

Medicaid Planning

TRUTHS and MYTHS

Have you considered what would happen if someone relied on you, or you had to rely on someone, for 24 X 7 daily living assistance? Are you emotionally, physically or financially ready to take on this huge challenge?

Elderly loved ones are more likely to be placed in a nursing home not as a result of suffering a crippling, chronic condition, such as a massive heart attack, auto accident or cancer, but rather because of senility, Alzheimer's disease, severe arthritis, osteoporosis or a severe stroke. If you think that you do not need to worry about the emotional or financial hardships associated with providing long-term care for your parents or a spouse, consider the following statistics:

- ❖ **There is a 90% chance that 1 in 4 adults over age 65 will require a stay in a nursing home**
- ❖ **An adult is 6 times more likely to become disabled in the short term than die**
- ❖ **The annual cost of private pay long term care starts at about \$60,000 per year**
- ❖ **Alzheimer's disease strikes 7% of the people over 65 and the average life expectancy is 7 years after diagnosis with much of that time spent in a nursing home.**

BENEFITS of PLANNING with THE WIEWEL LAW FIRM

- ❖ **Our Attorneys are experienced at Medicaid Planning issues**
- ❖ **We explain the Medicaid process in a clear and concise manner**
- ❖ **We prepare all necessary legal documents**
- ❖ **We will help you maximize the assets you can keep**



MYTHS AND TRUTHS ABOUT MEDICAID

MYTH: "If I'm on Medicaid, they're going to take my home."

THE TRUTH: This is a deep-rooted myth, but the reality is that an individual's home, whether married or single, is usually an exempted source. However, if a homeowner actually receives Medicaid, the home may be taken by the State of Texas after death.

MYTH: "I have a trust, so Medicaid can't touch my assets."

THE TRUTH: To qualify for Medicaid an applicant must disclose all of his or her assets, including those held in a living or revocable living trust. These assets are not excluded from the application or eligibility process. Rather, assets transferred within 60 months prior to filing a Medicaid application may have disastrous and unintended consequences. There are a few specific situations where a trust may be useful, but extreme caution is required in determining how and when a trust should be used.

MYTH: "I have to give away everything I own to get Medicaid."

THE TRUTH: An individual is permitted to retain a specific dollar amount of countable property and 100% of exempt property and still be eligible for Medicaid. Under Texas rules, exempt property includes the personal residence, a motor vehicle, personal belongings, household furnishings and medical equipment. There may be other exempt assets, depending on your circumstances.

MYTH: "We have a pre-nuptial agreement so we don't have to worry about it" or "We got married and kept our assets separate."

THE TRUTH: To qualify for Medicaid, both spouses must disclose all of their assets regardless of existing marriage agreements, or separate or community property issues.

MYTH: "I have to wait 3 years after giving anything away to get Medicaid."

THE TRUTH: There is now a 5-year "look back" or penalty period for asset transfers under the Medicaid rules. However, the disqualification, or period of ineligibility, isn't always 5 years long and sometimes there is no disqualification at all. While certain transfers can cause ineligibility, others do not.

MYTH: "Medicare will cover my nursing home bill."

THE TRUTH: Medicare does not cover long-term care, only very short-term care. The maximum number of days covered by Medicare is extremely limited and generally does not cover custodial care. When the Medicare coverage stops, you will pay out-of-pocket unless you have private long-term care insurance or qualify for Medicaid benefits.

MYTH: "If I enter a nursing home as private pay resident, I must spend all my assets on my nursing home bills before I can qualify for Medicaid."

THE TRUTH: It is true you will receive Medicaid benefits only when you have become financially and medically eligible for those benefits. But there are legitimate strategies for preserving assets for a healthy spouse and for other loved ones, even after you are in a nursing home. Unfortunately, there is a lot of misinformation, and many individuals are wrongly led to believe that they have no choice but to privately pay for their care until all their assets are gone.

MYTH: "I can only give away \$12,000 per year under Medicaid rules."

THE TRUTH: This is a rule under federal gift tax law, not under Medicaid law. Any gift or transfer may cause a Medicaid application to be rejected.

**For further information or to schedule a *complimentary consultation*, please call
*The Wiewel Law Firm at 480-8828 (Austin) or
869-1435 (Georgetown) Meetings in Georgetown are by appointment only,
or visit our website at www.TexasTrustLaw.com – Thanks!***