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Shedding Light on Medicaid Mysteries

For those of you who have followed this newsletter for a little while, you know I've attempted to explain some of the mysteries of Medicare. Now it's time to tackle Medicaid!

There are over 40 different types of Medicaid programs in Texas, but we are going to focus on Medicaid for long term care.

Medicaid is a Federal program, funded by both the Federal Government and state government, but it is completely administered by the state; that is why Medicaid qualification varies from state to state.

There are three areas of qualification for Medicaid in Texas:

1. Medical Necessity
2. Income
3. Resources (Assets)

Medical Necessity: A person has to have medical necessity,

which is why we do not complete an application until the person is already in the nursing home. The nursing home and physician will usually provide this information.

Income: For 2009, an individual can not have *gross* income exceeding \$2022 per month. All sources of income count, including pensions, rental income or interest income. If your income exceeds \$2022 a month, you will then need a [Miller Trust](#).

Resources: An individual's resources cannot exceed \$2000. There are certain resources that are exempt, that is they don't count toward the \$2000 limit. These include a homestead with value up to \$500,000.00, a car of any value, pre-paid, irrevocable burial policies, and life in-

surance policies with a cash value of \$1500 or less. Property other than the homestead, stocks, bonds and IRAs all count toward the resource limit

Gifts

Gifts is an area where you need to be really careful. The rules regarding gifting changed significantly in February 2006. The look back period increased from 3 years to 5 years. There are other issues involving gifting that are too complicated to go into here; but the main thing to remember is that before you consider making a gift, you need to talk to someone about all the ramifications.

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National Nurses Week is May 6-12. Be sure to thank a nurse!

DID YOU KNOW?

- In September 2008, 9981 older adults in Tarrant County received Medicaid
- By April 2009 this number had increased to 10, 413

[Texas Health and Human Services Commission](#)

Medicaid Mysteries continued

The State Will Take All My Money

We frequently hear people say that they don't want the state to take all of their money. That is certainly understandable, and we all hope to leave something to our heirs. But it's important to remember that when we have saved for retirement, that includes long term care. If I have the money to pay my care, I need to pay for my own care, because my care is my responsibility as long as I have the funds to pay for it. When Medicaid pays for my care, *everyone* is paying for my care, because everyone pays taxes.

Estate Recovery

The state is required by the Federal government to attempt to recover some of the cost of care. The state can file a claim against the probate estate to recover the cost of care. For many people their home is their most valuable asset, and sale of the home may be required to take care of this claim. There are exceptions: if a spouse is still living in the home, if a disabled adult child lives in the home, and several others.

Of course the easiest applications are the ones that

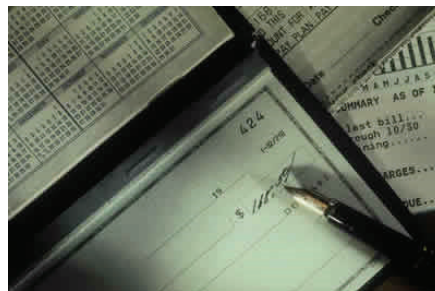
meet all these requirements without needing to do anything, but this is not often the case.

There are some strategies that can be utilized for a single person who does not meet these requirements, and married couples have even more options. In either case it is beneficial to speak to an attorney who specializes in Medicaid to explore options that may be available.

Miller Trusts

Miller Trusts are a widely known Medicaid solution, but are actually used in very limited circumstances. A Miller Trust is necessary only where the person receiving Medicaid benefits has a gross monthly income in excess of \$2,022. To set up a Miller Trust, the document is provided by an attorney's office. The Trustee then sets up a special checking account, titled in the name of the Trust, but in the social security number of the person receiving bene-

fits. Each month, the income of the Medicaid recipient goes into the Miller Trust account. The person gets to keep \$60. If the recipient is married, his or her spouse may get to keep some or all of the remaining income; over this amount, or if the recipient is single, the remaining amount is paid to the nursing home. The Miller Trust should be funded and



zeroed out each month, and the recipient will be considered as meeting the income requirement for Medicaid.