



THE COULSON
LAW GROUP

MEDICAID PLANNING TODAY



Member National Academy
of Elder Law Attorneys

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Volume 1, Issue 3

Home Sweet Home and a Bed of Roses

This is the story of Anna, an elder whom we have had the recent privilege of assisting with Medicaid eligibility planning. Her story debunks a couple of the commonly held misconceptions about Medicaid eligibility planning, and illustrates that it is very seldom too late for someone facing the terrible financial burden of paying for nursing home care to engage in wise planning.

Misconception No. 1: When A Person Has Not Much Left Other Than A Home, It's Too Late To Start Planning

When Anna's daughter (acting for Anna under a power of attorney) came to us for help, she wondered aloud whether it was already too late. Anna had already been in the nursing home for awhile. Initially, she had been receiving rehabilitative care, and her nursing home bill was being paid by Medicare. However, the nursing home had informed Anna and her daughter that the rehabilitative care would be ending very soon, and that she would have to start paying privately for her care. Anna only had enough money left, at that point, to pay for about four months of care, and so, one way or the other, she would be going on Medicaid soon.

Anna did, however, own a home. She and her late-husband had poured their hearts, souls and life savings into it. It was the legacy they had hoped and dreamed of leaving to their children. The property was worth around \$150,000. Anna's daughter had been told what so many people are told: that the house was an "exempt asset," which Anna could continue to own without it affecting her eligibility for Medicaid. That was true, but it didn't answer a couple of very important questions. How would Anna be able to pay her property taxes, homeowner's insurance, and upkeep and repair costs on the \$30 per month that the Medicaid rules would allow her to keep? And then, when Anna eventually died, what would happen to her home?

The answers, without planning, were not at all good. Anna would have to hope that her children could and would advance her the money to pay those home ownership costs, with no assurance of getting the money back. Then, when Anna died, her house would be sold. The proceeds of sale would first go to the State, to pay back the Medicaid benefits Anna received. If there was anything left, her children could be reimbursed for the money they paid out on Anna's behalf, and only then would there be money left for the children to share. Anna's daughter realized that at the cost of the nursing home, it might well turn out that there would be *nothing* left after the State got paid.

That realization hit Anna's daughter very hard. She realized that it wasn't just the money left in Mom's bank account that was at stake – it was her parents' entire life savings. If the house wasn't somehow protected, her parents' lifetime of hard work would have been for naught, and their hope and dream of leaving something for their children would be completely lost.

Reality No. 1: Medicaid Planning Can Protect the Home From Being Lost to "Estate Recovery" Proceedings

Fortunately, even though Anna was already in a nursing home, we were able to assist her with a plan which would preserve her home for her children to inherit, and protect it against "estate recovery" proceedings when she died. At the same time, we were able to help Anna qualify for Medicaid assistance with her nursing home and other medical expenses, starting as soon as her Medicare benefits ended. How that was accomplished is beyond the scope of this newsletter. Various strategies are available, and which one will work best for any given client requires careful consideration of that person or couple's individual circumstances. But the "bottom line" is this: If someone in a nursing home goes on Medicaid, her home is at risk, but it can be protected through wise Medicaid planning.

Let's now consider a second major misconception about Medicaid eligibility planning:

Misconception No. 2: Medicaid Planning Doesn't Benefit the Person in the Nursing Home, Just the People Who Stand to Inherit

Many cynics, including people who have written columns in some national publications, think that Medicaid planning is driven by money-hungry "baby boomers" who care less about their parents than about the money they expect to inherit from them, and by greedy lawyers more than happy to help them "scam the system" for a fee. In our experience, that couldn't be further from the truth. The people who come to us for help uniformly tell us that their first concern is for the loved one who is receiving, or may come to need, nursing home care. We tell them in response that we share that concern, and that our planning will so reflect. After all, when we do Medicaid eligibility planning, our client is always the elder in the nursing home.

That doesn't mean that we don't care about protecting our clients' life savings, to the extent that the rules permit, to assure that the privilege of passing on an inheritance to their loved ones – a privilege they have earned through a lifetime of hard work and savings – will not be lost to them. We can, and we do, help our clients with that. But first things first, which brings us back to the story of Anna ...

Reality No. 2: Medicaid Planning Can Make Life Better for a Nursing Home Resident

The plan we developed for protecting Anna's remaining financial resources focused entirely on meeting Anna's needs. First, we helped Anna's daughter to understand which of Anna's medical bills would have to be paid from her funds, and which ones she would be eligible to have Medicaid cover. Because we knew that we could, in Anna's situation, successfully apply for "prior quarter" coverage, we were able, to the surprise of Anna's daughter, to instruct her not to pay several pending medical bills, including even some bills that dated back to before Anna entered the nursing home. That left more money available to spend on Anna.

We made sure that Anna would receive a nice funeral when she died, and that there would be a proper headstone for her grave. We had her daughter buy Anna some clothes, shoes, gowns, slippers, and personal care items. Also purchased were a television and a comfortable chair for Anna, and family members who

would come to visit her, to sit in. We made sure her daughter handled those transactions "the right way" so that it would not interfere with establishing Anna's Medicaid eligibility.

Then, right before the deadline for bringing Anna's financial assets within the resource limit to qualify for Medicaid that month, Anna's daughter learned there was more money available than she thought. She called us, very concerned, asking what she should do. "Buy some things for Mom's room, to make it nice," we suggested. "Be creative."

What followed was the sort of heartwarming story that lets us know that we're doing the right thing. Anna's daughter knew that Anna had always loved flowers, and that pink was her favorite color. She found a beautiful comforter for Mom's bed, all in pink roses. She found accessories to go with it, and some "pretty things" to set out in Anna's room. The room would be turned from "just another nursing home room" to "Anna's new home." When Anna's daughter brought the new purchases in to her Mother, Anna was overcome with joy. She kept telling her daughter that it was like having her birthday and Christmas all rolled into one, and how pretty everything looked. Now every time anyone visits Anna, she beams with pride and joy. Anna's daughter told us that now, no matter how things go for Mom from here on, she will always be able to carry with her the memory of that wonderful day.

Do You Have a Loved One In a Nursing Home?

Did you know there are legal ways to reduce or even eliminate your nursing home costs without lowering the standard of care? Our law firm is dedicated to helping families who are overwhelmed or confused by all of the decisions they have to make about placing a loved one in a nursing home. With our knowledge of the law and our proven legal methods, we can often greatly reduce or even eliminate those large monthly nursing home bills.

Call our Legal Assistant Kim Hunt today
To arrange an appointment
(314) 567-9292 or (618) 659-9292

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