

NAVIGATING MEDICAID (KANCARE) BENEFITS FOR LONG TERM CARE

Compliments of Elder Weber Law Office

Medicaid's General Rule: To be eligible for KanCare, a person can have no more than \$2,000 of "countable" assets;

Plus 5 "exempt" assets:

- 1) The residential home, up to \$585,000 in equity,
- 2) Household goods and personal belongings,
- 3) One vehicle per household,
- 4) Prearranged and prepaid funeral plans for both spouses, and
- 5) Life insurance ONLY IF the cash surrender value of all policies is less than \$1,500.

What to Know about Life Insurance: Term life insurance with no cash value is exempt. Many people have small \$500 and \$1,000 whole life insurance which has a cash surrender value that exceeds the \$1,500 exempt limit. These policies can be cashed in or assigned to the funeral home to pay for prearranged funeral plans that are exempt by Medicaid.

- 1) Get the cash surrender value in writing from the life insurance company, even if it is zero. Medicaid requires documentation of the cash surrender value, even if it is zero.

What to Know about Funeral Plans: Prepaid funeral plans are exempt for the Medicaid applicant AND his or her spouse. The purchase of prepaid funeral plans is a permissible "spend down" for Medicaid.

Be sure to tell the funeral home that you might be applying for Medicaid because:

- 1) The funeral plan must be irrevocable to be exempt by Medicaid, and
- 2) You must provide and itemized list of goods and services to Medicaid.

What to Know about the Applicant's Monthly Income: The Medicaid applicant's Social Security and pension income will continue to be deposited in to the bank account as it always has been. And the applicant must pay this monthly income to the nursing home as the "patient liability" amount. Medicaid then pays the balance directly to the nursing home.

Medicaid only allows a few deductions from the applicant's monthly income, including:

- 1) The resident can keep \$62 each month for "personal needs",
- 2) The resident can pay for all of his or her own health insurance premiums each month, and
- 3) If married, the resident may be able to allocate a portion of his income to the community spouse.

What to Know about Health Insurance Premiums: Medicaid requires a married couple to provide documentation verifying the separate cost of each spouse's health insurance premiums. Ask the health insurance company for this documentation early in the process of applying for Medicaid.