

THE COSTS OF LONG TERM CARE

The impact that long term care costs can have on you and your family should not be ignored. The average monthly cost of a nursing care facility in Michigan is \$6,362.00.

Roughly 1 out of 4 Americans ages 55-79 is severely disabled. Forty percent of persons 65 or older will spend some time in a nursing home.

Most people do not have or are unable to qualify for long term care insurance. In addition, long term care policies usually provide only partial coverage and/or coverage for a limited number of years.

Consequently, many people will be faced with using their entire life savings to cover the costs of long-term care. However, with proper estate planning this unfortunate result can be avoided.

MEDICARE vs. MEDICAID

Just because you may be entitled to **Medicare** benefits does not mean you are entitled to **Medicaid** benefits. The **Medicare** program pays for hospital and physician costs for seniors and the disabled. The **Medicaid** program covers long term care costs, subject to certain income and asset restrictions.

THE "UNPLEASANT" TRUTH

To be eligible for Medicaid benefits a person or married couple may only own certain "excluded" assets:

- a home and its contents;
- a car;
- a pre-paid funeral contract;
- \$2,000 in cash; and
- Assets held in special trusts.

All other assets are considered "available" and must be "spent down" to pay for long term care before qualifying for Medicaid.

The need to "spend down" cannot be avoided simply by giving assets away to a spouse or loved one. Indeed, making such gifts can actually cause Medicaid disqualification.

THE "GOOD" NEWS

There are ways, however, to qualify for Medicaid coverage, without having to first "spend down" your assets. These include:

- an asset conversion plan;
- a controlled asset transfer plan;
- use of "actuarially sound" annuities; and
- use of a specialized trusts

In addition, placing assets into a Living Trust may enable a married couple to shield up to \$109,600.00 of "available" assets, by maximizing use of their "Community Spouse Resource Allowance."

PROPER PLANNING REQUIRED

To take advantage of these "spend down" avoidance methods, a proper estate plan must be in place before a person becomes incapacitated.

At a minimum, the estate plan should include a Will, a "Financial" Power of Attorney, with essential "Medicaid Planning" powers, and a Medical Power of Attorney. For a married couple, the plan should usually include a Living Trust.

Without a proper estate plan, preserving your assets from "spend down" is much more difficult, and sometimes impossible. If you already have an Estate Plan, you should have it reviewed to make sure it addresses Medicaid and long term care issues, and takes advantage of any changes in the law.

This brochure is not intended to give specific legal or tax advice. For specific information about planning your estate, contact one of our attorneys at Estate Planning & Elder Law Services, P.C.

FREQUENTLY ASKED QUESTIONS

Q: Does Medicare cover the costs of long-term care?

A: Medicare covers certain “skilled” nursing services and in-home care costs for a limited period of time and only under certain conditions. After that, Medicare does not provide coverage for long term care costs.

Q: Do I have to spend my life savings before I can qualify for Medicaid?

A: No. With proper planning most if not all of your assets can be protected from Medicaid “spend down.”

Q: Is it too late to protect my assets from Medicaid “spend down” once I become incapacitated or have applied for Medicaid?

A: Maybe. The options available to you will depend upon your situation. An attorney experienced in Medicaid planning can explain your remaining options, if any.

Q: Will the State tell me how I can protect my assets and still qualify for Medicaid?

A: No. While the State agencies are helpful, they will not explain how to protect your assets from “spend down.”

MEDICAID & LONG-TERM CARE PLANNING



ESTATE PLANNING & ELDER LAW SERVICES

Estate Planning • Special Needs Planning
Elder Law • Estates & Trusts

(888) PLAN-050 (toll free)
www.formyplan.com

“Care Enough to Plan”