NJ Medicaid Planning Info

1. What is Medicaid in New Jersey?

Medicaid is a federal program that basically pays for Americans to stay in a nursing home. The Medicaid program will pay for a person’s long-term care in a nursing home if he qualifies Medicaid is administered by a New Jersey agency called the Department of Human Services. Meanwhile, Medicare will only pay for the hospitalization and other medical expenses for seniors.

2. What is the difference between Medicare and Medicaid?

Medicare is the government benefit program that covers medical expenses such as hospital bills and doctors’ fees for seniors who are at least 65 years old. Medicare is not a means-tested program. If a person is disabled, then regardless of how much money that person has he or she can still qualify for Medicare benefits. Meanwhile, Medicaid is the government benefit program that can cover nursing home and assisted living care costs. However, unlike the Medicare program, Medicaid is a strict means-based and asset-based program. Any person who is applying for Medicaid must fill out “stacks” of applications, and also pass asset and income requires established by Medicaid.

3. Why seek the legal advice before applying for Medicaid?

The cost to pay for nursing homes is rising at an astronomical rate. The bottom line is that most people simply can’t afford to pay for nursing homes. Many people are forced to wipe out their entire life savings in only a few years to pay for nursing home care. Instead of using your life savings to a beach house, pay for your grandchildren’s college education, or to travel, many people are forced to blow their hard earned savings on a nursing home.

Thankfully, the New Jersey Medicaid Program exists to help out the cash strapped middle class. Basically, Medicaid is the long term care insurance for the middle class. However, there are strict eligibility requirements to receive Medicaid benefits. There is a maze of income and asset-based tests that must be passed before a person can qualify for Medicaid.

The major reason to seek out Medicaid planning is that without any proper planning and legal advice, many people will be forced to spend more than should on nursing home expenses. Moreover, many middle class families could be hit with a Medicaid penalty if they make improper transfers of assets. In some cases, valuable homes and other financial resources can be salvaged if the family seeks out the legal advice of a savvy lawyer. In summary, a legal consultation with a qualified elder care law lawyer could ultimately save your family potentially hundreds of thousands of dollars.

4. If a person is headed for the nursing home should he have his estate plan reviewed?

Absolutely. If you are headed for the nursing home then you must have your estate plan carefully reviewed. Some important areas to review are as follows:

a. Review Your Will: If a couple has joint wills that leave their respective estates to each other, then their wills should be redrawn. The spouse who is entering the nursing home should be disinherited. If the spouse who is not in the nursing home should die first, then the entire estate will be used to fund the nursing home. Therefore, it is imperative that the wills are redrawn so that the nursing home spouse does not receive any part of a married couple's estate.

b. Make Sure that Your Power of Attorney is Updated: It is very important that a person should have his powers of attorney(s) updated before he goes into a nursing home. It is my experience that financial institutions are now being very picky when it comes to dealing with old and dated powers of attorneys. Therefore, up to date power of attorneys should be obtained before any person goes into the nursing home. These documents will make your loved ones lives much easier, and it will enable them to carry on your affairs.

c. Make Certain that you have a Living Will: It is critically important to have a valid living will before you go into a nursing home. Don't rely on the living wills prepared by the senior center or obtained via the internet. Go to an experienced lawyer and have a current and "legit" living will be prepared. Keep in mind that the costs to prepare a living will be deducted from your countable medicaid estate. If you should go into a coma then you certainly want your loved ones to have the authority to end your life in dignity.

