

# CONSIDERATIONS FOR LONG TERM CARE PLANNING

- ◆ Nursing homes in the Capital District cost an average of \$9,000 per month. Assisted living facilities charge between \$3,800 and \$4,500 per month. Assisted living facilities specializing in memory care or dementia services can cost between \$4,500 and \$5,500 per month. Home health aides cost around \$20 per hour, with private duty nurses and other specialized caretakers costing almost \$30 per hour. Medicare and health insurance almost never cover these costs.
- ◆ At the time you are in need of nursing home care or home care, your financial history will be subject to strict scrutiny by the local Department of Social Services. They will be looking at all the income you have received, and all expenditures you have made. People who are aware of the Medicaid law and its rules well in advance of their needing Medicaid benefits are better able to manage their finances and records so that when Medicaid benefits are needed, they are obtained at the earliest possible time, with the least amount of effort.
- ◆ The Medicaid law limits the amount of income you may receive each month - there is little flexibility to this amount, and you must prove where every penny you receive goes. If you are married, your spouse may retain some money as well. There are options for redirecting your income in the event you and your spouse exceed the limit. The local Department of Social Services will ask you to account for all of the income you received for the five (5) years immediately preceding your receiving Medicaid benefits. Typically, a person holds financial records for income tax purposes for only three (3) years. Providing incorrect or incomplete information can cause you to be ineligible for Medicaid. In addition, you will have to demonstrate that you spent your money on valid purchases. Medical bills, pharmacy bills, legal bills, as well as your normal living expenses are all acceptable uses of your money under the Medicaid rules.
- ◆ The law also contains many intricate rules as to the types of assets, and their value, that you may own while receiving Medicaid benefits.
  - ◆ Your home is subject to an equity cap, and if the equity in your home exceeds that cap, you must reduce that equity. Your spouse is permitted to reside in the home while you are receiving Medicaid benefits. However, if your spouse is not residing in the home, the Department of Social Services is entitled to place a lien on your home in an amount up to its full value.
  - ◆ A joint bank account is considered to be owned 100% by the person applying for Medicaid, even though that is not the way joint bank accounts operate for taxation or general ownership purposes.
  - ◆ If you hold a bank account in trust for (ITF) someone else, that account is still considered owned by you, and you will be expected to spend all of the funds in that account before you are eligible for Medicaid benefits (i.e. you have an account for the benefit of a child or grandchild, the funds are still considered yours.)

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## ***CONSIDER ...***

***DOING NOTHING CAN COST YOUR FAMILY EVERYTHING.***



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- ◆ You may own certain assets that are protected or are beyond the reach of Medicaid, such as retirement accounts or annuities, but taking the wrong steps regarding these types of protected accounts can jeopardize this “exempt” status.
- ◆ Gifts are prohibited and the person making gifts is penalized for doing so.
  - ◆ The law has changed so that the penalty for making gifts only begins to run at the time when you are in a nursing home.
  - ◆ Gifts, such as to children and grandchildren for tuition, wedding gifts, and charitable donations, may cause you to be ineligible for Medicaid benefits for a period of time even if those gift fall below the annual gift tax exclusion amount of \$12,000.
  - ◆ Innocently gifting money may cause you to be denied Medicaid benefits for a period of time. We encourage you to learn the law before making any gifts of any amount.
- ◆ Planning for long term care before you need it allows you to manage your assets sufficiently so that you are able to make the decision as to what nursing home you will go to or what aides come into your home to provide home care.
  - ◆ The selection of a nursing home is important because each person has different preferences and needs. Location, cost, staff, activities, the food, the atmosphere and the decor are very important factors to consider when selecting a nursing home.
  - ◆ Failure to plan, or waiting until the last minute to plan, may result in the Department of Social Services determining what nursing home you go to or who comes into your home to provide you care rather than you making the choice.
  - ◆ Failure to plan may also result in your inability to pay for nursing home care if the Department of Social Services imposes a penalty period during which you are ineligible for Medicaid benefits. This will result in the nursing home trying to impose your bill upon your family, or your having a judgment against you for unpaid bills.

This complex new Medicaid law is something that our firm specializes in. You and your family should focus on your health and personal family issues, allowing us to focus on the law, the rules and making them work in your favor. Give yourself the peace of mind in knowing that we will work with you, and for you, to make sure that you are eligible to receive Medicaid benefits at the earliest possible time and salvage as much of your hard earned assets as possible.

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