

CAN I GIVE AWAY ASSETS TO QUALIFY FOR MEDICAID IN CONNECTICUT?

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BARRY D. HOROWITZ
Connecticut Estate Planning Attorney



When you think about retirement, you probably envision good times with your family, travel, leisure activities, and overall relaxation. If you plan ahead effectively, your active retirement years can indeed be quite fruitful.

At the same time, you should also consider the twilight years that will follow. Many people become unable to handle all of their own activities of daily living at some point in time.

In fact, according to the United States Department of Health and Human Services, 70 percent of people who are reaching the age of 65 will someday need long-term care.

You may be unconcerned because you will be qualified for Medicare coverage when you are a senior citizen. Unfortunately, Medicare does not pay for living assistance.

If you need help with your day-to-day needs, this is considered to be custodial care. Medicare pays for medical treatment, and it will pay for



convalescent care after surgery, but it does not pay for custodial care.

Paying out-of-pocket is not easy, because long-term care is very expensive. We

practice law in the state of Connecticut. In our state, the average annual charge for a private room in a nursing home exceeds \$100,000.

People often spend multiple years in these facilities, so you are looking at an expense that can be quite stifling. In fact, long-term care expenses could consume everything that you intended to leave to your loved ones after you pass away.

MEDICAID



The Medicare program does not pay for long-term care, but Medicaid will pay for custodial care. Medicaid is a government health insurance program that is specifically designed to help people who have significant financial need.

Because of the fact that it is a need-based program, there are income and asset limits. In most states, the asset limit for an individual is just \$2000.

However, to fully understand the lay of the land, you must understand the fact that everything that you own does not count when Medicaid is evaluating your financial position. Your home does not count, but there is an equity limit. In the state of Connecticut in 2014, the home equity limit is \$814,000.



If a healthy spouse is remaining at home while his or her spouse is entering a long-term care facility, there is no equity limit.

When you are applying for Medicaid you can keep your wedding and engagement rings and heirloom jewelry, and one vehicle that you use for transportation is not considered to be countable. You can maintain possession of your personal effects and household belongings, and you can have a life insurance policy valued at up to \$1500. The same amount can be set aside for burial or cremation expenses.

SPENDING DOWN



Can you just give away assets to qualify for Medicaid? The answer is yes and no. People do typically give assets to their loved ones as they aim toward Medicaid eligibility. However, you have to be aware of the 60 month look-back period.

The Medicaid evaluators will examine your financial transactions going back five years. If they find that you have given away assets within this five year period, your application will be denied initially.

Your eligibility will be delayed for a period of time that is based on the amount of the divestitures as they compare to the average cost of long-term care in Connecticut.

For example, let's say that the average cost for a year in a nursing home in Connecticut is \$100,000. Within this five year window you gave away \$200,000. Under this scenario, your eligibility would be delayed by two years, because the assets that you gave away would have paid for two years of nursing home care.

SUMMARY

Medicaid is relied upon by many senior citizens who need long-term care, because Medicare will not pay for custodial care. There are income and asset limits that you must meet to be able to qualify for Medicaid, because it is a program that is only available to people who can demonstrate significant financial need.

Many people engage in a process called a Medicaid spend down. When you spend down, you spend or give away assets before you apply for Medicaid.

However, there is a five-year look-back period. If you give away assets within five years of applying, your eligibility will be delayed. Because of the look-back, you must plan ahead carefully if you want to qualify for Medicaid at the ideal time.

If you have questions about Medicaid planning, schedule a consultation with a licensed elder law attorney.

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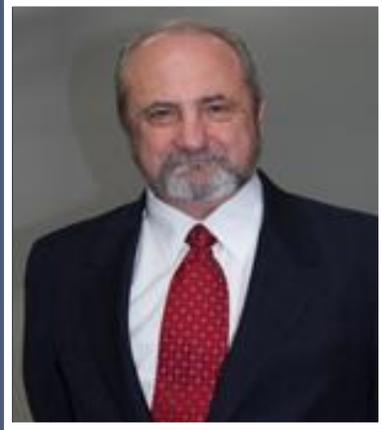
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About the Author

Barry D. Horowitz



Barry D. Horowitz is a founding partner in the law firm of Nirenstein, Horowitz & Associates, P.C. He received his diploma from the Loomis Chaffee School and his Bachelor of Arts from Bennington College, where he dual majored in philosophy and music.

Mr. Horowitz was awarded his Juris Doctor degree with honors from the University of Connecticut School of Law. While attending law school, Mr. Horowitz received the American Jurisprudence Award in Legal Ethics and the Nathan Burkan Award.

After graduation from law school, Mr. Horowitz continued his legal education at New York University School of Law where he received a Post Doctorate Law Degree in Taxation. He has also recently received a national achievement award.

Mr. Horowitz is admitted to practice before all the state courts in the State of Connecticut and the United States District Court. He is a member of the Hartford County Bar Association, a charter member of the American Academy of Estate Planning Attorneys, and has recently received the American Academy Award. Mr. Horowitz is also an active member of the Connecticut Bar Association where he is a member of the Elder Law Section, the Estate Planning and Probate Section, and the Professional Ethics Committee. Mr. Horowitz practices exclusively in the area of Estate Planning where he has earned a reputation as a dynamic and entertaining speaker. He also has recently published a book entitled "Guiding Those Left Behind in Connecticut."

Nirenstein, Horowitz & Associates, PC

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www.PreserveYourEstate.net

HARTFORD
Gothic Park
43 Woodland St., Suite 520
Hartford, CT 06105
Phone: (860) 548-1000

WESTPORT
191 Post Road West
Westport, CT 06880
Phone: 203-221-2617