5. How are the costs for a nursing home paid?

The cost to attend a nursing home is outrageous! The cold hard reality is that the relatives of the person who has to go into the nursing home get nauseous at the prospect of seeing their inheritance, of if your spouse is going to the nursing home, your hard earned savings wiped out to pay for the nursing home. There are basically four ways that you can pay the cost of a nursing home;

a. Long Term Care Insurance: In the ideal world a person should have long term insurance before he goes into a nursing home. However, the costs for long term care insurance are big bucks and many people can’t afford it.

b. Payment With Own Money/Funds: Most middle class Americans have to use their own money and funds to pay for some loved ones nursing home. Basically, most middle class people have to pay for their own long term care. Unfortunately, the cost to pay for a nursing home can quickly wipe out many middle class families’ nest eggs in a “jiffy.” Most nursing home bills average between $8,000 and $10,000 per month in our area. Therefore, many New Jersey’ites quickly wipe out their savings by paying for some loved ones nursing home bills.

c. Medicare: Medicare is basically a national health insurance program primarily for people 65 years of age or older. Medicare will only pay for a small portion of the nursing home bills.

d. Medicaid: Once a senior wipes out most of his savings, then he must apply for medicaid. The rules that govern qualifying for Medicaid are like a maze and they will make your head spin. However, in this website, I will try to break it down for you in a simple and real world manner.

6. Does Medicare pay for nursing home bills as well?

There is a great deal of confusion about Medicare and Medicaid. Medicare is basically a federal health insurance program for seniors. However, Medicare does pay for a small portion of a senior’s nursing home stay. In general, Medicare will only pay for about 100 days of a senior’s stay in a nursing home.

7. Why should I seek legal advice about medicaid planning?

It is extremely important to obtain qualified legal advice if you or your parents are applying for medicaid. The cost to pay for nursing homes and for assisted living care centers is outrageous plain and simple. For many middle class people a few years stay in a nursing home will wipe out most of their nest eggs. Most people can’t afford to pay for these expenses for more than a few years.

There are many complicated requires that must be satisfied before a person will become eligible for Medicaid. To qualify for Medicaid an applicant is required to pass certain tests on the amount of income and assets you have. The main legal concept of Medicaid is that the applicant must use the bulk of his own assets to pay for a nursing home before the Medicaid will pick up the tab. Therefore, it is very important to undertake careful Medicaid planning to try to save as much of your family’s nest egg. Moreover, the Medicaid rules are a maze of confusion and of endless legalities. In summary, in most instances an experienced lawyer will be able to save your family serious money and aggravation by providing you with legal counseling on Medicaid planning and estate planning.

8. What are the major rules that determine when a person can qualify for Medicaid?

A person can only apply for Medicaid to pay for nursing home care when his countable assets have been reduced to $2,000. Moreover, the at-home spouse is entitled to an allowance called the CSRA or Community Spouse Resource Allowance. As of July 2009, the amount of the CSRA is $109,560. Another key concept is that any transfers that are made for less than the fair market value consideration, within five years of the Medicaid application, may trigger a Medicaid penalty. This penalty period is referred to as the disqualification period known. These transfers don’t apply if the property is the primary residence and it was transferred to a spouse, a caretaker child, or a disabled child. If you are disqualified, then Medicaid won’t pay for the are regardless of how loud you cry poverty, or no matter what your medical needs are.

9. What are the Medicaid rules on exempt and countable assets?

To qualify for Medicaid, a person must pass several strict and confusing tests to assess the amount of assets that he can retain. To understand how the Medicaid system works, it is imperative that one understands what is considered to be as exempt and nonexempt or countable assets. An exempt asset(s) could consist of cash, stocks, bonds, life insurance policies, or the family home. Basically, if an asset is considered exempt then Medicaid will not take into account when it determines if the applicant is eligible.

10. What are some assets that can be considered to be exempt?

Thankfully, there are many assets that are considered to be exempt. This means that the applicant can keep many of his assets even if he qualifies for Medicaid. These exempt assets include:

a. The applicant can keep his home. However, the home must be the principal place of residence.

b. Personal belongings and household goods.

c. Any income-producing real estate.

d. One car or truck.

e. Burial spaces and certain related items for applicant and spouse.

f. Up to $1,500 designated as a burial fund for applicant and spouse.

g. An irrevocable prepaid funeral contract.

h. The value of life insurance if face value is $1,500 or less. If it does exceed $1,500 in a total face amount, then the cash value in these policies is considered to be a countable asset.

