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Memorial Day

“Tip of the Month”

Medicaid Planning

Long-term care in a nursing home or a hospice can be expensive. Usually costing more than \$6,000 per month, this can cost \$70,000 to \$100,000 or more per year. Medicare will often pay for the first 100 days of institutional care. After that, Medicaid can take over the payments for eligible applicants.

Both Medicare and Medicaid are programs of Social Security. In New Hampshire, the Department of Health and Human Services (HHS) administers the combination of state and federal tax money for these programs.

As we have seen in the newspapers, the runaway cost of healthcare is breaking the budgets in every state, especially for the cost of long-term care. That is why HHS wants to make sure people applying for Medicaid are really eligible, which means really broke.

Since Medicaid is intended only for people with financial need, people who have assets are expected to pay their own way. Assets like cash, CD's, stocks, mutual funds, and similar accounts are called “spend down assets.” These assets must be liquidated and spent on private pay for long-term care.

Other assets are called “income assets.” These include social security income, pensions and annuities. Income assets are usually analyzed in terms of monthly income as compared to the cost of the nursing home.

The Medicaid rules specifically provide how much income a person can keep, and how much the at-home spouse can keep. The rules also specify how much cash or other spend down-type assets can be kept by the long-term care patient (not much) and by the at-home spouse (more).

Other assets are called “reimbursement assets,” such as the family home. After death of the at-home spouse, HHS wants the house sold to pay back the Medicaid cost.

People often want to take steps to protect assets from the cost of long-term care. Because of the rules, people need to plan carefully. Planning for long-term care relative to Medicaid is individual, particularized and depends on personal circumstances. Careful analysis of each person's assets and planning priorities can be very valuable before applying for Medicaid.

If you are interested in estate planning or long-term care planning, please feel free to give us a call at 603-668-1971 or contact us by email at Meslaw@aol.com.

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