
Paying for Nursing Home Care

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The High Cost of Nursing Home Care

The average cost per month for nursing home care in Michigan in 2016 is \$ 8,282. Most people who need nursing home care cannot afford to pay the entire cost from their current income. Few people have purchased long term care insurance that will adequately cover the cost of nursing home care. This means that most people who need nursing home care face the prospect of depleting most if not all of their life savings to pay for the care. If you or a loved is facing this situation, it is important to learn as much as you can about your options and to begin planning as soon as possible. The rules for Medicaid eligibility are complex and mistakes or wrong information can be very costly. The rules are subject to change at both the state and federal level. This brochure is designed to answers some frequently asked questions about Medicaid nursing home benefits.

What is Medicaid?

Medicaid is a government program funded with state and federal funds that pays for medical care, including nursing home care, for financially needy persons. In Michigan the eligibility determinations for the Medicaid program are made by the Department of Health and Human Services. In order to be eligible for Medicaid a person must meet the financial eligibility criteria relating to income and assets and fall within an eligibility category. There is a category of Medicaid eligibility for persons over age 65 and for persons with severe disabilities. The financial eligibility rules for nursing home benefits are different for married couples than single persons, and the rules for persons living in

a nursing home are different than those for persons living in the community.

What Type of Nursing Home Care Does Medicaid Pay For?

Medicaid will pay for custodial care as well as skilled nursing care for as long as the person needs such care and is financially eligible. This includes all medications, physician services, medical equipment and supplies, as well as the room and board in the nursing home. If a person has other insurance available to pay for nursing home care, such as Medicare, then Medicaid will pay only after the other insurances have paid.

How Much Does the Nursing Home Resident Have to Pay from his/her Income?

The nursing home resident must pay all of his/her income, after certain allowable deductions, to the nursing home for the cost of care. Medicaid will then pay the rest of the cost. The resident is allowed to keep \$60 for personal needs, and is allowed a deduction for guardianship/ conservatorship fees, health insurance premiums, Medicare Part B premium, and a certain amount for the support of a spouse or dependent children.

How Much Will My Spouse Have to Pay from his/her Income for My Nursing Home Care?

Your spouse will not have to use any of his/her income to pay for your nursing home care. In addition if your spouse's income is below a certain amount (\$2,003 as of July 1, 2016, or below \$2,981 if your spouse has high shelter costs) you will be able to allocate some of your income to your spouse and deduct that amount from the amount you would otherwise have to pay to the nursing home.

Does Medicare Pay for Nursing Home Care?

Many people confuse Medicare and Medicaid and think that Medicare will pay for a substantial portion of their nursing home care. However, Medicare nursing home coverage is quite limited. First of all, Medicare will only pay for skilled nursing care and skilled rehabilitation services such as physical, occupational, and speech-language therapies. Medicare does not pay if a person needs only a custodial level of care, such as help with personal care, help with other activities of daily living such as meal preparation or taking medications, or supervision. Secondly, Medicare pays for a maximum of 100 days of care in a benefit period, with a substantial copay (\$161 in 2016) beginning on the 21st day. In many cases, however, Medicare eligibility ends well before the 100 days are up because the treating physician determines that the person no longer meets the Medicare definition of needing skilled nursing care or skilled rehab services.

Do I Have To Sell My Home To Qualify For Medicaid?

No. Prior to the 2006 amendments to the Medicaid law, enacted as part of the Deficit Reduction Act signed by the President on February 8, 2006, your personal residence regardless of its value was not counted as an asset in determining eligibility. Under the 2006 amendments if you are single your residence is not counted if your equity is under \$552,000 [2016]. States have the option to increase this amount to \$828,000, but Michigan has not done so at this time. If you are married and your spouse is living in the home there is no limit on the equity value of your home. However, if you transferred your house to a trust it is no longer exempt and will be counted toward the asset limit.

What Other Property Can I Own and Still Qualify for Medicaid?

The Medicaid rules divide assets into two categories: non-countable (or exempt) and countable. Other non-countable assets in addition to your home are: one car, personal

effects, household furnishings, and certain pre-paid funeral arrangements. The limit for countable assets for a single person is \$2,000. The limit for countable assets for a married couple is one-half of their countable assets as of the “snapshot date” [typically the date the person entered the hospital, if the person entered the nursing home from the hospital], but not less than \$23,844 or more than \$119,220 [2016]. The rules for countable assets are quite complex. In some cases, a resident may lose several months of Medicaid eligibility in a situation where, with good advice and planning, they could have been eligible for Medicaid immediately.

Can I Give Away Assets in Order to Qualify for Medicaid?

If you give away assets or transfer them for less than their fair market value this is considered divestment. If you divested assets within the “lookback” period prior to your application for Medicaid you will be ineligible for Medicaid nursing home benefits for a period of time. The 2006 amendments to the Medicaid law made several drastic changes in computing the penalty period. Under the prior law, the penalty period began to run on the date you transferred the asset. Under the 2006 amendments, the penalty period does not begin to run until you apply and are determined to be otherwise eligible for Medicaid nursing home benefits. The 2006 amendments also increased the lookback period from three years to five years for all asset transfers