11. What are considered countable assets for Medicaid purposes?

If the applicant has any other assets besides after going through the list, then these assets are generally nonexempt and are countable. The applicant and his family will then be required to liquidate these assets and then use the proceeds or cash to pay for the nursing home care.

Some common examples of countable Medicaid assets are as follows;

a. Cash, savings, and checking accounts, credit union shares and draft accounts.

b. Certificates of Deposit

c. U.S. Savings Bonds

d. Individual Retirement Accounts (IRA), Keogh plans (401K, 403B)

e. Nursing home accounts.

f. Prepaid funeral contracts which can be cancelled.

g. Trusts (depending on the terms of the trust).

h. Real estate (other than the residence).

i. More than one car.

j. Boats or recreational vehicles.

k. Stocks, bonds or mutual funds.

l. Land contracts or mortgages held on real estate sold.

There is no doubt that the Medicaid laws are a complex maze of confusion. However, the basic rules are that a single person can only qualify for Medicaid as long as he only has exempt assets in the amount of $2,000. Thus, an applicant can only have $2,000 in the bank or in a CD to qualify for Medicaid. If the applicant has more than $2,000 in countable or nonexempt assets then he won’t qualify for Medicaid benefits.

12. How does Medicaid treat a joint account(s) with children?

A very frequent issue that arises is when the parents share their bank accounts with their children. Thus, the legal issue arises is how Medicaid treats joint bank accounts when the children’s names are also listed on their parents bank accounts. Unfortunately, Medicaid will consider any joint bank account with a child(s) name also listed on it as a countable one.
Thus, the entire bank account if it is jointly titled is also counted as part of the Medicaid estate.

The only exception is if the adult child can prove that some or all of the money in the account was contributed by him. To summarize, for any joint savings and checking accounts, credit union share and draft, Certificates of Deposit, and U.S. Savings Bonds if these assets are jointly titled with adult children, then Medicaid takes the position that it is presumed that the assets are countable ones and are part of the Medicaid estate. However, the adult child can fight this legal presumption, and then provide proof to Medicaid to establish that he deposited his own money to the contract.

13. Why can’t I just give my assets away to my family members before I go into the nursing home?

This is a very common question. You can only make a limited gift(s) to your family members before you go into a nursing home. The Medicaid laws have many severe and complicated penalties for people who simply give away their assets with the purpose make themselves immediately eligible to receive Medicaid benefits. In New Jersey every $7,282 given away during the five years prior to a Medicaid application creates a one month period of ineligibility. Therefore, if you gift too much of your assets away before you apply for Medicaid, then you will be penalized by Medicaid and be ineligible for a certain period of time.
The federal gift tax allows you to give away up to $13,000 per year without receiving any gift tax consequences. These gifts could result in a period of ineligibility for N.J. Medicaid for about two months. In summary, although a gift of $13,000 to a person will trigger any gift tax implications. However, these gifts will trigger a review by a Medicaid auditor.

14. My husband is going into the nursing home. How much of our savings and assets can I keep?

The *Spousal Impoverishment provisions of the Medicare Catastrophic Act of 1988* answer this question. It applies only to married couples. This law recognizes that it is unwise to impoverish both spouses when only one needs to qualify for Medicaid assistance to go into a nursing home care. When a spouse has to enroll into a nursing home, the couple has to fill out many forms at the local County Board of Social Services. Thereafter, Medicaid will then make a determination as to the "division of assets" between the spouses.

Basically, in a division of assets, the married couple will gather all their countable assets and list them in the Medicaid application. Thereafter, the countable assets are then divided into two. The at-home or "community spouse" is legally permitted to keep one half of all countable assets. The community spouse can keep up to a max of approximately $109,560 of countable assets as of July 2009. The remaining one half of countable assets must be "spent down" until $2,000 only remains. The amount of the countable assets which the community spouse or at-home spouse gets to keep is called the Community Spouse Resource Allowance (CSRA). This fancy term simply means that the spouse who is not going into the nursing home gets to keep a certain amount of the countable assets. This amount increases on a yearly basis to take into account inflation.

