

***Medicaid Planning For the Elderly***  
**By Jason A. Penrod, Esq.**

To most people, planning for one's entrance into a long-term care facility is a distant concern at best and one that doesn't warrant immediate attention. However, the number of people forced to confront this concern increases every day, and as we all know, long-term care is expensive. For example, costs of nursing home care in Florida can easily reach \$65,000 to \$85,000 per year. Most individuals, including our middle class and middle-upper class, simply cannot afford such sustained care.

All too often, I encounter a situation similar to the following. An adult son or daughter comes into my office and tells me a compelling story about how his or her parent has had a medical complication that has forced the parent into a long-term care facility. The adult then explains that the parent's only assets are \$70,000 in cash and investments. By this time in our conference, I can already anticipate the question that has brought the adult child to my office: "How is my parent going to pay \$6,000 a month for long-term care when the assets will be depleted in less than a year?"

Luckily there is a program that can help senior citizens, and that program is Medicaid. Medicaid is a federal and state program designed to cover the cost of nursing homes. It is the only program that covers long-term care costs as well as medical and drug bills of a nursing home resident.

However, strict guidelines have been put in place for one to qualify for Medicaid. For instance, there is a cap on the amount of "countable income" a person can receive each month and still maintain eligibility for Medicaid. Moreover, a single person who is qualifying for Medicaid may not own more than \$2,000 in "countable assets". Even more worrisome, the rules have been recently tightened to the degree that even small amounts gifted to grandchildren four years and eleven months before the date of application could disqualify an individual.

The complexity of these rules has led many to think they need to impoverish themselves or "spend down" all of their assets in order to qualify for Medicaid. The problem with "spending down" all of one's assets is that one is left without funds for clothes, eyeglasses, dental work, and other necessary items or services that Medicaid does not cover.

However, there is hope. There are techniques available that will enable people to qualify for Medicaid while still preserving some or all of their assets. This is accomplished through strategic planning and the use of "non-countable assets". Before attempting to transfer assets, one should consult an Elder Law attorney who can assist with proper planning and structuring of assets to ensure that unintended consequences do not occur. To speak to an Elder Law attorney, contact the Florida Bar Association (800-555-6000) or the National Academy of Elder Law Attorneys (954-881-4005), or my office.