contract
 - On Montana approved form with funeral home

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Excluded resources



- Livestock, if:
 - Used to produce income
 - Raised for home consumption
 - Used as pets



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Excluded resources

- Income producing property
 - Up to \$6,000 of equity value



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Marital Assets



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Marital Assets

- Assets of both spouses are included
 - Regardless of whose name appears on titles³⁸



Marital Assets

- Includes all separately & jointly owned
 - Real & personal property



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Premarital Agreement

- Doesn't matter
- All property is *countable resource* for Medicaid eligibility test



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Joint Tenancy Property

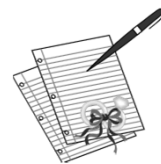
- **ALL** included
 - Even if children or grandchildren's names are on document



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Solely Owned

- Includes all property titled in separate names of spouses



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Andy & Nancy



- Each had wills to distribute his/her solely owned property to respective children

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Nancy & Andy



- 9 months after their marriage
- Andy was diagnosed with Alzheimer's disease
- All property of BOTH are *countable resources*

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Assets: Couple with children from prior marriage



- Andy = \$100,000
- Nancy = $\frac{\$800,000}{\$900,000}$

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Community Spouse Protection



- Can keep up to one-half of value of countable assets (2017)
 - Minimum \$48,360
 - Maximum \$120,900

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Nancy Keeps

- Maximum \$120,900
- Remainder
- \$780,780



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Betsy & Bill



- Assets = \$70,000
- Bill can keep one-half
 - \$35,000
 - if Betsy goes in nursing home

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Budd & Sara



- **Assets = \$314,000**
- Sara can keep maximum
 - \$120,900
 - if Budd goes in nursing home

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Amounts over limit: Spend-down amount

- Available resources must be "spent down" to \$2,000 for nursing home spouse to be eligible for Medicaid



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Frank & Catherine

- **Assets = \$300,000**
 - Catherine can keep \$120,900
 - Remainder of \$179,100 must be spent down to \$2,000 before Frank is eligible for Medicaid



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Assets Test *Summary*



- **Resources**
 - **Countable**
 - **Excluded**

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Income Test for Medicaid Eligibility



- Most income received in name of Medicaid applicant is countable

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Countable Income Examples



- Social Security
- Retirement pensions
- Railroad retirement
- VA benefits

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Countable Income Examples (con'd.)



- Lease & rental income
- Dividends
- Interest earnings

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Countable Income Examples

- Trust income
- Annuity payments



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Rule



- Income of an individual in a nursing home must be used to pay for his/her care

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Medicaid eligibility

- If applicant's cost of nursing home care is greater than income, income test is met



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Institutionalized Spouse

- All income in nursing home spouse's name is counted for the income test



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Personal Needs Allowance



- Institutionalized personal
 - \$50 per month

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Health Insurance



- Can pay monthly premium cost from income

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Bruce: \$2,000 income

\$50 personal care allowance



\$550 health insurance

\$600 total allowance

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Bruce: \$2,000 income

\$2,000 income



- \$600 allowance

\$1,400 available income for nursing home cost

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Medicaid Payment

Cost of Bruce's Care \$6,134

Available Income \$1,400

Balance \$4,734

- \$4,734 Paid by Medicaid

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Marital Income

- Community Spouse
- Institutionalized Spouse



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Community Spouse

- Can keep all *income* paid solely in his/her name



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Institutionalized Spouse

- All income in nursing home spouse's name is counted for the income test



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Income in names of both spouses will usually be attributed:

- 1/2 institutionalized spouse
- 1/2 community spouse



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Application Process for Medicaid Eligibility



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Forms

- Resource Assessment
- Pre-screening Medical Determination
- Application for Assistance



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Resource Assessment



- Based on first day of the month that an individual entered nursing home

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Resource Assessment

- DPHHS Form
 - HCS 457



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Pre-screening determination

- Is the applicant in need of long term care services?