15. What are the minimum monthly maintenance needs allowance?

Medicaid also establishes a monthly income floor for the at-home spouse. This is called the Minimum Monthly Maintenance Needs Allowance (MMMNA). Therefore, the at-home spouse is permitted se to keep a minimum monthly income ranging from about $1,750 to $2,739. (As of July 2009)

Thus, if the community spouse needs cash then he or she can use the pension checks and social security checks to support him or her. To summarize, if the community spouse does not have at least $1,750 in income, then he or she is allowed to use the income of the nursing home spouse. The MMMNA ranges from $1,750 to $2,739. If the community spouse does not use this money, then it will be used by the nursing home. The at-home spouse is also entitled to allowances for utilities. Thus, monthly personal needs allowance for heating is $411 per month, for non-heating utilities, $251, and for telephone $29. These figures are as July 2009. Thus, these utility allowances are also added to the MMMNA amount.

The community spouse can also file an appeal/application to receive more than the MMMNA. The community spouse can request an additional MMMNA on the grounds of certain living allowances and utility allowances. However, under no circumstances, will the at-home spouse be allowed to keep more than $2,739 of total income. In summary, the community spouse can always file a "hardship" appeal, and this case will be heard before an Administrative Law Judge.

16. Will I lose my home if I have to go into a nursing home?

Most likely not. Medicaid will not try to sell the home if the at-home spouse still lives in the home, or if caretaker children also live there. Even when the home is occupied by some nonowner family members other than the spouse, most County Board of Social

Services is still reluctant to force the sale of the home. The county practices vary as to whether the property must be listed for sale. However, by and large when the home is occupied by co-owner family member(s), typically there is no requirement that the property be immediately listed for sale.

If the senior is not applying for Medicaid, then the family may choose to sell the property or keep it and rent it out. There are many strategies to protect the house for your family if you need nursing care. Under the Medicaid laws, the home is in most cases considered to be an exempt and it is not considered to be a countable asset. Thus, in the vast majority of cases, a home is not forced to be sold to pay for nursing home costs. However, Medicaid may ultimately try to file a lien on a home after both spouses die. In 1993, Congress passed a law that permitted Medicaid to pursue estate recovery to recover Medicaid costs after both spouses die. In a nutshell, this law requires each state including NJ states try to recover the cost to pay for the Medicaid payments by filing liens. This legal concept is called estate recovery.

Thankfully, any estate recovery does not take place until the Medicaid recipient dies. Thereafter, federal law requires that New Jersey try to recover the Medicaid benefits paid from the recipients' probate estate. Generally, the probate estate consists of assets that the deceased owned in his or her name alone without beneficiary designation. New Jersey is very aggressive and it tries to recover any Medicaid liens from any non-probate assets, including assets owned jointly or payable to a beneficiary.

If the Medicaid recipient still owns property at time of death, then the property will be subject to a Medicaid lien following the death of the Medicaid recipient-owner of the property, to the extent of that interest, if there is no surviving spouse and none of the other limited exceptions apply.

In New Jersey, about two-thirds of the state have their costs paid in part by Medicaid. Therefore, the estate recovery law impacts many families. Medicaid often tries to file Medicaid liens on the family home. After the at-home spouse dies, then Medicaid wants to be paid from the equity in the home. Frequently, the family home will be sold, and the lawyers will have to make a deal with Medicaid. In the majority of the cases, then the amount of the Medicaid lien can be negotiated down to a much lower amount. At the closing of the family home, the Medicaid lien is then paid from the sale proceeds. A discharge of a lien must be filed before any prospective buyer can purchase the home.

17. What exactly are the Medicaid “look back” rules?

Basically, Medicaid can "look back" to find the transfers of assets for up to five years prior to the date when the person is institutionalized, or the date of the Medicaid application. The look back period is the time before one applies for Medicaid benefits and the 2006 law increased that period from three to five years. This major change will generally result in a longer penalty period(s) for those who gifted assets prior to a Medicaid application.

