Medicaid 2006

2006 Medicaid Qualification Guidelines

Medicaid is a joint federal-state program designed to provide medical assistance to eligible low-income persons. It is an entitlement program based on income and asset guidelines. The federal government pays for approximately 50% of the cost of this program. The states pay the remainder and are given discretion as to whom to cover and what benefits to provide. Federal law sets guidelines and states design their own particular programs, so Medicaid eligibility requirements and benefits vary from state to state (See State Chart attached). Benefits and the income and asset limits may change from year to year.

Eligibility Requirements:

The state of residence will review all assets and income to determine eligibility.

Income - Income is generally deemed to be any recurring payment to the individual and generally refers to gross income or "pre-tax" income. VA Benefits, pensions, interest, and dividends are all examples of income. A small "personal needs allowance" is generally excluded.

"Capping" - About half the states place a cap on the amount of gross income the individual can receive in a month. In 2006 the income cap is $1,809. If the applicant receives monthly income in excess of this amount, he or she generally cannot qualify for Medicaid.

Assets ("Resources")

Countable Assets – Countable assets include all assets over an amount, which varies by state, of $1,000 to $4,150 (see chart). Countable assets include, cash, bank accounts, CDs, stocks, mutual funds, bonds, treasury notes and treasury bills, deferred annuities, investment property, vacation homes, second vehicles, cash value of permanent life insurance policies in excess of $1,500 of face value (death benefit), IRAs, and all Qualified Plans.

Non-Countable Assets - a primary residence (as long as the applicant, his or her spouse or a dependent resides there), a car, essential personal property (clothing, furniture, etc.) and a burial account (not to exceed $1,500 in most states), a prepaid funeral or irrevocable burial fund trust, term life insurance, property used in a trade or business.

Look-Back Period **– The Medicaid Program's "Look-Back" Period has changed effective 2/8/06.**

- Look-Back Period for any transfers of countable assets made on or after 2/8/06:
  - Countable assets that have been transferred for less than fair market value or simply "gifted" to others, or transferred to an irrevocable trust, in the 60 months prior to the Medicaid Application date, will be looked at and may be subject to a penalty period for eligibility purposes. This change is applicable to any transfers of assets made on or after 2/8/06.
  - All asset transfers made by either spouse in the prior 60 months are added together. The assets transferred are then divided by the cost of the average monthly nursing home cost in the region where the applicant resides, which results in the number of months from the date of application to Medicaid that the applicant is ineligible for Medicaid (subject to hardship waiver). This penalty/ineligibility period is for all asset transfers made on or after 2/8/06.

Example: A Connecticut resident transferred $100,000 to his daughter on March 10, 2006. He applies for Medicaid on May 1, 2006. The average cost for monthly nursing home care is $4,500. (100,000/4,500=22 month penalty). He is ineligible for Medicaid benefits until, March 2008 (*22 months after he applied for Medicaid*). If that same individual transferred $200,000, the penalty would be 44 months (200,000/4,500=44 month penalty).

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Medicaid Recipient:

Home Equity - An individual applying for Medicaid cannot have home equity greater than $500,000 ($750,000 in some states). This home equity cap does not apply to Medicaid applicants with spouses or dependent children residing in the home (primary residence). Also, if a community spouse is living in the primary residence that primary residence is excluded as a "countable asset" regardless of the value of the home and would not be subject to the home equity restrictions.

Assets - The individual must spend down countable assets to an amount ranging from $1,000 to $4,150 (see chart), depending on the state.

Income - All income generally goes to the nursing home, except a personal needs amount that varies from $30 to $80 (see chart) per month (depending on the state of residence).

Community Spouse:

Assets - all assets (except non-countable assets, see above) are added together for the purposes of determining eligibility regardless of whose name the assets are in. A Spouse at home (community spouse) can keep the Community Spouse Resource Allowance (CSRA), which is set by the state Medicaid program. The CSRA is either #1 or #2 below, whichever is greater:

1. Under federal law, a state's Community Spouse Minimum Asset Allowance must be at least $19,908, but no more than $99,540 (2006 federal guidelines), or

2. One-half of the couple's total available resources (assets) at the time when the non-community spouse enters the nursing home; this half can be no greater than $99,540.

In many states, the state Medicaid program has set its Community Spouse Minimum Asset Allowance at the minimum of $99,540. In these states #2 is irrelevant, because #2 can never provide a spousal allowance of more than $99,540.

The excess resources must be spent down before the applicant can be eligible for Medicaid.

Example: A couple has $100,000 in assets. If they reside in CT the Community Spouse Resource Allowance is one-half the couple's assets with a minimum of $19,908 but this half can not be greater than $99,540. So the community spouse would able to keep $50,000 of the assets and have to spend down $50,000. If this same couple resided in MA they would be able to keep $99,540 since MA allows a Community Spouse Minimum Asset Allowance of $99,540.

Income - The community spouse keeps his or her monthly income, regardless of amount. If it is less than the maximum "Spouse's Monthly Income Allowance" (Federal Maximum $2,488.50/month), deemed by the state, the community spouse may be able to keep more of the institutionalized spouse's assets. Generally, the institutionalized spouse's income goes to the nursing home, except a personal needs amount that varies from $30 to $80 per month (depending on the state of residence).