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Pre-screening



- Mountain Pacific Quality Health Care Foundation
 - 1-800-219-7035

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Application

- Montana
 - Office of Public Assistance



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Decision on Eligibility

- 45 days from date of application



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Denial

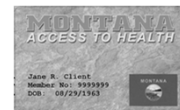
- Request hearing
 - Must make written request within 90 days of denial



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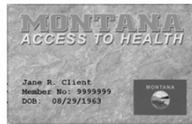
Approved

- Issued a one-time permanent card
- Used to access eligibility data



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Front of Card



- Individual's Name
- Date of birth
- Client I.D. number
 - No Social Security Number

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Eligibility Requirements Summary

- Medical Needs Test
- Assets Test
- Income Test



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Transfer of Property Rules



- Become "impoverished" to qualify for Medicaid Assistance

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Consequences

- Legal
- Tax
- Emotional



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Look-Back Rules

- Assets transferred on or after February 7, 2006
 - 5-year back rule



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Period of ineligibility

- Depends on:
 - Value of gift or transfer
 - When it was made



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Period of ineligibility



- Number of months that would otherwise be required to spend the uncompensated value on nursing home care

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Value based on average cost per month of nursing home care in Montana



- \$6,819 monthly average
- \$224 per day
➤ 2017

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Example: John gifted stocks valued at \$182,000 in 2017



- 6 Adult children & spouses
- 7 Grandchildren
- No gift tax
 - Annual Exclusion (Federal) \$14,000 for each donee

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Ineligibility Calculation



- Value of John's Gifts
\$182,000 ÷
 - Nursing Home Cost \$6,819
= 26.69 months
 - John ineligible for Medicaid for about 2½ years

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Family Decision

• Who/How



- are nursing home costs going to be paid for John?

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Transfers made before the look back period:



- Do not affect Medicaid eligibility

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Excluded Transfers



- Home; if lived in by
 - Community spouse
 - Child less than age 21
 - Adult child
 - Blind or
 - Permanently disabled

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Excluded Transfers

• Home, if....



- Child lived in home
- Child provided care to parent for at least 2 years
 - Care allowed parent to remain at home

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Excluded Transfers



• Home, if.....

- A sibling owns an interest & has lived there for one year

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Role of Trusts in the Protection of Assets



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What is a Trust??

- Legal arrangement whereby an individual transfers assets into the name a trust



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Beneficiary?



- Person(s) or organization(s) to whom the trustee distributes trust income or principal

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Revocable Living Trust

- Created during owner's lifetime
- Can be changed anytime
- Funds used to cover nursing home costs



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Irrevocable Trust

- Person who established trust has no power to:
 - Amend
 - Cancel
 - Remove



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Trusts

- Contact an attorney to obtain legal advice



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Emotional Consequences of "going on Medicaid"?



- Feelings of older adults of being on "welfare"

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Medicaid patients

- Often more difficult to place in nursing home
- Move more often
- Double in room



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Medicaid Lien & Estate Recovery Program



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Federal Mandate

- States are required to:



- Recuperate costs for Medicaid recipients who pass away

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Lien



- Must be paid before title to property can be sold or transferred

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Robert: House valued at \$75,000



- Creditors

▪ Medicaid	\$24,000
▪ Funeral	+ 10,000
▪ Probate	+ 2,000
Total Expenses	\$34,000

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Son Inherits

\$75,000 Estate Value
- \$34,000 Expenses
\$41,000 Left for Son



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Recovery procedures while Medicaid recipient living



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Montana



- Files lien on real property owned by Medicaid recipient



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Medicaid Lien and Estate Recovery Program

- 1-800-694-3084



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Senior & Long Term Care Division

- Questions about Medicaid
- 1-406-444-4077
- <http://dphhs.mt.gov/SLTC/aging>



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Medicaid Recipient Hotline

- 1-800-362-8312



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Public Assistance Office

- Medicaid Eligibility Specialist
- Telephone book
 - Name of county



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