

“They’re Here...New Medicaid Rules for Nursing Home Applicants”

Tennessee has now put into place the new rules governing Medicaid benefits for long term care (LTC) as of June 1, 2007. Forget everything you thought you knew about this issue because few of the old rules even exist. If you are one of the many that has a spouse, a parent or a loved one facing the possibility of entering a LTC facility due to illness or incapacitation and will be faced with the dilemma of either depleting the hard earned assets accumulated over one’s lifetime or applying for State benefits under the Medicaid program in order to pay the high cost associated to their care, you should find out how the new rules apply to your estate situation first. You may find that you have made a contribution to the *Tennessee Recovery Division* or receive a denial in benefits for a period of months or years in some cases.

Few professionals, much less families, really understand the new options in their attempt to preserve financial and estate assets when it comes to applying for Medicaid benefits for LTC. The new rules signed by President Bush in 2006 and enforced here in Tennessee on June 1, 2007, has altered the way legal & financial professionals trained in the area of elder estate and Medicaid issues will now preserve estates currently and in the future. One rule change that will affect the majority is that of the look-back period which is now five (5) years.

The big hook is the clock doesn’t begin till your loved one is admitted to the LTC facility and encompasses all transfers and gifts for the previous five (5) years and the penalty from the gifting is applied forward from the date of application, thus catching many families off guard due to lack of knowledge. Another change made deals with the use of retaining life estate in property. Under the new rules, one must live in that home for a minimum of one additional year before the deed can become valid. Anything less will be considered an illegal transfer or conveyance.

You may have seen on NBC affiliate Channel 4 a news story back in December where they shared the story of two families from different counties that had their family residences seized under the TN Recovery Act for repayment for services provided. As tragic as this sounds, the State was within their rights to do what they did due to the failure on the part of these families to protect what their loved ones spent a lifetime accumulating yet they blame the State. In defense of these families, they were just uninformed or misinformed at the time. Under the new rules, these occurrences will increase ten-fold. If you still haven’t realized yet, there’s NO FREE money within the Medicaid program which is a shame when you consider that the elder population being affected the greatest is the one who paid into the program the longest and will be penalized the most. Every family that has a parent, grandparent or a loved one that will face the experience of spending even a short time in a LTC facility should heed these words:

“PLAN TODAY SO YOU MAY NOT BE BLIND-SIDED TOMORROW”

One major change that will rock the reality of many charities and non-profit institutions is the change in gifting. Of the 500 families we see annually, 90% think the wishes made inside their last will and testament will be completely honored. Not so under the recovery rules for those receiving benefits. One must remember, your will is only empowered after you pass away. Debts incurred to the State have first right over any personal bequest following death. Does this mean all is lost? Of course not, but it does mean several things will have to be done differently such as:

- 1. Plan early and know your options even if you think you'll never need a LTC facility.**
- 2. Seek a true professional that specializes in elder issues.**
- 3. If you are a caregiver, a child of an elderly parent or loved one, protect yourself while you are healthy by buying LTC insurance. There's no better way to protect assets and income for yourself and your family. Most of all to make sure what happens to your parents or loved ones never happens to you.**

Facing such issues as these should be a sobering reminder that we owe it to our families and especially to ourselves to do what we can to protect what we have at all cost and learn *How to Work the System...before the System works you!* Plan today so you will not have to fear tomorrow.

For more information, contact Mike Verble, president, Verble Estate Preservation & Advisors, LLC at 615-373-2733.