

Get The Government To Pay For Your Long-Term Care!

How To Qualify For
Medi-Cal Benefits Without
Losing Your Assets and
Everything You've Worked
So Hard to Obtain

By Heather R. Chubb, Esq.

Counting the Costs of Long-Term Care

We've all heard the horror stories.

Mom falls unexpectedly and breaks her hip. Dad has a stroke and needs round-the-clock care. These individuals desperately need the assistance of a nursing home, but they are told that even with their modest lifestyles and meager bank accounts, they still have “too much income” or “too many assets” to qualify for benefits that would cover the costs.

These families now have some tough decisions to make:



Do they sell the house? What if it sits on the market too long while the senior needs help NOW?

Will the senior be forced to pay out of pocket and “spend down” everything that they had hoped to someday leave to their kids?

Do they start making financial “gifts” to minimize assets and hope not to raise red flags or violate the law?

What happens to the healthy spouse still at home? Will taking these steps force him or her into poverty? How will they survive?

These are very real questions faced by seniors and their loved ones every single day in the United States. **With nursing home costs around the country running in excess of \$8,000-\$12,000 per month**, its no wonder families typically blow through their entire life savings during the first 1-3 years of care.

At a time when a senior’s medical needs should be a top priority, the urgency of their care is quickly overshadowed by cost. In the meantime, the family is left helplessly navigating the complicated world of public benefits, nursing home contracts and other obstacles in the quest to get their loved one the help he or she needs.

If you find yourself in this position today, it’s time you learned the truth about paying

for long-term care that nursing homes, and even the government doesn't want you to know:

You CAN Qualify For Benefits To Pay For Long-Term Care.....

...and you can do it without spending all of your money and sacrificing everything you've worked so hard to obtain throughout your lifetime!

This is accomplished through Medi-Cal planning, **which is the use of legal tools and strategies approved by the state and federal government** to help you reallocate assets and modify income streams in order to fall within Medi-Cal's income and asset requirements.



With a solid Medi-Cal plan in place, **qualification for benefits is easy** and you'll no longer have to worry about becoming a burden to loved ones or running out of money to pay for your continued care.

You will also enjoy peace of mind knowing that your assets and income streams will stay preserved for a healthy spouse or child with special needs still living at home. And, your inheritance will transfer safely to your loved ones after your passing, rather than getting eaten up by nursing home costs.

Whether you are a senior, a caregiver, a concerned child or just proactively planning for the future, the following pages will show you how to legally get your ducks in a row NOW so that you can tap into these benefits when you need them.

You don't have to lose your home.

You don't have to spend the inheritance you hoped to someday leave to your family... or even your favorite charity.

You don't have to worry about a nursing home recovering from your estate or coming after your kids for payment (...yes, they can do this!).

You don't have to compromise on the level of care you need because of money.

You just need to PLAN!

What Is Medi-Cal?

Medi-Cal is a program designed to assist nursing home residents with the staggering costs of their care. It is a need-based program that is jointly funded by the state and the federal government. Expenses covered under the Medi-Cal program include:

- Doctor Bills
- Hospital Bills
- Skilled Nursing Facilities

Medicare vs. Medi-Cal Who Pays What?

A common assumption among seniors and their loved ones is that traditional **Medicare** (and not Medi-Cal or Medicaid) will cover the costs associated with long-term care.

Unfortunately, this not the case. **Medicare** will only provide limited benefits for “skilled care,” such as physical therapy or injections that require the assistance of medical professionals or rehabilitation staff. This is in contrast to “custodial care,” which provides much-needed assistance with the tasks of every day living such as bathing, eating, dressing, etc.

To qualify for Medicare coverage in the nursing home, an individual must have been hospitalized for at least 3 days and 3 nights before transferring to a nursing or rehabilitative facility, and the move must be made within 30 days of the hospital stay. If qualified, Medicare will then cover a total of 100 days per “spell of illness”, with the first 20 days paid in full and the next 80 days with a co-pay of \$152 per day.

