

MEDICAID: FREQUENTLY ASKED QUESTIONS

What is Medicaid?

Medicaid, or Medical Assistance, is a federal program which is administered by the individual states. Medicaid pays for medical services, including, long term care obtained in the nursing home setting. In Maryland, the program is administered by the Department of Health and Mental Hygiene, and is applied for at the local Department of Social Services within the county where you reside.

What is Long Term Care?

Long term care is a phrase that describes an array of services that support individuals who need assistance due to mental and/or physical limitations, which may be caused by illness, injury or diminished mental capacity. Long term care is provided by skilled nursing professionals. Typically, those requiring long term care require assistance with the performance of activities of daily living, which are bathing, dressing, eating, toileting, transferring and continence.

Will Medicare pay for my Long Term Care expenses incurred in a nursing home?

Only on a very limited basis. Medicare pays all expenses for only the first twenty days, and for days 21-100, will pay all costs after a \$128.00 per day copay is paid by the patient. After 100 days, the patient pays for all costs. Medicare only pays these limited benefits if the patient incurred at least a 3 day hospital stay and was transferred directly to the nursing home.

What is the criteria for qualifying for Medicaid?

An applicant must meet the following criteria: medical eligibility, asset/resource eligibility and income eligibility.

What is the medical eligibility criteria?

At a minimum, the applicant must require health services provided on a regular basis above the level of room and board that are made available only through nursing home facilities.

What is the asset/resource criteria?

The applicant may not have assets valued at more than \$2,500.

What if I am married, will my spouse have to give up all of their assets as well?

No. As of January 1, 2009, the spouse who is still living at home may keep the larger of the following: up to \$21,912 of the couple's combined assets, or, one-half of the couple's combined assets up to \$109,560.

Also, the couple's home will be exempt from the count of combined assets as long as the spouse lives at home.

Are there any assets exempt from the count of assets/resources?

Yes. The following are exempt: (i) your home, if a spouse still lives at home, or, if the applicant intends to return home and equity in the home is no more than \$500,000, (ii) Term life insurance, and, cash value life insurance if the face value of the policy is \$1,500 or less, (iii) \$1,500 in burial funds and unlimited amounts in an irrevocable funeral trust or prepaid burial spaces for applicant and (includes plots, crypts, mausoleums, markers, caskets, vaults and gravesite), (iv) household goods and personal effects, (v) a car

What is the income eligibility criteria?

The applicant's gross income on a monthly basis must be lower than the nursing home monthly rate. Deducted from the gross income is the \$68.00 personal expense allowance, health insurance premiums, and expenses related to other health related items.

If there is a spouse at home, a maximum of \$2,739 may also be deducted from the gross income as a maintenance and shelter allowance for the spouse. This is subject to the actual amount of the spouse's housing expenses.

The applicant's gross income, minus these deductions, will be paid to the nursing home.

What if I am married, will my spouse have to give up all of their income as well?

No. The spouse's income is not counted for the purpose of income eligibility and will not be used to pay the nursing home.

What is spending down my assets to meet eligibility requirements?

Basically, spending your assets and income on long term care expenses incurred until eligibility is criteria is met.

How is my eligibility affected by giving or transferring assets/resources or income away?

Transferring or giving away assets/resources is called a disposal of resources. There is a penalty for disposal of resources. This penalty is a period of time during which the

applicant transferring the assets will be ineligible for Medicaid. The penalty period is determined by dividing the amount transferred by \$6,800 (effective for applications filed after June 1, 2009, was \$4,300 for applications filed prior to June 1, 2009). Prior to the Deficit Reduction Act of 2005 (effective as of February 8, 2006), the period of ineligibility started on the first day of the month of the transfer, and, if amounts were given away on more than one occasion, the penalty periods ran consecutively, that is, the second penalty period did not begin to run until the end of the first penalty period. Therefore, for every \$4,300 transferred, an applicant would be ineligible for Medicaid nursing home benefits for one month. However, as a result of the Deficit Reduction Act of 2005 (effective as of February 8, 2006) the period of ineligibility occurs when the applicant is already in a nursing home, meets the medical eligibility requirement and is deemed eligible for Medicaid benefits but for the application of the penalty period. All transfers are combined within the "look back period" (defined below). This means that the period of ineligibility is now imposed when the applicant actually applies for benefits, rather than the penalty period beginning to run as of the date the transfer or gift was made.

Prior to the Deficit Reduction Act of 2005 (effective as of February 8, 2006) transfers giving rise to a period of ineligibility were only considered if made during the 36 months preceding an application for Medicaid (or 60 months if the transfer was made to certain trusts). This is called the "look-back period." However, as a result of the Deficit Reduction Act of 2005 (effective as of February 8, 2006) all transfers giving rise to a period of ineligibility are considered if made during the 60 months preceding an application for Medicaid.

Are there any transfers that are exempt from the penalty?

Yes. The following are exempt transfers: (i) all transfers to your spouse, (ii) transfers to a blind or disabled child, and (iii) transfers that you receive in return, an asset of full fair market value.