18. Does Medicare cover a stay in a skilled nursing facility?

Yes, but Medicare coverage for nursing home care will only last for at the most a few months. Thereafter, the nursing home care must be paid on a private basis. Generally, Medicare will only pay for a max of 100 days of a person's stay at a nursing home.

19. Is there a way to live in my home but gift the home to my children in case I ever have to go into a nursing home?

One of the major concerns of every family is to ensure that the family home stays in the family. It would be sickening to most families if the home where you grew up in was forced to be sold to pay for a parent's nursing home. A brilliant Medicaid planning device is to transfer the home to the children, and for the senior to retain a life estate in the home. This is also called a life estate deed. This means that the homeowner still has the right to live in the home for the remainder of his life. This is called his life estate interest. It is important to emphasize that the senior even if he transfers a life estate deed to his children, he still retains his legal right veteran and homestead rebates, and to other senior related benefits. In summary, a life estate deed has advantages for both Medicaid planning and income tax planning.

Another option that should be explored is a caregiver agreement. Basically, an adult child can sign a contract with their parents to work for them while they are in their golden years. The child can be paid for his services. This Medicaid planning device is an excellent way to spend down the Medicaid estate. A properly drafted care giver agreement can protect the parent's assets, and it can also assist the family to avoid te heavy Medicaid penalties that could be imposed by improper Medicaid transfers.

Finally, some families may explore if they are eligible for the for the caregiver exception to the Medicaid regulations. This exception permits a parent to transfer the parent's home to the care giver child, only if the child also provided care to the parent for at least two years.

20. What is the process to complete a Medicaid application for nursing home care?

Nursing home residents who no longer have the resources to pay for the costs of nursing home care may apply for Medicaid through their local County Board of Social Services if they meet specified financial criteria. Timing is critical, as retroactive eligibility is limited to three months.

First, monthly income from all sources is examined. Examples of income are Social Security, Pensions, and monthly annuity payments that are received. In 2009, the income limit for the Medicaid Only Program is $2,022. If income exceeds that amount, an application will be not be made for the Medically Needy Program.

Next, the resources are divided into "countable" and "non-countable" categories. If the applicant is unmarried, the countable resources cannot exceed $2,000 for the Medicaid Only Program and $4,000 for the Medically Needy Program. The house is generally "non-countable" if it is listed for sale or if there is a child or a sibling co-owner living there. All resources that can be liquidated within 30 days are considered to be "countable" as long as they are also "available." There are certain exceptions for cases where assets are unavailable.

If the applicant is married, the house will be "non-countable" if the community spouse is living in it. One car and personal possessions are also considered to be non-countable. All of the rest of the marital resources are generally considered countable, whether owned by one member of the couple or jointly-owned. The general rule is that 401K's, IRAs, bank accounts, stocks and bonds, cashable life insurance policies, vacation property etc. is countable. The countable resources are then added up as of the 1st day of the month of entry into institutional care, and then they must be reduced to a specific level. The community spouse may retain the lesser of one-half or $109,560 of these countable resources. This is called the "CSRA," or Community Spouse Resource Allowance. There are certain exceptions for cases where the combined assets, or the community spouse's income, is very small.

The Medicaid application is filed after the assets have been reduced to the required level. A personal meeting with the caseworker at the County Board is required.

A complete Medicaid application will have up to five years of documentation and disclosure of every single financial transaction which took place with the individual's or couple's income and resources during the 5-year look-back period. Proof of citizenship or legal status, marital status, birth date, insurance, and other items must be supplied. Accounts that are closed must be verified with proof of where the money went.

The application will be scrutinized by the County Board to see if transactions were payments for goods and services or "gifts." All transactions during the look-back period that are categorized as "gifts" or "uncompensated transfers" will result in a period of disqualification ("penalty period") starting when the nursing home Medicaid applicant is spent-down, receiving care, and is "otherwise eligible" for Medicaid. Careful planning requires legal advice to avoid this problem and to be able to deal with if it occurs.

