

# Medicaid Matters and more...

Helping seniors and their families make informed decisions about long term care.

May 2010

## **Medicaid Planning Tip:**

## **Sometimes Medicaid doesn't matter!**

Medicaid pays Medicaid certified providers the difference between the “Medicaid rate” and the Medicaid recipient’s “personal portion” or “co-payment”.\* If the co-payment is higher than the Medicaid rate, Medicaid doesn’t actually pay anything. In some cases the VA Aid & Attendance pension program may be of benefit. Or, negotiating with the provider to pay what would be the “co-payment” in lieu of the higher private-pay rate could prove to be a win-win solution. The provider gets paid what they would receive anyway, on a possibly more timely basis (Illinois is currently several months behind in its payments), and the resident and their family do not need to go through the intrusive process of applying and waiting for Medicaid benefits to be approved.

\*The “personal portion” or “co-payment” is based on a recipient’s income less certain deductions.

## **Medicaid and/or VA Aid & Attendance:**

*The Department of Veterans Affairs Aid and Attendance pension program is receiving a lot of well-deserved attention (finally) amongst those who work with seniors. Medicaid planning is also starting to shake its reputation of being a way for “rich” people to “hide” assets, and become recognized as a legitimate way for people to protect assets and receive Medicaid assistance as a way to pay for long term care. However, it is sometimes difficult to sort out which program will benefit a client most. The following article attempts to provide some guidelines (a comparison table follows on page 2). For more information on the benefits of Medicaid or for a referral to a VA Aid & Attendance counselor, please contact Medicaid Matters.*

Medicaid is known as the “payer of last resort”. Medicaid recipients are able to have services from Medicaid certified providers paid by the State of Illinois Medicaid program if those services are not otherwise covered by other resources such as Medicare, insurance, or income in excess of the Medicaid standards. Some programs such as the Home Services Program (through the Illinois Department of Human Services) and the Community Care Program (through the Illinois Department on Aging) provide subsidized in-home care and adult day service through Medicaid or Medicaid-waivers. Supportive Living Facilities (SLFs) and Medicaid certified Skilled Nursing Facilities (SNFs) can also bill Medicaid for services provided to Medicaid recipients.

Unlike Medicaid, a VA pension (commonly known as “Aid and Attendance”) provides a tax free pension directly to the eligible recipient to help offset the costs of medical expenses, private care, assisted living facility, or care received in a Skilled Nursing Facility, whether Medicaid certified or not. The main factor in determining eligibility for the VA Aid and Attendance pension is whether or not a veteran served during wartime (periods include WWII 12/7/1941 – 12/31/1946; Korean Conflict 6/27/1950-1/31/1955; and the Vietnam Era 8/5/1964-5/7/1975). The veteran does not have to have a service connected disability, or have been in combat.

The appropriateness of Medicaid benefits and/or the VA pension depends on each family’s overall financial picture and care needs. Generally, if the countable assets are \$109,560.00 or less, Medicaid will pay the costs of care (less the Medicaid recipient’s co-pay).\*\* Since up to \$2,739.00/month of the Medicaid recipient’s income could be deferred to the community spouse, Medicaid may provide more protection and support than the VA Aid and Attendance pension.

On the other hand, a person with a high income, who pays a monthly rent for assisted living, plus other medical expenses, may be able to stretch their savings by qualifying for the VA pension. Although, there is currently no “look-back” period for the VA pension, clients need to be mindful that transfers could affect eligibility for Medicaid assistance should such assistance be needed in the future.\*\*\*

As much as Medicaid and VA pension seem to be mutually exclusive, Medicaid Matters is intrigued by the possibility that some clients may qualify for Medicaid benefits for spouse receiving care in a nursing facility; and qualify for the VA Aid and Attendance pension to help offset expenses for the community based spouse (or future care of the surviving spouse).

\*\* The \$109,560.00 figure is the Community Spouse Asset Allowance. Transfers during the look-back period can affect eligibility. Certain co-payments can apply depending on income.

\*\*\*Look-back periods are used to determine if assets have been transferred in accordance with Medicaid rules (some transfers are allowed and others can be penalized resulting in a delay or denial of Medicaid benefits).

## **Medicaid/VA Aid and Attendance (Simple) Comparison Table:**

There are several Medicaid and VA programs. This table references the Medicaid Aid to Aged, Blind, and Disabled (AABD) and the VA pension program known as Aid and Attendance. **(Figures as of May 2010)**

**Disclaimer: the table is to be used as a guide. Seek advice from a knowledgeable professional if interested in applying.**

<b><u>Eligibility Factors</u></b>	<b><u>Medicaid – AABD</u></b>	<b><u>VA Aid &amp; Attendance</u></b>
<p><b>Look-back Period</b></p> <p>Look-back periods are used to determine if asset transfers were for fair market value (and not “gifts”).</p>	5 yrs (Deficit Reduction Act)	Being considered (Cong. hrgs. 6/2012).
<p><b>Asset Guidelines</b></p> <p>Countable assets can often be converted to non-countable (exempt) assets.</p>	<p>\$2,000 (single applicant)* \$3,000 (married couple)</p> <p><b>*up to \$109,560.00 of assets can be transferred to a spouse.</b> This Community Spouse Asset Allowance can be increased in some cases through an appeal process or a court order.</p>	Varies depending on resources, expenses, and life expectancy.
<p><b>Income Guidelines</b></p>	<p>\$903.00 for a single recipient*; or \$1,214.00 for a married couple (a co-payment or spend-down applies to excess income)</p> <p><b>*up to \$2,739.00 of income can be transferred to a non-Medicaid spouse,</b> as a Community Spouse Maintenance Needs Allowance, and can be increased in some cases through a court order.</p>	<p>Income is adjusted for medical expenses, including expenses for care and rent expenses in an Assisted Living or Skilled Nursing Facility.</p> <p><u>Maximum Pension:</u> With 0 dependents: \$1,644/mo With 1 dependent: \$1,949/mo Surviving Spouse: \$1,056/mo.</p>
<p><b>Type of Care</b></p>	<ul style="list-style-type: none"> <li>• Limited Adult Day Care and In-Home Care Services through the Illinois Department on Aging Community Care Program</li> <li>• Supportive Living Facility</li> <li>• Skilled Nursing Care</li> </ul>	<ul style="list-style-type: none"> <li>• In-home care</li> <li>• Assisted Living</li> <li>• Skilled Nursing</li> </ul>
<p><b>Other</b></p>	Disabled, Blind, or over 65	Service during wartime
<p><b>Approval Process</b></p>	45 to 90 days	3-6 months or more