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qualified” for benefits, meaning you’ve reached the resource limit and theoretically don’t have the resources to pay for your care. But if you used gifting to get down to that limit, and the gifts were made *after April 30, 2006*, you are now ineligible for a certain period. In other words, you’re told, in effect, “Come back and see us in 18 months when the penalty period expires.” (Note: The annuities discussed above don’t violate the rules, even if the ill spouse’s assets fund the annuity, because transfers between spouses are exempt from penalties.) Gifting penalties can be reduced or eliminated by giving the gifted resource back, proving the gift wasn’t made for the

purpose of qualifying for assistance, or by applying for a hardship exception.

**Are there income limits?**

While the resource limits for the two programs are similar, there are some significant differences in the income limits. To qualify for COPEs, a single person can have a monthly income of no more than \$2,022. For nursing home care, the monthly income is tied to the daily Medicaid rate for the particular nursing facility – generally several thousand dollars a month. For that reason, income is generally never a bar to qualifying for nursing home care. But it can be an issue for COPEs.

In addition to the income limits, there are rules regarding use of the applicant’s income to pay for his or her care. A single Medicaid or COPEs client generally will be required to use nearly all of his or her monthly income to pay for care. If the client is married and/or lives at home, they may keep a certain amount for housing expenses or to supplement the income of the well spouse.

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**DAVID H. RORDEN P.S.**

## Medicaid:

- *Support*
- *Strategies*
- *Solutions*



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## MEDICAID: YOUR QUESTIONS **ANSWERED**

### **What is long-term care?**

Long-term care is assistance for persons who need help with some “activities of daily living” – activities many of us take for granted, such as getting out of bed in the morning, going to the bathroom or



bathing, dressing and preparing a meal. Persons whose physical or mental capabilities have been impaired by a

stroke, a degenerative disease or dementia and can't perform some or all “ADL's” by themselves are medically eligible for state-assisted long-term care services, often lumped together under the heading of “Medicaid.”

### **Won't Medicare pay for my care?**

No, Medicare only covers a nursing home stay for a limited time following a hospital stay to recuperate from surgery, an acute illness or an injury. Once Medicare benefits stop, you have three

sources of funding for ongoing long-term care services – your own funds, long-term care insurance coverage, or State assistance.

### **Is state assistance available?**

Medicaid is the state-administered needs-based assistance program that pays for long-term nursing home care. COPES is a similar program that can provide assistance for personal care and other services to people in their own homes, as well as adult family homes, adult residential care facilities and assisted living facilities.

### **What is ‘Medicaid planning?’**

“Medicaid planning” refers to strategies to spend down the resources of someone who needs long-term care and wants to become financially eligible for State assistance to help pay for such services. There are strict rules about how much you can have in assets and income, and there are penalties for giving away assets if they aren't done under the administrative rules that govern Medicaid and COPES spending. Not being aware of the rules can subject you to lengthy delays in being approved – months, even years.

For an individual, the asset or “resource” limit is fairly low -- \$2,000 in “non-exempt”

resources (not counting your home and one vehicle of any value). For a married couple, the resource limit is much higher – from \$47,000 to more than \$100,000 depending on where the Medicaid spouse is receiving care. And the rules allow a couple to invest funds over the limit in a special Medicaid-qualified annuity that pays monthly income to the well spouse. This is a very useful planning tool, but the annuity must meet the requirements of the Medicaid and COPES programs or it will be considered an available resource.

### **What happens if I transfer resources?**

Any gifting done with the purpose of qualifying for Medicaid has to be done within strict guidelines. In 2006, federal legislation imposed new, stricter rules for gifts made after April 30 of that year. One of the main changes to the rules is that any penalty period imposed for



making a gift doesn't start until the applicant is

“otherwise

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