

QUESTIONS & ANSWERS ABOUT FINANCIAL ELIGIBILITY FOR MEDICAID NURSING HOME SERVICES IN MARYLAND

This summary is intended to provide a limited overview of Medicaid eligibility for nursing home services in the State of Maryland. Medicaid rules are complicated and often change. They cannot be completely discussed in this overview. If you have a question or want more information concerning anything you read here, call one of the numbers given on the last page. Do not use this information to determine your eligibility. If you need help paying for nursing home services, you should file an application for Medicaid at your local department of social services.

1. WHAT IS MEDICAID?

Medicaid, also called Medical Assistance, is a Program that pays the medical bills of certain needy and low income individuals. It is administered by the State and pays medical bills with Federal and State funds.

2. WHAT IS MEDICARE?

Medicare is an insurance program that pays medical bills for persons with money from the Social Security Trust Fund. Medicare is for almost everybody who is age 65 or older, whether they are rich or poor. Medicare also helps disabled persons who are under age 65 who have been receiving Social Security Disability Insurance payments for 2 years, and certain persons with kidney failure. Medicare pays for nursing home services only under very limited circumstances.

3. WHERE DO I APPLY FOR MEDICAID?

You apply for Medicaid at the Local Department of Social Services (LDSS) in the county or city in which you live.

4. WHAT WILL I NEED TO DO WHEN I APPLY?

When you apply, you will need to complete and sign an application form. The application form will request complete and detailed information on your financial situation. You will have to show that this information is true before a decision on your eligibility can be made. An interview is required as part of the application process. A person who is knowledgeable about your circumstances may represent you during the application process and at the interview.

5. WHAT DETERMINES IF MEDICAID WILL PAY FOR MY NURSING HOME CARE?

If you are a U.S. citizen or eligible alien, a Maryland resident, and at least 65 years old or disabled, eligibility for Medicaid is based on your income and resources (assets). **Income** includes but is not limited

to: wages, Social Security benefits, pension, and Veteran's benefits. **Resources** include but are not limited to: bank accounts, stocks, bonds, trusts, annuities, property, and life insurance. The way income and resources are evaluated and the amount that you may have and still be eligible for Medicaid are established by law.

Also, in order for Medicaid to pay for your nursing home care, it must determine that you need the health care services provided by a nursing home.

6. WHAT RESOURCES ARE NOT COUNTED?

The following resources are not counted in determining whether you fall within the \$2,500 resource limit:

- Your home, if your spouse or a dependent relative lives in it, or if you express an intent to return to it. If your spouse or certain relatives do not occupy your home, and you have a life estate interest with power to sell, we must count the full fair market value as an asset. This is true even if you intend to return to your home.
- Ordinary household goods and personal effects.
- Any car owned by you or your spouse.
- Life insurance with the original face value (the amount payable at death) of \$1,500 or less. If the face value is more than this, we must count the full current cash value.
- Burial spaces for yourself and immediate family members.
- Term life insurance that has no cash surrender value.
- A revocable (you can get your money back) pre-need funeral arrangement or burial account of \$1,500 or less if you do not have an excluded life insurance policy.
- An irrevocable (you can't get your money back) burial or funeral plan of any value.

Note: *If your spouse's life insurance and funeral arrangements are within the dollar limits described above, we will not count them either.*

7. WHAT CAN I DO IF MY RESOURCES ARE TOO HIGH?

Resources over the \$2,500 limit may be used in several ways as long as they are not given away or exchanged for something of lesser value. For example, you may use your excess resources to pay for the cost of care in the nursing home, to pay other bills that you may have, or to prepay your funeral expenses. If the amount of your excess resources is less than a full month's cost for nursing care, you may wish to make an advance payment of that amount towards your next month's bill. This will reduce your resources to the eligibility level before the first day of the next month. Consulting a qualified Elder Law attorney will provide other strategies to assist you to become financially eligible.

If resources are reduced to the \$2,500 limit by the **last day** of the current month **and** all other conditions of eligibility are met, you may qualify for Medicaid as of the first day of the next month.

8. HOW ARE MY RESOURCES TREATED IF I HAVE A SPOUSE IN THE COMMUNITY WHEN I APPLY?

When you apply for Medicaid, an assessment will be made of the total value of all of your and your spouse's combined countable resources as of the month that one of you first entered the nursing home. Your spouse at home can keep all resources that are not counted towards the resource limit (see question 7). Your spouse is also allowed to keep the larger of the two following amounts:

- Minimum share of the couple's countable resources (\$21,912.00 as of 2011)
- One half of the couple's countable resources up to maximum share (\$109,560.00 as of 2011).

The remainder is attributed to you and is compared to the Medicaid resource level for one person. You meet Medicaid's resource requirements when the share attributed to you does not exceed the resource eligibility level for one person (\$2,500).

9. WHAT IS A MEDICAID LIEN?

A Medicaid lien is a claim against your home property equal to the dollar amount of correct payments the Medicaid program has made on your behalf.

