MEDICAID HOMECARE FACT SHEET

Medicaid base eligibility on two factors: financial and medical. Financial consists of income and assets. As of January 1, 2023 Medicaid has established the following income and assets caps.

Income

For an individual, maximum *monthly income* is **$**1,677 per household for person 65 or older, blind or disabled.

*For a couple, maximum *monthly income* is $2,268 per household for persons 65 or older, blind or disabled. This income limit is only applicable when both spouses need Medicaid homecare.

Assets

Total net assets/resources for individuals cannot exceed **$30,180.** (However you are allowed to transfer assets, see exception below.)

Total net assets/resources* for a couple cannot exceed **$40,820. (However you are allowed to transfer assets, see exception below.) This asset limit is only applicable when both spouses need Medicaid homecare.

Funeral Trust

As of January 1, 1997 Medicaid recipients have the option to prepay certain funeral expenses with an irrevocable funeral trust held by a funeral home. There is no limit on the amount of money that can be placed in the irrevocable funeral trust. Burial funds established prior to 1997 remain in effect. At that time maximum amount permitted was $1,500.

Exceptions to Guidelines

There are exceptions to these income and asset guidelines. A person can qualify for Medicaid even if his or her income and/or assets exceed the above guidelines.

Excess Income Programs (also referred to as “spend down” or “surplus income”) – Monthly income can exceed the Medicaid guidelines. Excess income must be paid monthly to the city to contribute towards the cost of home care.

Pooled Income Trusts – A common barrier to applying for Community Medicaid through the Excess Income (also knowns as the “Spend Down” or “surplus income”) Program is that the most individuals require most or all their income to pay living expenses, i.e. rent, utilities, etc. These individuals can still be obtain Medicaid benefits AND continue to use most of their income for personal expenses by joining a type of Supplemental Needs Trust known as a Pooled Income Trust.

A Supplemental Needs Trust (SNT) is a legal tool developed to help disabled people keep the income and/or assets they need to live in the community without losing their public benefits. One type of SNT that can help people whose income exceeds the Medicaid eligibility limit is a

Pooled Income Trust (PIT). A PIT is a group account where recipients “pool” their income. Various non-profit organizations administer PITs (see attached list).

When a Medicaid recipient joins a trust, he/she pays her monthly “excess income” into the trust. Money deposited into a PIT is not counted as income by Medicaid. Therefore, when Medicaid approves an individual’s participation in the trust, it adjusts the recipient’s budget so that he/she no longer “excess income” that must be paid back to the Medicaid program. The Medicaid recipient, or his/her Power of Attorney, then directs the trusts organization to pay necessary bills from the money paid to the trust. Bills that are only for the benefit of the recipients can be paid, and these may include rent, mortgages, maintenance, utility bills, and credit card bills, as long as it makes the payments directly to the landlord or other third party. The trust cannot give money directly to the participant. In this way, the recipient keeps his/her Medicaid benefits, is able to obtain home care, and is able to utilize most of his/her income to pay the bills necessary to stay at home. There are fees associated with participating in a PIT.

To be eligible to participate in a PIT, one must be certified disabled to standards set by the Social Security Administration. If this has not been done at a precious time in the participant’s life, then the necessary medical documentation certifying the qualifying disability must be completed. The process of joining a trust varies by organization, but once the trust is joined, the individual must send proof of the trust along with the disability documents to Medicaid (either with the Medicaid application or after the Medicaid application has been submitted) so that Medicaid can certify the disability and approve the trust.

Money paid to the trust on a monthly basis should not be allowed to accumulate. If it does, a participant may be denied Medicaid coverage for nursing home benefits in the future because the accumulation of funds in the trust is viewed as a transfer of assets. In addition, all funds reaming in the trust at the time of the death of the participant become the property of the non-profit organization administering the trust.

Spousal Refusal – Medicaid law assumes the well spouse is legally responsible for the ill spouse. However, by signing “The Declaration of the Legality Responsible Relative” form in which the well spouse refuses to provide financial support to the ill spouse, Medicaid must pay for the ill spouse’s care. If such a spousal refusal form is signed, the well spouse’s income, which must be disclosed, will not be considered part of the financial review. It must be noted that currently the city is more aggressive in seeking repayment from refusing spouses for Medicaid expenses incurred.

***Transfer of Assets* –** Medicaid currenlty allows transfers for Medicaid home care without penalty, however this will changes sometime in 2023. An elder law attorney should be consulted prior to taking such action.

*Use the income and asset limits for a couple <u>only</u> if <u>both</u> spouses need homecare. If only one spouse needs homecare, use the guidelines for an ‘individual’.