

Understanding of Medicaid Spend Down

How will you pay for long-term or final health care? Financing care is an important End-of-Life management consideration. Most people rely on multiple funding sources including private resources and government health programs like Medicaid.

What is Medicaid?

Medicaid is a US government-funded health insurance program for people whose financial resources are insufficient to pay for their healthcare.

Federal and state governments jointly fund Medicaid. Each state implements and manages its own Medicaid program and determines who is eligible to receive benefits.

Who is eligible?

Generally, Medicaid recipients must be low-income, US citizens or legal permanent residents, or people with certain disabilities who cannot pay for healthcare without government assistance.

What is Medicaid Spend Down?

Some people have too much income to qualify for Medicaid. This amount is called excess income. They may qualify if they spend their excess income on healthcare. This is called spend down.

Spend down means reducing a person's assets until Medicaid limits are reached. People sometimes qualify for Medicaid even though their income is higher than the specified limit.

Under Medicaid Spend Down, a person's medical expenses are subtracted from their income during a specific time period. Once their income reaches a pre-determined level, they qualify for benefits for the remainder of the time period.

Asset Categories

Medicaid considers all assets that could be used toward paying a person's healthcare costs. Assets are divided into exempt and non-exempt categories, sometimes called excluded and non-excluded assets.

Exempt and non-exempt assets are determined by an applicant's state of residence, although some asset categories are relatively consistent.

Exempts and Non-Exempt Assets

Medicaid considers non-exempt assets as those that may be converted to cash to pay for healthcare. These may include:

- Cash, checking and savings accounts
- Retirement accounts, CDs, stocks, bonds or mutual funds
- Prepaid, revocable funeral contracts
- Trusts, depending on access limits
- Property other than primary residence
- Valuable jewelry and art
- Vehicles other than primary transportation
- Life insurance with a cash value of over \$1500

Medicaid does not count exempt assets; They may include

- Primary residence
- Some personal property, including wedding and engagement jewelry
- Life insurance valued up to \$1500; term life insurance is typically exempt
- Burial spaces and funds up to \$1500
- Irrevocable funeral contracts, if purchased before Medicaid application
- One vehicle for spouse or child

For more information on Medicaid eligibility, and exemptions in your state, contact a Medicaid social worker, funeral service provider or attorney. Visit: www.passare.com for expert resources on many End-of-Life topics.