Once the application has been filed, the applicant is considered to be "Medicaid pending" and it is protected against involuntary discharge. It can take many months for the application to be processed, and often a great deal of follow-up is required. During that time, the applicant's income should be paid to the facility each month.

21. Where do I apply for Medicaid in New Jersey?

You must apply for Medicaid in New Jersey through your county board of social services. You have the right to an interpreter if you speak a language other than English, and you have the right to bring someone with you to help you with the application or represent you during the application process. If you are bedridden, you may request that a Medicaid caseworker come to your home to take your application.

Some New Jersey hospitals and federally qualified health centers have “outstation” workers who will process a shorter form of the Medicaid application.

22. What proof do I have to show when I apply?

You must show proof of identity, residency, household income and, for some Medicaid programs, proof of disability and amount of resources. You also must show proof of citizenship status and provide your Social Security number. Household members who are not applying for Medicaid, including parents of children, do not have to furnish their Social Security numbers.

23. How long does the Medicaid application process take?

Medicaid must process your application within a reasonable amount of time and give you a written explanation if there is a delay. You also have a right to a copy of your completed application if you ask for it. If you are determined eligible for Medicaid and you have unpaid medical bills from the three-month period immediately before the month of your Medicaid application, the state will pay for those services if you were eligible for Medicaid at the time of the service. This is called “retroactive eligibility,” and you must apply for this coverage within six months of the date of your Medicaid application.

24. What if Medicaid decides that I am not eligible?

Medicaid must give you a written denial that describes the legal basis for Medicaid’s decision. This document must also inform you of your right to appeal this decision by requesting a fair hearing within 20 days of the date of the written denial. If you ask for a fair hearing, you have the right to see your case file, review the Medicaid manual that Medicaid used to make their decision, submit evidence, and bring witnesses to the fair hearing. You also have the right to hire legal counsel. You also have the right to appeal the judge’s decision if you do not agree with it.

25. What is the major mistakes that people make in the Medicaid application process?

a. Medicaid is only for the poor people.

This is a major myth. Medicaid is essentially a long term care insurance program for the middle class. Medicaid now pays for 65% of the long-term care expenses for the middle class.

b. Having the belief that it is too late to undertake any Medicaid planning.

It is always advisable to undertake Medicaid planning as soon as possible. The sooner that you undertake Medicaid planning the more money and assets your lawyer will be able to save you. However, there are still many available types of Medicaid planning that you can take even if you wait too long.

c. Gifting away your assets too early.

Gifting is the key asset planning strategy for Medicaid planning. However, there are two traps when you gift away your assets. First, you might need the money back. Your children could squander away the money. Second, if your gifts make create eligibility issues if you apply for Medicaid.

d. Gifting away your assets too late.

It is important to emphasize that you can’t gift away your assets in the last minute. All of your transfers are subject to a five-year look back rule.

e. Overlooking the “safe harbors” or loopholes in the Medicaid planning system.

There are many transfers that are permitted by the Medicaid systems that are perfectly legit and they won’t make you ineligible for Medicaid or trigger any penalty. The most important safe harbor are: a) You can transfer assets in trust or a home to disabled children; b) You can transfer your home a caretaker child; c) You can transfer your home certain siblings; and d) You can transfer some of your assets and into a trust for a child or other party who is a minor, blind, disabled and under age 65.

f. Not requesting an increase of the Medicaid resource or income allowance.

There are many rules in the Medicaid system that will make your head spin. Currently, the stay at-home spouse can keep from $1,750 to $2,739 in monthly income, and he can keep $109,560 in assets. These amounts are commonly referred to as the MMMNA and the CSRA. Thankfully, the at-home spouse can always appeal to the Administrative Law Judge and request an increase in the MMMNA or the CSRA. The majority of these types of cases are settled. Therefore, it is in your interest to file these types of appeals.

g. Applying for Medicaid too early or too late.

