
**GENERAL RULES OF MEDICARE AND MEDICAID COVERAGE
FOR ASSISTED LIVING AND LONG-TERM CARE**

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I. The General Rule Regarding Medicare Coverage of Long Term Care Costs

- A. Medicare only pays a maximum of 100 days of long term care costs
- B. And only in limited circumstances:
 - 1. Must first have a hospital stay of at least 3 days; and
 - 2. Must enter nursing home within 30 days of the 3-day hospital stay; and
 - 3. Must be receiving rehabilitation care
 - a. Medicare does not pay for custodial long term care

II. The General Rule Regarding Asset Limits for Medicaid Benefits

- A. To be eligible, a person must have less than \$2,000 of "countable" assets in Kansas and \$4,000 in Missouri

III. Plus Five "Exempt" Assets Not Counted by Medicaid

- A. The residential home, up to \$595,000 of equity value is exempt
 - 1. But, exempt only while the Medicaid recipient or his spouse is living
 - 2. Medicaid can, and likely will, assert a claim against real estate after the death of the Medicaid recipient and his or her spouse
- B. Household goods and personal belongings are exempt
- C. One automobile per household is exempt
- D. Prepaid funeral plans for both spouses are exempt (must be irrevocable and services limited to \$7,000 in Kansas)
- E. Life insurance may be exempt
 - 1. But, only if the cash surrender value of all policies is under \$1,500

IV. "Spend Down" Strategies

- A. Trade in the old car and purchase a new, more reliable vehicle for transportation
 - 1. Consider naming a transfer-on-death beneficiary at the Department of Motor Vehicles to avoid probate
- B. Purchase prepaid funeral plan(s) (must be irrevocable)
- C. Pay off outstanding debt and/or pay down on the home mortgage
- D. Prepay taxes and insurance obligations
- E. Make home improvements and/or update home furnishings
- F. Take that long overdue vacation
- G. Consider gifts to children
 - 1. But, this does create a period of ineligibility for benefits
 - 2. Gifts must be revealed to Medicaid
 - 3. And, the Medicaid application must be filed at the correct time
 - 4. It is not too late to preserve resources even if one is already in long term care
- H. The timing of when to start "spend down" is important
- I. The "spend down" of assets can be made for the needs of either spouse, not just the spouse entering long term care

V. Special Medicaid Rules for Married Couples

- A. The "community spouse" or "well spouse" still at home is allowed to keep one-half of the "countable" assets, up to Maximum of \$128,640
 - 1. The minimum community spouse resource allowance is \$25,728
- B. "Division of Assets" allows married couple to divide their assets in half
 - 1. The general rule allows the "healthy" community spouse to keep one-half of the savings and the spouse entering long term care must spend down one-half of the assets to his or her \$2,000 limit in Kansas (\$4,000 MO)

VI. Additional Planning for Married Couples

- A. The general rule provides that the spouse in the nursing home must pay his monthly income to the nursing home and Medicaid negotiates and pays the balance
- B. But community spouse should receive a minimum monthly income of \$2,113.75/mo.
- C. If she does not receive that amount in her own name, income may be allocated to her from the nursing home spouse to bring her income up to this minimum monthly income allowance
- D. If the community spouse has a mortgage or other "excess shelter expenses", her monthly income allotment can be increased to a maximum of \$3,216/mo.

VII. Long Term Care Insurance

- A. Should be considered if you qualify and do not have preexisting condition
- B. Be sure to include home health coverage and assisted living care
- C. Alternative estate planning is possible if long term care insurance is not obtainable
 - 1. Can include irrevocable or other types of trusts (such as special needs trusts)