Medicare is certainly not intended for custodial care or long-term care, and that's why the patient must demonstrate a true need for skilled care or in-home care with **the prospect of recovery** before Medicare will pick up the tab.

Medi-Cal on the other hand, *does* cover custodial care, as well as skilled care on a long-term basis. There are no arbitrary time limits and no burdensome co-pays (although your income will need to go to the nursing home under the “share-of-cost” rules). Seniors can get the care they need and families can rest easy knowing they won’t be weighed down with the costs.

General Qualifications for Medi-Cal

To meet the general requirements for Medi-Cal benefits, potential applicants must:

- Be age 65 or older
- Be a U.S. citizen or meet certain immigration rules
- Be a resident in the state in which you apply

Functional Requirements for Long-Term Care

In order for Medi-Cal to cover your long-term care needs, a medical professional must evaluate the applicant to determine their need for long-term care services. This is based on how well you are able to perform the Activities of Daily Living (ADL’s) such as:

- Bathing
- Dressing
- Using the toilet
- Transferring to the bed or chair
- Caring for incontinence
- Eating

If you do not meet the functional eligibility requirements, Medi-Cal will not cover long-term care services—even if you are within their financial guidelines. It is often helpful to talk to an elder law attorney *before* meeting with your health care provider to ensure you are asking the right questions and receiving the right documentation when applying for benefits.

Asset and Income Requirements for Medi-Cal

Because Medi-Cal is a need-based program, there are income and asset limitations in order to qualify. BUT, don't count yourself out just yet! Far too many families make the mistake of believing that just because they don't initially meet Medi-Cal's income and asset limitations, they won't qualify for benefits.



This is simply not true. Under the Medi-Cal program, the state and federal government allow for a number of “legal workarounds” to help families qualify for this important assistance without losing everything they've worked so hard for.

Income Requirements

You must have limited income to qualify for Medi-Cal benefits. The amount of income varies from state to state for long-term care. Your income may include:

- Salaries
- Wages
- Social Security payments
- Veterans' Benefits
- Pensions
- Interest from Bank Accounts

Calculating income eligibility can be tricky, as other factors such as ongoing medical expenses, joint income and income from trusts can come into play.

Your countable income can either rise or fall based on these factors. It's a wise idea to talk to an elder law attorney to ensure you are properly calculating income for eligibility purposes.

As long as your income falls below the cost for nursing home care you will usually qualify.

Asset Requirements

In determining eligibility for Medi-Cal, your assets are divided into two categories: countable and not-countable. Also called “non-exempt” and exempt. As you probably guessed, non-countable assets are exempt from calculations (and safe for your keeping!). These are not factored into Medi-Cal’s asset limitations.

The Medi-Cal applicant is allowed up to \$2,000 in total countable assets in order to qualify for the Medi-Cal program. Assets over this amount are subject to “spend down,” meaning you will have to spend the assets completely before you are eligible for benefits.

Many families take this to mean that they will have to pay the nursing home out of their own pocket until resources are fully drained and Medi-Cal benefits kick in.

However, there are smarter ways to achieve this goal that ultimately benefit the senior and his or her family, such as converting an asset that is countable into one that is non-countable through proper Medi-Cal planning.

Exempt or non-countable assets under the Medi-Cal program include:

- Your home- If your home is your principle residence, it is exempt.
- Cash- Up to \$2,000 is exempt.
- Household Goods and Personal Effects
- Jewelry- For a single person, jewelry with a net market value of \$100 or less is exempt. For married couples, there is no limit on exempt jewelry.
- Other real property- In some cases, other real property besides your home may be exempt if it is used for a business or as a means of support.
- Primary Vehicle- One car is generally exempt when it is used for the benefit of the applicant or needed for medical reasons.
- Term Life Insurance
- Whole Life Insurance- Policies with a total face value of \$1500 or less are exempt.
- Burial plots
- Prepaid Irrevocable Burial Plan of any amount and \$1500 in designated burial funds
- Retirement accounts- Cash surrender value or the balance of pension funds, IRA’s and certain annuities are exempt if in distribution mode.