Estate Recovery - After a Medicaid beneficiary's death the state can file a claim against his or her estate in most cases to recoup for the benefits paid on behalf of the decedent. If there is a surviving spouse, the Medicaid program's claim will be postponed until the death of the surviving spouse.

It is important that you review the Medicaid Income and Asset requirements in your state.

The information provided is based on our understanding of the Medicaid Program in effect on the date of this document (04/06). The Medicaid Program is subject to legislative changes, as well as judicial and administrative interpretation. Anyone considering the application of this information to his/her own fact situation should be advised to consult his/her own legal advisor.

Sources: HCFA, 2006 http://cms.hhs.gov/medicaid

"Long Term Care Issues and Medicaid", Adult Services Division, State of CT Department of Social Services, January 2006

"All About Medicare, 2006 Edition", Published By National Underwriter

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Medicaid Maximum Allowable Asset ("Resource") and Income Limits by State

The table below gives the 2006 assets and income minimums and maximums that each state allows nursing home residents receiving Medicaid benefits and their spouses to keep. The federal government sets new minimum and maximum limit guidelines each year, but states can set their own requirements at any level between the federal limits. Source: HCFA, 2006 http://cms.hhs.gov/medicaid (including links to State Departments of Health websites).

State	Recipient's Maximum Asset Allowance	Community Spouse's Minimum Asset Allowance	Recipient's Maximum Personal Monthly-Needs Allowance	Community Spouse's Monthly Income Allowance
Alabama*	$2,000	$25,000	$30	$1,603.75
Alaska*	$2,000	$99,540	$75	$2,488.50
Arizona*	$2,000	$19,908	$82.80	$2,488.50
Arkansas*	$2,000	$19,908	$40	$1,603.75
California	$2,000	$99,540	$35	$2,488.50
Colorado*	$2,000	$99,540	$50	$1,603.75
Connecticut	$1,600	$19,908	$56	$1,603.75
Delaware*	$2,000	$25,000	$44	$1,603.75
District of Columbia	$2,600	$99,540	$70	$2,488.50
Florida*	$2,000	$99,540	$35	$1,603.75
Georgia	$2,000	$99,540	$30	$2,488.50
Hawaii	$2,000	$99,540	$30	$2,488.50
Idaho*	$2,000	$19,908	$40	$1,603.75
Illinois	$2,000	$99,540	$30	$2,488.50
Indiana	$1,500	$19,908	$52	$1,603.75
Iowa*	$2,000	$24,000	$30	$2,488.50
Kansas	$2,000	$19,908	$30	$1,603.75
Kentucky	$2,000	$22,000	$40	$2,488.50
Louisiana*	$2,000	$99,540	$38	$2,488.50
Maine	$2,000	$99,540	$40	$1,603.75
Maryland	$2,500	$19,908	$50	$1,603.75
Massachusetts	$2,000	$99,540	$60	$1,603.75
Michigan	$2,000	$19,908	$60	$1,603.75
Minnesota	$3,000	$28,001	$79	$1,603.75
Mississippi*	$2,000	$99,540	$44	$2,488.50
Missouri	$1,000	$19,908	$30	$1,603.75
Montana	$2,000	$19,908	$40	$1,603.75
Nebraska	$4,000	$19,908	$50	$2,488.50
Nevada*	$2,000	$19,908	$35	$1,603.75
New Hampshire	$2,500	$19,908	$50	$1,603.75
New Jersey	$2,000	$19,908	$40	$1,603.75
New Mexico*	$2,000	$99,540	$54	$1,789
New York	$4,150	$74,820	$50	$2,488.50
North Carolina	$2,000	$19,908	$30	$1,603.75
North Dakota	$3,000	$99,540	$50	$2,488.50
Ohio	$1,500	$19,908	$40	$1,603.75
Oklahoma*	$2,000	$25,000	$50	$2,488.50
Oregon*	$2,000	$19,908	$30	$1,603.75
Pennsylvania	$2,400	$19,908	$30	$1,603.75
Rhode Island	$4,000	$19,908	$50	$1,603.75
South Carolina*	$2,000	$66,480	$30	$2,232
South Dakota*	$2,000	$20,000	$30	$1,603.75
Tennessee	$2,000	$19,908	$30	$1,603.75
Texas*	$2,000	$19,908	$60	$2,488.50
Utah	$2,000	$19,908	$45	$1,603.75
Vermont	$2,000	$99,540	$47.66	$1,603.75
Virginia	$2,000	$19,908	$30	$1,603.75
Washington	$2,000	$40,000	$41.62	$1,603.75
West Virginia	$2,000	$19,908	$50	$1,603.75
Wisconsin	$2,000	$50,000	$45	$2,138.33
Wyoming*	$2,000	$99,540	$50	$2,488.50

* These are "income cap" states. If the individual income is higher than $1,809 a month, he or she cannot qualify for Medicaid even after spending down all assets, unless a Miller or QIT Trust is established to receive the excess income. To determine whether a Miller or QIT Trust is suitable or to draft such a trust, your client should be advised to consult his or her own attorney who is familiar with elder law issues.

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