

## CONFUSION BETWEEN MEDICARE AND MEDICAID FOR NURSING HOME PAYMENT

While Medicare gets most of the news coverage, Medicaid still remains a bit of mystery to many people. The fact is that Medicaid is the largest source for funding nursing home care, but there are many myths about exactly who qualifies for it and what coverage it provides. Here are five myths followed by the real story.

1. **Medicare will cover my nursing home expenses.** Medicare's coverage of nursing home care is quite limited. Medicare covers only up to 100 days of "skilled nursing care" per illness. To qualify, you must enter a Medicare-approved "skilled nursing facility" or nursing home within 30 days of a hospital stay that lasted at least three days. The care in the nursing home must be for the same condition as the hospital stay.
2. **You need to be broke to qualify for Medicaid.** Medicaid helps needy individuals pay for long-term care, but you do not need to be completely destitute to qualify. While in general a Medicaid single applicant can have no more than \$2,000 in assets to in order to qualify, this figure is higher in some states and there are many assets that don't count toward this limit. For example and for married couples, the applicant's home will not be considered a countable asset for eligibility purposes to the extent the equity in the home is less than \$814,000, (in 2014). In all states, the house may be kept with no equity limit if the Medicaid applicant's spouse or another dependent relative lives there. In addition the spouse of a nursing home resident may keep one half of the couple's joint assets up to \$117,240 (in 2014).
3. **To qualify for Medicaid, you should transfer your money to your children.** Medicaid law imposes a penalty on people who transfer assets without receiving fair value in return. This penalty is a period of time during which the person transferring the assets will be ineligible for Medicaid, and the length of the penalty period is determined, in part, by the amount of money transferred. The state will look at all transfers made within five years before the application for Medicaid. That doesn't mean that you can't transfer assets at all -- there are exceptions (for example, applicants can transfer money to their spouses without incurring a penalty). However, before transferring any assets, you should talk to an elder law attorney. For more information on Medicaid's asset transfer rules,
4. **A prenuptial agreement will protect my assets from being counted if my spouse needs Medicaid.** A prenuptial agreement only works to keep property separate in the event of death or divorce. It does not keep your property separate for purposes of Medicaid eligibility.
5. **I can give away up to \$14,000 a year under Medicaid rules.** You can give away up to \$14,000 a year without incurring a gift tax. Under Medicaid law, a gift of \$14,000 or any other significant amount could trigger a penalty period if it was made within the five-year look-back period.

Before applying for Medicaid, it is critically important to consult with your elder law attorney.