All other remaining assets are generally considered “countable” towards Medi-Cal eligibility including:

- Cash and balances in a checking, savings or money market account
- Stocks, bonds and mutual funds
- Additional vehicles
- Real property beyond that of your primary residence
- Livestock and farm equipment
- Certain trusts
- Valuable collections such as fine art, coins, etc.



Financial Protection For Spouses

Prior to 1988, asset and income requirements were the same for married people and singles alike. That ultimately meant that when one spouse went into a nursing home, the other spouse was forced into poverty because their joint assets had to be ‘spent down’ to pay for the other’s expenses.

Fortunately the laws have changed to take into account the continuing financial needs of the healthy spouse. This is done by a “division of assets,” consisting of The Community Spouse Resource Allowance (CSRA) and the Minimum Monthly Maintenance Needs Allowance (MMMNA).

The Community Spouse Resource Allowance determines how many assets the healthy spouse can keep. To determine the CSRA, the couple’s **countable** assets are totaled. The Community spouse is allowed to keep countable assets up to \$117,240. The remaining assets will then need to be “spent down” to satisfy the long-term care costs of the other spouse until the assets total no more than \$2,000.

The Minimum Monthly Maintenance Needs Allowance helps to maintain much needed income streams for the healthy spouse still living at home. Under this allowance, the healthy spouse is allowed to keep an income of \$2,931.00 a month. The healthy spouse, under California law, may keep all the income that comes in his/ her name, even if it is more than MMMNA. If there is an income shortfall between the amount the healthy spouse has coming in and what he or she is actually eligible for, a

portion of the ill spouse's income will be diverted away from paying the nursing home and used to support the healthy spouse. Medi-Cal planning can also help convert countable or non-exempt assets into income streams for this purpose. The laws governing this are very complex and should only be explored with the help of a knowledgeable Medi-Cal attorney.



Avoiding Medi-Cal Mistakes

Far too many families attempt to take matters into their own hands when trying to qualify for Medi-Cal, which is a HUGE mistake. All states have “look back” periods and other penalties that could cost you eligibility based on a single oversight.

With that said, if you have already started the process, there are a number of mistakes to avoid when applying for Medi-Cal. This is not an exhaustive list, but demonstrates some of the most common mistakes families make when attempting to fall within Medi-Cal's income and asset guidelines.

Mistake 1: Gifting or giving away assets

It's natural for seniors to want to “gift” away their assets to loved ones rather than watch them get eaten up by nursing home costs.

Gifting assets to become eligible for Medi-Cal benefits may indeed be an important part of a solid Medi-Cal planning strategy, but it must be done very cautiously as it can result in serious penalties and ineligibility if done the wrong way. As previously mentioned, there are “look back” periods in which any uncompensated transfer during that time can significantly delay or jeopardize your approval.

Many people mistakenly believe they can give up to \$14,000 away each year without issue, but this is for tax and estate planning purposes- not Medi-Cal eligible. **There is no such threshold for Medi-Cal benefits, and all transfers will be scrutinized.**

Before you gift away any assets, talk to a reputable elder law attorney. The laws surrounding this issue are very complicated and may have unintended consequences for you and your family if done the wrong way.

Mistake 2: Inadequate Trusts and Powers of Attorney

Just because you have a living trust and power of attorney does not mean those documents have the proper provisions to help your family protect assets and make appropriate transfers during a health care crisis.

Look closely at your trust and power of attorney to ensure it has “gifting provisions” that are “unlimited” for Medi-Cal purposes. If you do not have gifting provisions at all or they are “limited,” you will want to get this updated right away while you or your loved one are still in good health. Otherwise, if the applicant becomes incapacitated at anytime during the Medi-Cal application process, the family will be unable to fully act on his or her behalf, subjecting assets to unnecessary spend down and other financial repercussions.

