

PAYING FOR NURSING HOME CARE

(Medi-Cal Planning)

by George F. Dickerman, Attorney at Law

Your loved one needs a nursing home, but you can't afford it. You look into the federal medicare program, but find out that it will only pay for skilled nursing care (not custodial care), and even then only the first 20 days of care are covered. Days 21 through 100 require you to pay most of the cost, and after that, medicare won't pay at all.

You are not financially destitute, and don't believe that your loved one can qualify for our state's Medi-Cal program. Where can you turn for help?

Here is a question I often hear:

"My spouse and I have saved a substantial nest egg for our retirement, and we own an expensive house and car. My spouse now has to enter a nursing home. We can't possibly qualify for Medi-Cal....can we?"

Let's consider one issue at a time -

Savings and Investments.

Most people believe that they can't qualify for Medi-Cal if they have substantial savings or investments. This is not necessarily true. Couples with \$100K, \$200K, or more in various savings or investments may be able to keep their retirement funds intact and not have to spend retirement money for nursing home costs.

One strategy may be the purchase of certain annuities which qualify for Medi-Cal eligibility. Generally speaking, the annuity must be structured to make periodic payments of both principal and interest so that the balance is fully exhausted within the life expectancy of the annuitant.

With proper planning, retirement money can be structured to make it completely exempt for Medi-Cal purposes. There are various strategies, which can be used, to keep your retirement money safe from the long arm of Medi-Cal.

The Home.

No matter what the value, Medi-Cal can't force you to sell your home to pay for nursing home care. It's crucial, however, to indicate on the Medi-Cal application form that the ill spouse *intends to return* to live in the house at some point in the future. So long as the ill spouse (or his/her representative) makes a written statement to return home, Medi-Cal can't force you to sell.

Once the ill spouse is on Medi-Cal, the home should be transferred into the name of the well spouse. That way, Medi-Cal can't later make a claim on the home to try to recover medical costs it paid on behalf of the ill spouse's nursing home care.



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The Car.

One car, regardless of value, is yours to keep. Medi-Cal will not even consider it so long as the car is substantially used to benefit the ill spouse. Using the car to run errands, obtain prescriptions, do some shopping, etc., are all examples of how the automobile can be used for the benefit of the ill spouse and be exempt as for Medi-Cal purposes.

A COUPLE OF WORDS OF CAUTION -

Many friends, although well meaning, are wholly misinformed about Medi-Cal rules and regulations. Don't make the dangerous mistake of listening to misguided advice to "...just transfer your house and investments into the names of your children ...they can hold it for you until you need it." This won't work. In fact, criminal penalties can attach to anyone who advises you, for a fee, to make such a transfer when it results in a period of ineligibility for the ill spouse.

Similarly, don't listen to people who tell you to buy a living trust and transfer all of your property into the name of the trust. This won't work either. Medi-Cal can go after all non-exempt property you placed in a living trust.

Medi-Cal rules and regulations are complicated, but qualifying for Medi-Cal is not difficult if you have a thorough knowledge of the laws and regulations. Competent legal advice can be very helpful.

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