MYTHS OF MEDICAID

SEPARATING FACT FROM FICTION ABOUT LONG-TERM CARE PLANNING IN INDIANA

"Do I have to spend everything before I can qualify for Medicaid?"

A practical guide to understanding common Medicaid misconceptions, protecting your financial future, and exploring your long-term care planning options.

Stinson Law Firm

Providing peace of mind with care and compassion.

THE BIG MISCONCEPTION

Do I Have to Spend Everything Before Qualifying for Medicaid?

For many Indiana families, the possibility of needing nursing home care raises an immediate concern:

“Will we lose everything we've worked so hard to save?”

The answer is not necessarily.

Medicaid has financial eligibility requirements, but qualifying for long-term care benefits does not always mean spending every dollar or giving away everything you own.

Certain assets may be excluded when determining eligibility. Married couples may also have additional protections designed to help a spouse who remains at home maintain financial stability.

The important distinction is between assets that Medicaid counts, assets that may be exempt, and planning strategies that may be available under applicable law.

THREE IMPORTANT THINGS TO UNDERSTAND

1. **Not All Assets Are Counted**

   Certain resources may be exempt when determining Medicaid eligibility, depending on the circumstances.

2. **Married Couples Have Special Protections**

   Medicaid rules include provisions intended to help protect a portion of a couple's income and resources for the spouse who is not receiving institutional care.

3. **Planning Options May Still Be Available**

   Even when someone already needs nursing home care, there may be lawful planning opportunities worth exploring.

Understanding the rules before making financial decisions can help families avoid costly mistakes and preserve available options.

MYTH #1: MEDICAID MEANS LOSING EVERYTHING

Do I Have to Spend All My Savings to Qualify?

One of the most common misconceptions about Medicaid is that a person must become completely impoverished before receiving assistance with long-term care.

The truth is that Medicaid has financial eligibility requirements, but not every asset is counted.

Understanding the difference between countable and exempt resources is an important part of Medicaid planning.

WHAT ASSETS DOES MEDICAID COUNT?

Medicaid generally considers an applicant's available financial resources when determining eligibility.

Countable resources may include:

- Checking and savings accounts.
- Certificates of deposit.
- Stocks, bonds, and other investments.
- Certain retirement accounts and financial assets.
- Additional real estate or other property that does not qualify for an exemption.

The treatment of an asset depends on the applicable Medicaid program, ownership, and individual circumstances.

PLANNING TIP

Before spending down savings, transferring property, or changing ownership of assets, consult an elder law attorney.

There may be lawful ways to preserve resources while qualifying for Medicaid benefits.

WHAT ASSETS MAY BE EXEMPT?

Certain assets may be excluded from Medicaid's resource calculation.

Depending on the circumstances, these may include:

- A primary residence that meets applicable requirements.
- One vehicle.
- Household goods and personal belongings.
- Certain prepaid funeral arrangements.
- Other resources specifically excluded under Medicaid rules.

Important: An asset being exempt for Medicaid eligibility does not necessarily mean it is protected from estate recovery after death.

MYTH #2: MY SPOUSE WILL HAVE TO SPEND EVERYTHING TOO

What Happens When Only One Spouse Needs Nursing Home Care?

When one spouse needs nursing home care, families often worry that the spouse remaining at home will lose their savings and financial security.

The truth is that Medicaid provides special protections for married couples.

PROTECTING THE SPOUSE AT HOME

Medicaid rules may allow the spouse remaining at home to keep:

- A portion of the couple's savings and other resources.
- Certain income needed for living expenses.
- The family home, if applicable requirements are met.
- Other exempt assets.

These protections help prevent the spouse at home from becoming impoverished.

HOW ARE ASSETS TREATED?

Medicaid generally considers a married couple's combined resources when determining eligibility.

However, special rules allow certain resources to be protected for the spouse remaining at home.

The amount protected depends on the couple's finances and applicable Medicaid limits.

WHY EARLY PLANNING MATTERS

A spouse does not necessarily have to spend all the couple's savings on nursing home care.

Understanding Medicaid's spousal protections before spending or transferring assets can help preserve financial security.

MYTH #3: IT'S TOO LATE TO PLAN

Can Medicaid Planning Help After Someone Enters a Nursing Home?

Many families believe that once a loved one enters a nursing home, it is too late to protect assets or explore Medicaid planning options.

The truth is that planning opportunities may still exist, even after nursing home care has begun.

PLANNING DURING A CRISIS

When nursing home care becomes necessary, families may still have options to:

- Identify assets that Medicaid does not count.
- Explore protections available to a spouse.
- Evaluate permissible spending and asset transfers.
- Determine when and how to apply for Medicaid.

The available strategies depend on the individual's finances, health, and circumstances.

WHY TIMING MATTERS

Medicaid has strict financial eligibility and asset-transfer rules. Giving away money or property without understanding these rules can delay eligibility and create unexpected expenses.

Even when care has already begun, obtaining legal guidance before making major financial decisions may help preserve available options.

PLANNING TIP

Entering a nursing home does not automatically mean it is too late for Medicaid planning.

An elder law attorney can help evaluate your circumstances and identify lawful options for paying for care while protecting available resources.

MYTH #4: GIVING AWAY ASSETS IS AN EASY WAY TO QUALIFY

Can I Give Away Money or Property to Qualify for Medicaid?

Families sometimes believe they can qualify for Medicaid simply by transferring savings, property, or other assets to their children.

The truth is that giving away assets can delay Medicaid eligibility and create serious financial problems.

UNDERSTANDING THE FIVE-YEAR LOOK-BACK

When applying for certain Medicaid long-term care benefits, transfers made during the previous five years may be reviewed.

Giving away assets or selling them for less than fair market value can result in a penalty period during which Medicaid will not pay for certain long-term care services.

ARE ANY TRANSFERS ALLOWED?

Medicaid rules recognize certain exceptions, including qualifying transfers to spouses and some family members. However, each exception has specific requirements.

Transferring assets can also affect taxes, ownership rights, and financial security. A transfer that works for one family may create problems for another.

Never assume that giving away assets is the best way to qualify for Medicaid.

An elder law attorney can help evaluate permissible transfers and other planning options before important financial decisions are made.

PLANNING AHEAD

Making Informed Decisions About Medicaid

Medicaid planning involves more than meeting financial eligibility requirements. Understanding the rules before making decisions can help families avoid costly mistakes and preserve available options.

QUESTIONS WORTH ASKING

- Which of my assets count toward Medicaid eligibility?
- What financial protections are available for my spouse?
- Can I preserve some savings while qualifying for benefits?
- How could giving away money or property affect eligibility?
- What planning options remain if nursing home care has already begun?
- When should I begin the Medicaid application process?

EVERY FAMILY'S SITUATION IS DIFFERENT

The right approach depends on your finances, family circumstances, care needs, and timing.

What works for one family may not be appropriate for another.

You do not have to navigate Medicaid's complicated rules alone.

An elder law attorney can help you understand your options, avoid common mistakes, and develop a plan based on your family's needs.

PROTECTING WHAT MATTERS

The possibility of needing long-term care can raise difficult questions about finances, independence, and protecting what you've worked a lifetime to build.

Medicaid planning is not simply about spending down assets. It is about understanding the rules and making informed decisions for your family's future.

At Stinson Law Firm, we help Indiana families navigate Medicaid eligibility, long-term care planning, and asset protection strategies.

Whether you are planning ahead or facing an immediate need for care, we can help you evaluate your circumstances and explore available options.

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Let's Discuss Your Options

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