Mistake 3: Missing Opportunities for Exempt Transfers

While there are strict rules regarding the transfer of assets prior to Medi-Cal eligibility, there **are** a number of transfers that are permitted by the state and federal government that tend to go overlooked by families who do not receive proper guidance. Failing to take advantage of exempt transfers could mean more money going to the nursing home rather than staying within your family.

Mistake 4: Spending Down Assets When You Already Qualify For Benefits

While there are strict asset and income limitations to qualify for Medi-Cal, there is no black and white way to arrive at those numbers. Medical expenses may come into

play or you may have countable assets that can be converted into non-countable assets.

Far too many families assume they need to just spend down everything until they reach \$2,000. What they are unfortunately doing is continuing to spend down assets when they actually qualified for benefits long ago because of these other factors.

Don't go it alone when crunching the numbers. Talk to a professional and find out what it will take to qualify, in **your specific situation**. You may find many opportunities to preserve assets and income streams that you didn't realize existed.

Getting Help and Choosing an Attorney

Medi-Cal benefits are often an excellent way to pay for your long-term care without sacrificing your family's inheritance and losing everything you've worked so hard for. And, planning properly to receive these benefits will help to preserve as many assets and income streams as possible, while shielding your loved ones from liability or estate recovery after death.

However, this can be a difficult process riddled with complicated formulas, strict eligibility guidelines and extenuating circumstances unique to you and your family. The state and federal government allows a number of legal ways to keep what's yours, but planning has to be done properly according to their rules.

Working with a reputable elder law attorney is the best way to ensure that you are taking advantage of every legal opportunity to protect your assets and receive exactly what you are entitled to without unnecessary delay.

The attorneys at **The Chubb Law Firm** can help you determine your eligibility for Medi-Cal benefits and create a solid plan to help you preserve your assets, income streams and independence when facing a nursing home stay. Our no-stress process makes it easy for families to get the answers they need and make the very best decisions during an already sensitive time.

Because you've come this far in learning about Medi-Cal benefits and how to get the government to pay for nursing home care, we would like to extend a certificate for you to meet with our attorneys for a **Peace of Mind Planning Session** at no-charge (**\$300 value**).

During this comprehensive session, we will review your current legal documents (if any), your medical needs and financial situation to see if you could achieve Medi-Cal eligibility and avoid unnecessary spend down. If you are in the midst of a medical crisis or a loved one is already receiving nursing home care, we will also discuss emergency measures that can be taken now to preserve remaining assets and care for the healthy spouse.

To schedule your appointment, simply call our **Fair Oaks** office at **(916) 241-9661**. **There are no strings attached and we will help to ensure all of your questions are answered, regardless of whether or not we work together in the future.**

You Have Options!

The most important thing to keep in mind during this process is that you have options. No matter what type of medical crisis you are facing, you don't have to fear becoming a financial burden to your family or watch helplessly as your money gets eaten up by nursing home costs.

Our attorneys are committed to helping you protect your assets, your wishes and your dignity. Call and schedule your **Peace of Mind Planning Session** to begin the process of learning how to get the government to pay for your care. You deserve it.

Gift Certificate

For a complimentary Peace of Mind Planning Session

with

Heather R. Chubb, Esq.

(A \$300 Value)

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Heather Chubb is a Life Transitions Lawyer based in the Sacramento, California, area who received her law degree from University of the Pacific McGeorge School of Law, cum laude. Because she truly listens to her clients, Heather is able to transform clients' visions into plans that meet their desires and exceed their expectations.

Our team helps you make the best legal decisions for you and the people you love. We make planning easy, understandable and comfortable. We believe the practice of law is not about papers; it's about people and relationships.

We also believe that an estate plan should include more than just passing financial wealth to the next generation. It should represent whole family wealth, a legacy of financial, spiritual, human and intellectual values. So whether we're developing a foundational estate plan, special needs plan, elder law/Medi-Cal plan, or advanced tax minimization plan, our focus is always you, your personal and financial needs, and your goals.