



Pennsylvania Bar Institute

The Medicaid Application Process

Medicaid Eligibility Rules



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**Certified Elder Law Attorneys by the National Elder Law Foundation as authorized by the Pennsylvania Supreme Court.*

What is Medical Assistance

- Jointly funded federal and state program
- Pays the long term care expenses of medical and resource qualified individuals
- Managed by the Department of Human Services (“DHS”) through County Assistance Offices (“CAO”)

Medical Eligibility

- Must be Nursing Facility Clinically Eligible (“NFCE”)
- Options Assessment completed by County Area Agency on Aging
- Physician completes MA 51
- Maximus – PA Independent Enrollment Broker

Financial Eligibility Requirements

Income Limit

Income must be below nursing home private pay rate for nursing home reimbursement.

Income must be below \$2,313/month to qualify for Waiver Program

Financial Eligibility Requirements

Resource Limit

Applicant's income determines non-exempt resource limit

Currently

Income under \$2,313 = \$8,000 resource limit

Income above \$2,313 = \$2,400 resource limit

Financial Eligibility Requirements

Exempt Resources

- Primary Residence [*Home Equity Cap \$585,000*]
- Burial Plots
- Burial Accounts
- One motor vehicle
- Household goods and personal effects
- Certain Life Insurance
- Property Essential to Self-Support

Financial Eligibility Requirements

Exempt Resources continued

- IRA or qualified retirement plan of Community Spouse

- DRA Approved Annuities
 - DRA Annuity Requirements
 - 1) The annuity must be irrevocable and non-assignable.
 - 2) It must be actuarially sound.
 - 3) It must make equal installment payments with no deferral or balloon payment.
 - 4) It must name DHS as remainder beneficiary for at least the total amount of Medical Assistance paid on behalf of the applicant.

Financial Eligibility Requirements

Non-Exempt Resources

- Cash on hand.
- Bank and credit union accounts, including vacation and Christmas clubs, checking and savings accounts, savings certificates of deposit (CDs), money market funds, and patient accounts established and handled by a nursing care facility.
- Stocks, bonds, mutual funds.
- Trust accounts to the extent legally available to the client.
- IRAs and Qualified Retirement Plans owned by the applicant.
- Most types of annuities.
- Lump sum payments such as, but not limited to, tax or rent rebates, insurance benefits, and inheritances.
- Additional motor vehicles, boats, ATVs, Snowmobiles, etc.
- Additional real estate
- Cash Value of life insurance policies

Financial Eligibility Requirements

Resource Calculation

$$\begin{array}{r} \textit{Total Non-Exempt Assets} \\ - \textit{Asset Disregard} \quad (\$2,400 \textit{ or } \$8,000) \\ \hline \textit{Spend Down Amount} \end{array}$$

Treatment of Income

Resident Pay Liability

Amount of Applicant's income that must be used toward monthly cost of care

- Personal Needs Allowance
- Medicare Part B and Health Insurance Premium
- Home Maintenance Allowance
- Monthly Maintenance Needs Allowance

Treatment of Income

Resident Pay Liability Calculation

Total Gross Income

Personal Needs Allowance

Medicare Part B and Health Insurance Premium

Home Maintenance Allowance

- *Monthly Maintenance Needs Allowance*

Resident Pay Liability

Spousal Impoverishment Rules

Resource Assessment

Date of Admission to facility

Deeming of Resources

Non-Exempt assets of both spouses

Spousal Impoverishment Rules

Community Spouse Resource Allowance (“CSRA”)

Generally, one-half of non-exempt resources

Maximum CSRA - \$126,420

Minimum CSRA - \$25,284

Spousal Impoverishment Rules

CSRA Calculations

General Rule – One-Half

Assets b/t \$50,568 & \$252,840

Non-Exempt Assets	\$ 100,000
<u>÷ 2</u>	<u>÷ 2</u>
CSRA	\$ 50,000 - CSRA
- <u>Disregard</u>	- <u>8,000</u>
Spend Down Amount	\$ 42,000 – Spend Down

Spousal Impoverishment Rules

CSRA Calculations

Minimum CSRA

Assets Below \$50,568

Non-Exempt Assets	\$ 35,000
- <u>Minimum CSRA</u>	<u>25,284</u>
	\$ 9,716
- <u>Disregard</u>	<u>8,000</u>
Spend Down Amount	\$ 1,716

Spousal Impoverishment Rules

CSRA Calculations

Maximum CSRA

Assets Above \$252,840

Non-Exempt Assets	\$500,000.00
- Max. CSRA	<u>-126,420.00</u>
	\$373,600.00
- Disregard	<u>\$ 8,000.00</u>
= Spend Down Amount	\$365,600.00

Spousal Impoverishment Rules

Monthly Maintenance Needs Allowance (“MMNA”)

Income of Community Spouse must be at least 150% of the Federal Poverty Level for Family of Two.

Minimum MMNA - \$2,058

Maximum MMNA - \$3,160

Spousal Impoverishment Rules

MMNA Calculation

CS Income Calculation

Social Security

Pension, Interest, Dividends, IRA Income

+ Interest on CSRA (1.5%)

CS Monthly Income

Minimum MMNA

- CS Monthly Income

IS Monthly Income Diversion to CS

Transfer Penalty Rules

Five-Year Look-Back

From date of application for Medical Assistance

Resulting Penalty Period

Cumulative value of transfers during 5 year look-back

Calculation

Cumulative Value of Gifts

÷ State Average NH Cost (currently \$10,420.14 [\$342.58/day])

Ineligibility Period

Ineligibility Start Date

Begins on the date the applicant otherwise qualifies for Medical Assistance.

Transfer Penalty Rules

Exempt Transfers

Primary Residence

- Applicant's spouse;
- Applicant's minor or disabled child
- Applicant's equity-interest sibling
- Applicant's caregiver child

Assets other than the primary residence

- \$500/month or less
- Spouse
- Minor* or disabled child
- Special Needs Trust

Filial Responsibility

Spouse

Child

Parent

Health Care & Retirement Corporation of America v. Pittas

(Pa. Super. Ct., No. 536 EDA 2011, May 7, 2012)

Medical Assistance Estate Recovery

Assets Subject to Estate Recovery

Assets NOT subject to Estate Recovery

Estate Recovery Postponement



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