

# MEDICARE, MEDICAID & VA BENEFITS FOR HOUSING ASSISTANCE

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# MEDICARE PART A

- Traditional Medicare will pay for up to 100 days in a Skilled Nursing Facility.
- Medicare will pay 100% for days 1-20 if all the requirements are met.
- For days 21-100, the patient will pay a copayment of \$167.50 per day.
- After 100 days, patient is on their own.
- 100 days are not guaranteed; must meet and continue to meet Medicare requirements

## COMPARISON BETWEEN MEDICAID AN VA

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- Medicaid is often considered harder to qualify for
- Veterans Benefits – Considered easier if available – used to be significantly easier, but not so much now

# MEDICAID PROGRAM

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Skilled Nursing Facility – federal + state program

Special Assistance – NC program for assisted Living

# MEDICAID ELIGIBILITY BASICS

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- Doctor must say care is needed –
  - Assisted Living vs Skilled Nursing care
- Asset Limit - \$2000
- Income Limit
  - Assisted Living about \$1500/month
  - Skilled Nursing care – applicant must have uncovered medical expenses

## MEDICAL NEED

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- For Medicaid, doctor must show need for skilled nursing care
- For NC Special Assistance/assisted living doctor must show need for help with Activities of Daily Living

# ASSET LIMITS

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- Two types of assets: countable and noncountable.
- Single applicants can have up to \$2,000 of countable assets.
- More complicated for couples
  - Community spouse can have up to \$130,380
  - Applicant only \$2,000
  - If both need care -- \$3,000

## COUNTABLE ASSETS

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Generally “countable” assets include bank accounts, retirement accounts, vacation property, timeshares, motor vehicles (if client owns more than one), most annuities, cash value of whole life insurance if total face value exceeds \$10,000.00, stocks, bonds, etc.



## SPEND DOWN STRATEGIES (DURING THE 5 LOOKBACK PERIOD)

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- Spend on noncountable assets
- Convert to Medicaid Compliant annuities
- Remodel homes
- Buy new car
- Buy real property with others (Tenants In Common)

## BEYOND SPENDOWNS

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- A good Medicaid plan would not stop at making these non-countable expenditures, but would also take the step of transferring all of the Institutional Spouse's interest to Community Spouse.

# NON COUNTABLE ASSETS

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Personal property such as clothing, jewelry, furniture

One licensed motor vehicle (if more than one is owned, the most valuable vehicle is the non-countable asset)

The homesite and land contiguous to the homesite (however for a single person, the home's equity cannot exceed \$600,000)

## NON COUNTABLE ASSETS (CON'T)

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- Irrevocable pre-paid burial arrangements.
- Assets used in a business.
- Income producing real or personal property, but only \$6,000 of the equity is non-countable.
- Assets that are inaccessible for one reason or another (such as incompetency).
- Real property owned as tenants-in-common.

## TRANSFER OF ASSETS (5 YEAR LOOK BACK)

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- Medicaid does not want applicants to give away their assets so that they can qualify for benefits.
- To discourage this practice, Medicaid will impose a transfer penalty of one month for each \$6,810 of assets that are given away within the “lookback” period.
- Anything that was given away more than 5 years ago is not a problem for Medicaid applicability

# PERMISSIBLE TRANSFERS

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- The transfer penalty applies to transfers of both countable and non-countable assets of any value.
- There is no transfer penalty for gifts to spouses or gifts to children who have been determined by the Social Security Administration to be blind or disabled
- In addition, the homesite may be transferred without penalty to a child under the age of 21 or to a child who lived in the home for at least two years and provided care to the parent to keep the parent out of the **NURSING HOME** (the “caretaker child” exception). (Note, there is no caretaker child exception if parent goes to assisted living.)

# INCOME

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- There is no set income limit for Medicaid applicants/recipients for a skilled nursing facility. The applicant's income must simply be less than his/her monthly expenses at the skilled nursing facility. For this reason, income is usually not an issue when it comes to Medicaid eligibility for skilled nursing facilities.

# COMMUNITY SPOUSE INCOME LIMIT

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- If the community spouse's income is less than \$2,030 per month (150% of the federal poverty level for a family of two), the community spouse will be able to keep enough of the institutionalized spouse's income to bring the CS up to \$2,030.
- This basic amount of \$2,030 can be increased in certain instances.
- There is also a shelter, utility and maintenance allowance.



# PATIENT MONTHLY LIABILITY

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- Patient Monthly Liability (“PML”) is the amount that the Institutionalized person must pay the facility each month.
- PML is based on gross income.
- IS may keep \$30 for personal needs each month.
- IS may keep enough to cover any Medicare supplemental policy premiums.

## ASSISTED LIVING

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Medicaid DOES NOT cover room and board expenses in an assisted living facility.

