

## All Things Change, Including Medicaid

The window of opportunity to utilize existing laws is closing fast. *What opportunity you might ask?* The opportunity for those individuals and families that have a spouse, a love one or friend that may be facing the possibility of entering a long term care facility due to illness or incapacitation and will be faced with the dilemma of either depleting the hard earned assets accumulated over ones lifetime or applying for federal and state benefits under the Medicaid program for long term care in order to pay the high cost of such care.

MetLife's Mature Lifestyle's 2005 report stated that Medicaid pays for about 60% nationally of all long term care cost, however here in Tennessee; we know it to be much higher and closer to 70% ...and "No... Medicare is not going to pay for this as many think. In fact, Medicare on a national level pays an average of only 28 days in a long term care facility (*also referred to as nursing home care*). If one is enrolled under Medicare, it will pay the first 20 days at 100% and 80% on the next 80 days if deemed medically necessary, as long as the patient shows signs of progress.

Very few individuals and families really understand the options everyone has in their attempt to preserve their financial and estate assets when it comes to applying for Medicaid benefits for long term care. The new guidelines signed into law in February 2006 by President Bush will alter the way legal and financial professionals preserve estates in the future. In Tennessee, the exact date the new laws will be enacted is unclear at the time of this writing; however it is anticipated by most TennCare administrators that by March 1, 2007, the new laws and guidelines will be in force. When this happens, the old laws as we know them will become extinct and laws such as the three year look back will become five as it pertains to the transferring of assets.

The big difference is that the clock determining the look back eligibility will not begin until the individual actually applies for benefits. This will catch many families off guard if they have not previously planned. The opportunity to grandfather in planning under the old rules is still available and those that fall under this situation should take every opportunity to preserve each and every asset under the old rules until the new laws go into force. One of the other big changes about to take place pertains to the use of retaining a life estate as it pertains to real estate or the family home. Under the old rules, the applicant does not have to live in the home after creating said deed but under the new laws, one must reside in the home for at least one full year.

The ability to utilize the spend-down gifting under the one month reimbursement amount has also been eliminated and replaced by the Aggregate Rule that says that all amounts will be summed into one amount and divided by the state divisor (*one month of nursing home reimbursement*) which will determine the months of ineligibility for Medicaid benefits.

No one likes to ever face the inevitable reality that a spouse or loved one will have to be placed into a long term care facility whether for a short rehab period or possibly for longer periods such as in months and years. Reality and fact is that this will happen to more than 60% of those now over 70 years of age and 70% of those 80 years and older. You owe it to yourself and to your loved ones to be prepared if this were to happen to you or to someone you love. Reality is that if you are the main caregiver in your family, you will age at the rapid rate of 4 times faster than those receiving the care because of the constant demanding time and endless energy required.

You have worked hard for what you have accumulated over your lifetime whether big or small...the amount is not important. What's important is that you understand your options and receive a peace of mind during a time of your life that would normally seem impossible. Learn how to work the system before the system works you!

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