



Planning for “*What If...?*”

Tools for Protecting Your Family and Managing Your Assets

Medicaid

What Is It? Medicaid is a government program for people who need help paying their medical bills. Eligibility for Medicaid and the services it provides vary from state to state.

Many people rely on Medicaid to pay for their long-term care. In Illinois, Medicaid will pay for nursing home care and home/special nursing care. To apply, contact your local office of the Illinois Department of Human Services.

Who is eligible?

Eligibility for Medicaid is determined by the state. The following information is for **Illinois** only. A person who is eligible for Medicaid in one state may not be eligible in another state, and the services provided may differ.

In Illinois, a person must meet three eligibility criteria in order for Medicaid to pay for nursing home or other care:

1. An individual must be aged 65 or older, or blind, or disabled as defined by the Social Security Administration.
 2. An individual must meet asset guidelines. The following figures are for 2006. The numbers change each January 1.
 - a. A single person is generally allowed \$2000 in cash or other assets, whole life insurance with a face value of no more than \$1500 (if the face value is more than \$1500, the cash value will be counted as part of the \$2000 allowed in cash or other assets), limited assets in the form of pre-paid burial plans, prepaid burial contracts, or burial merchandise and plots.
 - b. If the person is married, the “community spouse” may also keep one car (regardless of value), the couple’s home, and up to \$99,540. These allowable assets are called exempt assets.
 3. An individual must meet income guidelines. These are 2005 figures. The numbers change each January 1.
 - a. Single Medicaid patients pay all of their monthly income to the nursing home except for a \$30 monthly allowance for personal needs.
 - b. For a married person, the community spouse can retain the first \$2489 of the couple’s monthly income.
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Terms to Know

Exempt assets: Assets that do NOT affect an individual's eligibility for Medicaid and do not need to be used to pay for the individual's care.

Non-exempt assets: Assets that will affect eligibility for Medicaid, even if they were transferred to someone else within the look-back period.

Community spouse: The spouse of an individual applying to Medicaid to pay for nursing home care. The community spouse normally continues to live in the couple's home.

Community spouse asset allowance: The amount of assets that the individual applying for Medicaid can transfer to the community spouse without affecting eligibility for Medicaid.

Transfer of assets: Certain transfers of assets may disqualify an applicant for Medicaid for the period of time those assets could have covered the cost of the applicant's care. These include gifting, selling for less than market value, re-titling, or placing in trust non-exempt assets owned by the applicant, or marital assets owned jointly with the spouse.

Look back period: When an individual applies for Medicaid, transfers of property made during the preceding 36 months (or 60 months if the assets were transferred to a trust) can be investigated to determine whether the applicant and/or the spouse purposely disposed of their assets in order to qualify for Medicaid. All transfers made after February 7, 2006 will be subject to a 5-year look back (states that require state legislation to implement this change may have a later effective date). The penalty period for transfers will begin on the date of application for Medicaid or the date of the transfer, whichever is later.

Spend-down: The process of using up assets for legitimate purposes until the individual reaches the level of assets that will qualify for Medicaid assistance.

Issues and Limitations

- Not all nursing homes accept Medicaid patients.
 - Nursing homes that do accept Medicaid typically have a limited number of Medicaid beds.
 - Intentionally impoverishing yourself to qualify for Medicaid raises both ethical and legal issues.
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- According to the MetLife Market Survey of Nursing Home and Home Care (August 2003), the average annual cost of a private room in a U.S. nursing home is over \$65,000 (\$181.24 per day). Even a person with substantial assets may exhaust their financial resources quickly, and can apply for Medicaid when their assets fall within Medicaid guidelines.

Ask Yourself

Based on my income and assets, would Medicaid probably cover my long-term care needs?



<http://www.ace.uiuc.edu/cfe/whatif/index.html>

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