

*Medi-Cal Increases the Community Spouse  
Resource Allowance  
and Minimum Monthly Maintenance  
Needs Allowance for 2006*

By: George F. Dickerman, Elder Law Attorney

Generally, there are only three ways to pay for long term nursing home care:

- (1) You already have long term care insurance,
- (2) You pay out of your own pocket (the average private pay rate is approximately \$4,800 per month), or
- (3) You figure out a way to qualify for Medi-Cal.

Medi-Cal has announced that the 2006 Community Spouse Resource Allowance (CSRA) and Minimum Monthly Maintenance Needs Allowance (MMMNA) will be increased.

**CSRA:** The 2006 amount is \$99,540. This is an increase of \$4,440 from 2005. What does it mean?

If your spouse needs to live in a nursing home, then Medi-Cal may pay the monthly bill, if you qualify. **REMEMBER:** You do not need to be poor. Even well-to-do families can often qualify to receive these Medi-Cal benefits.

First, Medi-Cal must ignore many of the assets you own. Examples: your home (regardless of its value), car, and many other assets are considered "exempt" and Medi-Cal cannot count them in determining your eligibility. In addition, a married couple can take advantage of their CSRA.

The "well spouse" is called the "community spouse". In 2006, he or she may keep \$99,540 cash in the bank. This is a relatively large amount, but what if your assets (those that Medi-Cal will count) are \$100,000 or \$300,000+ above the CSRA limit?

This is where "Medi-Cal planning" comes in. By using Medi-Cal's rules and regulations, a married couple can often perform a combination of strategies to save their excess assets and monies and still qualify to have Medi-Cal pay the monthly nursing home bill. They can also take steps to protect their estate when they pass away and leave their assets to their loved ones.

**MMMNA:** The 2006 amount is \$2,489 per month. This is an increase of \$111 from 2005. What does it mean?

This is the minimum amount of monthly income that the well spouse can



You may want to purchase the *Living Well* Reference Library CD containing printable articles from 1997 to the present, including this article – available at: <http://www.vitalco.net/magazine.htm>

keep.

### EXAMPLE:

Let's assume that the well spouse's (wife) only monthly income is a social security check of \$800. That means she is \$1,689 short of her MMMNA. Her husband's (ill spouse) only monthly income is a \$1,200 social security payment. Medi-Cal must allow husband's income to be given to wife. Her combined monthly income would now be \$2,000, but still leaves her short by \$489 of her MMMNA (\$2,489 - \$2,000 = \$489). Is there anything else that can be done to give wife her full MMMNA amount and still require Medi-Cal to pay the monthly nursing home bill?

Yes. An administrative law judge or a Superior Court Judge can order that the well spouse may keep the amount of money, in excess of the allowed CSRA (\$99,540), that is needed to pay enough monthly interest to meet wife's MMMNA. Huh?

Let's assume that the wife and husband have \$200,000 in bank accounts. This is \$100,460 over their CSRA limit (\$200,000 - \$99,540 = \$100,460). If the couple "theoretically" could invest their entire \$200,000 into a certificate of deposit with a 2.5% interest rate, then they would earn \$5,000 per year in interest income. Divided by 12 months, this would equal \$416.66 interest income per month. Wife's monthly income would then be \$2,416.66 (i.e., her social security check of \$800, plus husband's social security check of \$1,200, plus the interest from the CD of \$416.66). She is still slightly short of her allowed MMMNA, but she has increased her CSRA from \$99,540 to \$200,000, and Medi-Cal will pay the entire monthly nursing home bill!

### SUMMARY:

The 2006 increases in the CSRA and MMMNA are welcomed. This is just one of many planning strategies, HOWEVER, that can be used to qualify a loved one for Medi-Cal benefits to pay the staggering nursing home costs. My advice is that you seek professional legal guidance before implementing any plan that will affect your benefit status and financial well-being.

© 2006, Partnership to Preserve Independent Living for Seniors and Persons with Disabilities. All rights reserved. This article may not be reproduced in any manner without permission.

*Meeting the Challenges* is published quarterly (four times a year) by the Partnership to Preserve Independent Living for Seniors and Persons with Disabilities, 6296 Rivercrest Drive, Suite K, Riverside, CA. 92507. The Partnership to Preserve Independent Living for Seniors and Persons with Disabilities is a non-profit, tax-exempt corporation organized for the purpose of improving or preserving the independence and dignity of the elderly and persons with disabilities and their families. **The educational programs of the Partnership to Preserve Independent Living for Seniors and Persons with Disabilities are supported by grants and the charitable contributions of individuals and organizations.** Visit us on the Internet at [www.LivingPartnership.org](http://www.LivingPartnership.org) or through *Vital Connections* at [www.vitalco.net](http://www.vitalco.net).



You may want to purchase the *Living Well* Reference Library CD containing printable articles from 1997 to the present, including this article – available at: <http://www.vitalco.net/magazine.htm>