



Medicare, Medicaid Planning and Applications

Medicare is a Federal health insurance program that pays for hospital and medical care for elderly and certain disabled Americans.

Medicaid is a means-tested health and medical services program for certain individuals and families with low incomes and few resources.

In a nutshell:

Medicare = Health Insurance

Medicaid = Welfare

Medicare Part A: Inpatient Hospital Stays 2022

Days 1 to 60	Days 61 to 90	Days 91 to 150
You Pay \$1,556 deductible	You Pay \$389 per day *	You pay \$778 per day and have 60 lifetime reserve days *

* After day 150 (or day 90 if all of the 60 lifetime reserve days have previously been used up) then you pay all costs.

Medicare Part A: Skilled Nursing Facility 2022

Days 1 to 20	Days 21 to 100	All Days After 100
You pay \$0	You Pay \$194.50 per day	You pay all costs



Basic Rules of Eligibility for Institutional Medicaid (Nursing Home) in 2022

Single Individuals

Countable Assets	Income	Exempt Assets
\$16,800.00 in total countable assets	\$50.00 per month total income as a personal needs allowance	Personal property Burial plot Burial allowance (\$1,500.00) or unlimited if in an irrevocable burial trust Retirement accounts ("partially exempt")

Married Couples (One in Nursing Home)

Countable Assets	Income	Exempt Assets
\$16,800.00 in total countable assets for institutional spouse plus \$74,820.00 to \$137,400.00 in total countable assets for community spouse	\$50.00 per month total as a personal needs allowance for institutional spouse plus \$3,435.00 per month total for community spouse	Personal property Burial plot Burial allowance (\$1,500.00) or unlimited if in an irrevocable burial trust Retirement accounts ("partially exempt") plus House (up to \$955,000.00) Automobile



Married Couples (Both in Nursing Home)

Countable Assets	Income	Exempt Assets
<p>\$33,600.00 total countable assets (\$16,800.00 each)</p>	<p>\$100.00 per month total personal needs allowance (\$50.00 each)</p>	<p>Personal property</p> <p>Burial plots</p> <p>Burial allowance (\$1,500.00 each) or unlimited if in an irrevocable burial trust</p> <p>Retirement accounts ("partially exempt")</p>



Basic Rules of Eligibility for Community Medicaid in 2022

Single Individuals

Countable Assets	Income	Exempt Assets
\$16,800.00 total countable assets	\$934.00 per month total income	Personal property Burial plots Burial allowance (\$1,500.00 each) or unlimited if in an irrevocable burial trust House (up to \$955,000.00) Automobile Retirement accounts ("partially exempt")

Married Couple

Countable Assets	Income	Exempt Assets
\$24,600.00 total countable assets	\$1,367.00 per month total income	Personal property Burial plots Burial allowance (\$1,500.00 each) or unlimited if in an irrevocable burial trust House (up to \$955,000.00) Automobile Retirement accounts ("partially exempt")



Various Long Term Care Planning Options

Planning Options	Pros	Cons
Do Nothing	Cheapest and easiest up front	<p>Most expensive in long run if care is needed</p> <p>May not be able to protect any assets in future</p>
Long Term Care Insurance	<p>May keep parent at home longer</p> <p>Pays for itself very quickly if used</p> <p>Less physical and mental burden for other family members</p> <p>No concern over five year look-back</p>	<p>Upfront cost</p> <p>Recurring cost</p> <p>Qualification based on health</p> <p>May lapse if premium not paid</p> <p>Depending on selection of benefits, could have "gaps" in coverage</p>
Direct Gifts	<p>Cheaper up front</p> <p>Less hassle (no legal documents generally needed)</p>	<p>Divorce of recipient</p> <p>Death of recipient</p> <p>Creditors of recipient</p> <p>Potential income tax issues - carry over basis</p> <p>No step up in basis at death (of parent)</p> <p>Gift tax return may need to be filed</p> <p>Five year look-back</p>



Planning Options	Pros	Cons
<p>Deed with Life Use</p>	<p>Less expensive (less beneficial and less complex, which is why it is generally less expensive)</p> <p>Can get a step up in basis at parent's death</p> <p>Retain STAR while parent remains in the home</p>	<p>Divorce of recipient</p> <p>Death of recipient</p> <p>Creditors of recipient</p> <p>Potential income tax issues - carry over basis</p> <p>Income tax exemption only for residents of property</p> <p>Gift tax return may need to be filed</p> <p>Five year look-back</p> <p>Possible loss of STAR once parent is in nursing home</p> <p>Increased carrying costs (insurance, maintenance), once parent is in nursing home</p> <p>Requires all named owners to agree for sale or transfer</p> <p>Part of proceeds may go to nursing home if sold during parent's lifetime</p> <p>Potential estate recovery issue if law is expanded in the future as has been proposed in the past</p>



Planning Options	Pros	Cons
<p>Medicaid Asset Protection Trusts</p>	<p>No concerns with divorce</p> <p>No concerns with death</p> <p>No concerns with creditors</p> <p>Can be drafted to retain STAR exemption while parent remains in home</p> <p>Can be drafted to provide step up in basis at parent's death</p> <p>Can be drafted so that income is taxed on parent's income tax return</p> <p>Can be drafted so that no gift tax return is required</p> <p>Can give some flexibility for changes to estate plan</p> <p>Parents can require sale of property</p> <p>Trustee can sell property (don't need signatures of all beneficiaries)</p> <p>Proceeds from sale go into trust (not lost to nursing home)</p> <p>No estate recovery concerns</p>	<p>More beneficial and more complex, therefore more expensive</p> <p>Five year look-back</p> <p>Trust is irrevocable (limited as to what we can change in the future, but has some flexible features)</p>



Planning Options	Pros	Cons
Wills with Trigger Trust	<p>Can be available while surviving spouse is healthy</p> <p>Converts to SNT and not a countable asset if surviving spouse enters a nursing home</p> <p>Can protect assets with least amount of impact on surviving spouse's lifestyle</p>	<p>Five year look back</p> <p>Must go through probate process</p>
Crisis planning	<p>If a client or spouse enters a nursing home, we may still be able to design and implement a plan to protect assets!</p>	<p>Very complicated and detail oriented process</p> <p>Cannot save as much as as planning 5 years ahead</p> <p>Expensive</p>