10. WHEN WILL A LIEN BE PLACED ON MY HOME?

If it is determined that there is no reasonable expectation that you will return home from the nursing home, a lien will be placed on your excluded home property unless it is occupied by one of the following: your spouse; your unmarried child under age 21; a son or daughter who is blind or disabled; or a sibling who has an equity interest in the home, and who was residing there at least one year before you went into the nursing home.

The lien will be lifted if you return to your home.

When you die or your home is sold, no recovery will be sought through the lien if you have a surviving spouse, a surviving child who is unmarried and under 21, or a child who is blind or disabled. Also, no recovery will be sought as long as your home is occupied by a sibling who has an equity interest in the home, and who was residing there at least one year before you went into the nursing facility; or a son or daughter who has lived in the home for at least two years before you went into the nursing facility and provided care that kept you out of the nursing facility.

11. WILL MEDICAID SEEK RECOVERY FROM MY ESTATE WHEN I DIE?

Medicaid will seek recovery of payments correctly made if you were 55 years old or older when you received Medicaid, but only after the death of your spouse and only if you have no surviving unmarried child under 21 years of age or a son or daughter of any age who is blind or disabled.

12. HOW IS AN ACCOUNT TREATED THAT YOU OWN WITH SOMEONE ELSE?

The full value of an account is presumed to belong to you (the Medicaid applicant), unless the other owner(s) can document that some or all of the funds are his or hers.

13. WHAT IF I TRANSFER RESOURCES TO A PERSON OTHER THAN MY SPOUSE?

There is no penalty if you sell your property (resources) for a fair price. However, the law requires a period of ineligibility for nursing home services if you transfer resources for less than fair market value to someone other than your spouse or a blind or disabled child. Currently, the penalty period is one month of ineligibility for every \$6,800 transferred. The penalty period usually begins with the month in which the transfer was made.

14. WHAT IS A “LOOK BACK” DATE?

When you apply for Medicaid as an institutionalized person, Medicaid will look at your finances for a certain period before your application to see if you, your spouse, or anyone else has transferred any of your resources or income at less than fair market value. The earliest date Medicaid can look at is called the “look back” date. Any transfer for less than the fair market value made on or after that date may result in a penalty.

15. HOW IS THE “LOOK BACK” DATE DETERMINED?

This date is from 60 months (5 years) before the month you apply **and** are institutionalized. If you have set up a trust, the look back date may be up to 60 months (5 years) before the month you apply.

16. CAN I TRANSFER MY HOME?

The transfer of your home is not penalized if it is transferred to your spouse; your child who is blind or disabled; your unmarried child under 21; your child who has lived in the home for at least two years before you went into the nursing home and provided care that kept you out of a nursing home; or your brother or sister who has an equity interest in the home and has lived there at least one year before you went into the nursing home.

17. IS THE TRANSFER PENALTY EVER WAIVED?

A transfer at less than fair market value is not penalized if you can prove that the transfer was made exclusively for a purpose other than becoming eligible for Medicaid. Also, a penalty will not be imposed if you can show that there is absolutely no way that you can get the transferred resource(s) back and that imposing a penalty would endanger your life or deprive your dependents of the basic necessities of life.

Any income received in your name is counted. Income in your spouse's name is not counted. (See Question 20 if you are married). Income includes all of the income you receive. From this income, certain deductions are made:

- \$71 a month personal needs allowance that you can use for personal expenses such as toiletries, clothing, newspapers;
- An amount for your spouse (see question 20);
- An amount to help support certain dependent family members;
- If you lived alone, you intend to return to your home, and it is medically reasonable to expect that you will be able to return to your home within six months, a limited monthly allowance to maintain your home for a maximum of the first six months you are in the nursing home; and
- The cost for any health insurance premiums, including Medicare, and some medical expenses not covered by the Medicaid program (such as eyeglasses, hearing aids, dental care, dentures).

If your monthly income, after these deductions, is less than the monthly cost of nursing home services, you will meet the income eligibility criteria for Maryland Medicaid services in a nursing home.

The income remaining after these deductions must be paid to the nursing home. Medicaid pays the balance of the nursing home bill up to the maximum that the nursing home is entitled to charge under Medicaid.

18. WHAT INCOME CAN MY SPOUSE LIVING AT HOME KEEP IF I GO INTO A NURSING HOME?

When one spouse goes into a nursing home, Medicaid allows the spouse who remains at home to keep certain income. If you enter a nursing home, your spouse living at home may keep the greater of:

- All income paid in your spouse's name, no matter how much OR
- All income paid in your spouse's name plus as much of your income as is necessary to bring your spouse's income to the Basic Maintenance and Shelter Allowance (\$1,821.00 as of 2011). If your spouse's housing costs are high, the allowance can be increased up to the Maximum Maintenance and Shelter Allowance (\$2,739.00 as of 2011).