North Carolina Special Assistance helps pay for assisted living for those who qualify

# SPECIAL ASSISTANCE

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Recipient must have less than \$2,000 in countable assets.

If residing in a regular assisted living, recipients must have gross income of less than \$1,247.50/month.

If residing in a special care unit for Alzheimer's patients, recipients must have gross income of less than \$1,580.50/month.

## INCOME LIMIT MIGHT CHANGE

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Income limit subject to change • the state legislature reduced the income limit for special assistance to \$972.50 in the budget bill passed in 2014. That change has not gone into effect yet (as October 2018). we do not know if or when it will go into effect.

# VA BENEFITS

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## VA BENEFITS SUMMARY

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- Pension – based on need
- Disability Income – Not based on need
- Aid and Attendance - must have pension to be able to get
- Some Veterans nursing homes
- Some benefits for some surviving spouses

## MARRIAGE FOR VA BENEFITS PURPOSES

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- Married during or prior to active duty or
- Married at least a year prior to death of the veteran or
- Had a child by the veteran

## BASIC VA REQUIREMENTS

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- Must not be dishonorably discharged.
  - May be way to change dishonorable discharges for some reasons (e.g., being gay) .
- Reserves/National Guard must have been called to active duty and completed the period called for duty.
  - If called for active duty only for training – don't qualify.



# VETERAN MUST HAVE SERVICE DURING A WAR

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- WWI: 4/6/1917-11/11/1918, in Russia until 4/4/1920
- WWII: 12/7/41 – 12/31/46 – merchant marines until 8/15/45
- Korean War: 6/27/50 – 1/31/55
- Viet Nam – in country – 2/28/61 – 5/7/75
- Viet Nam others – 8/5/64 – 5/7/75
- Gulf War – 8/2/90 until a date to be determined

# HARD NET WORTH LIMIT

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- \$129,094 set on 12/1/19 – will increase with Social Security COLA
- Fair Market Value of all non-exempt assets for couple minus encumbrances/mortgages
- Any trust that claimant can liquidate
- Gifts and transfers pre 10/8/18 do not count
- If home is rented – rent counts as income

## PRIMARY RESIDENCE

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- Exempt unless lot size is more than 87,120 square feet
- If sold – net proceeds count for January 1 of next year
  - Can reduce by mortgage, closing costs and liens
- If rented net rental income counts as income

# TOTAL NET WORTH

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- Total assets + annual income – Uncovered Medical expenses (minus 5% standard deduction)
- Jointly own assets count fully if purchased after 10/18/19
- Annuities/trusts count if purchased within penalty period and relinquish control
  - Don't count if don't relinquish control but then count as assets

## CAN DECREASE NET ASSETS

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- By spending Fair Market Value on products and services or even gifting if won't "effect" bright line limit.

# INCOME EXCLUSIONS

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- Regular Family maintenance to friend, family or organization if claimant in a care facility
- SSI

## CALCULATING UNREIMBURSED MEDICAL EXPENSES

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- Total expenses minus 5% of the annual maximum pension for the applicable category
- This 5% equals about \$500 – \$1000 today depending on category

## MEDICAL EXPENSES AND TOTAL WORTH

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- Projected unreimbursed medical expenses are subtracted from gross income
- Medical expenses paid reduce net worth



## LOOK BACK PERIOD

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- 36 months from date of application
- Transfers of gifts or transfers of non-exempt assets will be penalized if it will “effect” the bright line limit
- Penalty period up to 5 years
- Transfers/gifts that can cause penalty may be cured if done quickly

## AGE CRITERIA

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- Veteran must be over 65 or totally disabled
- Surviving spouse can be any age without a disability to claim base pension

## SURVIVING SPOUSE ELIGIBILITY

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- After 1/1/1971 – remarriage of prior spouse for a marriage that ended before 11/1/90 might be eligible
- Marriage to veteran spouse ended by death
- Marriage ended by fraud by the veteran

# VA BENEFITS

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- Must be eligible for basic benefits (pension or disability pension) before other benefits can be considered
- Housebound – at least one spouse must be 100% disabled
- Aid and Attendance (A&A) - one claimant must be blind, almost blind, living in skilled nursing facility, needing a protective environment, or need assistance with at least one Activity of Daily Living
  - Help eating, dressing, bathing, etc.

# VA BENEFITS

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- Pension based on need and must have served during wartime
  - Disability does not need to be service connected
- Disability compensation is not based on need or when service occurred
  - Disability needs to be service connected
  - There is a list of presumptive conditions that are service related (e.g., type 2 diabetes for in country Viet Nam service)

## VA BENEFITS AND MEDICAID

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- Some VA benefits count for Medicaid as assets – so Medicaid usually requires people to apply for VA benefits.

## FOR MORE INFORMATION

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- Medicaid/Medicare -- <https://medicaid.ncdhhs.gov/>
- VA – VA Hospital in Durham, American Legion, etc.