

Rocky Mountain Elder Law's Medicaid Planning Guide for Nursing Home Care

Many people will need a period of care towards the end of their lives, but Medicare does not cover nursing home care. The only plan that the government has for nursing home care is Medicaid, which you have to qualify for, by having a very low income and very little assets. If you think you might need Medicaid in the future, **now is the time to start planning.**

Why do I need Medicaid?

Nursing home care is expensive; in Colorado, it can cost between \$7,000-\$12,000 per month. If you do not qualify for Medicaid, you will have to pay for nursing home care for you or your spouse from your own pocket.

What is Medicaid planning?

Medicaid planning involves short-term and long-term strategies to plan for nursing home care in such a way that you qualify for Medicaid support. These include irrevocable trusts and Medicaid-compliant annuities (see next page).

Why do I need to start planning now?

Medicaid has a five-year look back period on eligibility. When you apply for long-term care Medicaid, there are eligibility criteria with regards to the assets and income you're allowed to have. And Medicaid will assess whether you have been eligible over the five years prior to applying. Medicaid's look-back period is intended to prevent Medicaid applicants from gifting assets, including selling them under fair market value, to meet Medicaid's asset limit. If the government finds that you have broken the rules of the look-back period, you will be penalized.

How do I become eligible?

In Colorado, a single person is not eligible for Medicaid to pay for nursing home care if you have more than \$2,000.00 in assets, including investments and bank accounts and around \$2,829.00 per month in income. A couple is allowed \$3,000 in assets.

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What assets or money can I keep?

If you are a "community spouse" (the spouse of an individual who is receiving Medicaid-funded nursing home care) then the following are currently exempt:

- Circa \$154,140.00 in cash;
- Your primary residence as long as your equity in the property does not exceed around \$1,071,000.00;
- Your car;
- Some jewelry;
- A funeral plan up to \$15,000.00;
- A certain amount of money as a spousal monthly maintenance ranging from \$2,465.00 to \$3,853.50.

What strategies can I use to become eligible for Medicaid?

Trusts and annuities play a crucial role in Medicaid planning and asset protection. They enable you to become eligible for Medicaid, while safeguarding your legacy.

- **Irrevocable trusts:** In an irrevocable trust, assets cannot be counted by Medicaid, but equally, you do not have access to them. Real estate in Colorado is high value and can be subject to a Medicaid lien. Putting a house into an irrevocable trust can ward against this.
- **Medicaid-compliant annuities:** These are single premium annuities that convert excess funds into an income stream for you, but don't have a cash value. They can help accelerate your Medicaid eligibility, while protecting other assets.

I recommend to my clients that they start Medicaid planning when they're still in good health and not in imminent need of long-term care. An elder law attorney can help take inventory of all your assets, how they're titled, and really think through how you want to plan for an eventual need for long-term care. We want to make sure you and your family can navigate the complexities of Medicaid with confidence and peace of mind.

For more information, watch our webinar
on Medicaid planning for nursing home care



You can also learn more
by reading our Medicaid blogs



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