The timing of the Medicaid application is of critical importance. If you apply too early, then your look back period may prevent you from making some Medicaid transfers to save you money. However, if you apply too late, then you may have to pay too much of your own nursing home care, and it may cost you thousands of dollars that you did not have to pay.

h. You should not "wing it" and not get a layer's help?

A Medicaid application is a complex maze of rules and forms. You should not "wing it" and try to complete this process on your own. The family home, retirement accounts, and your hard earned money are at stake. Most lawyers will save you thousands of dollars in the long run if you use their services.

26. Can I appeal a bad Medicaid eligibility case holding?

Yes, you certainly can. In America you can appeal everything? If the Board of County Services/Medicaid makes a determination that you believe is unfair and erroneous, then you can appeal to the New Jersey Office of Administrative Law or called AOL. If you lose your case you will then be given a notice that details the reason for the Medicaid's decision, and you will be notified that you have a right to an appeal. When you appeal you are requesting a "fair hearing." Medicaid appeals are called "fair hearing(s)."

You have the right to an appeal or a "fair hearing" if Medicaid makes the following findings:

a. Medicaid determines that you are not eligible to receive Medicaid benefits.

b. Medicaid makes the decision to stop, suspend, or reduce or cut off your Medicaid benefits that you previously received.

c. Medicaid fails to make a decision regarding on your Medicaid eligibility in a reasonable time.

At the fair hearing you are given full discovery. You will be given a copy of the Medicaid case file. Moreover, you will have the legal right to hire and lawyer. Most of these types of cases are settled. Therefore, in the majority of the cases it is cost effective to hire legal counsel.

27. Should I purchase long term insurance?

If you can afford to buy long term care insurance then it is always advisable to have it. However, long term care insurance is not cheap, and in this economy many people simply can't afford to pay for even health insurance. There literally a thousand different types of long term care insurance. You should have a lawyer review your long term care policy before you pay for one.

Nonetheless, most people wait too long to buy long term care insurance. The longer you wait to buy it, then the more expensive it will become. Moreover, if you buy long term care when you are a senior, then the underwriting requirements will be "hell" and more expensive. The more medical conditions that you have, then the more expensive your policy will be. Moreover, if an applicant has too many medical conditions, then they may not even qualify at all.

28. Can I be evicted from the nursing home if I apply for Medicaid?

Most nursing homes prefer to be privately paid. They can make more money on private pays instead of receiving payment from Medicaid. However, no nursing home or any assisted living care center can discriminate against a person based simply on the source of payment. If a person runs out of private funds to pay, then the nursing home simply can't discharge a resident without finding a suitable and appropriate alternative placement

29. What are some loopholes to beat the Medicaid transfer penalties?

There are some loopholes to the Medicaid transfer penalties. The primary home can be transferred to the following parties and no Medicaid penalties will be imposed. The primary home can be transferred to: a) a spouse; b) a caretaker child; c) a child of any age who is blind or permanently disabled; and d) a sibling who has resided in the home for one year or more and already has had an equity interest in the home.

30. What is the caregiver child exception?

A person can transfer his home and not receive any Medicaid transfer penalties if the home is transferred to a caretaker child. This is one of the most often used Medicaid planning techniques. The caregiver child must reside in the home and provide extensive care-giving for two years or more prior to the move to a nursing home.

Timing is critical. The transfer of the home must be made when the child is an exempt transfer. However, the child must also live in this home when the institutionalized spouse is making the application.

If the Medicaid recipient still owns home at time of death, then it will be subject to a Medicaid lien following his death. However, if there is a surviving spouse, then Medicaid won't pursue estate recovery.

An outright transfer eliminates the risk of a lien, but a retained interest - although solving other problems - means that there is an asset against which there will be a lien to the extent of the interest held by the Medicaid recipient at the time of his or her death.

31. What are some other advisable medicaid planning methods?

In New Jersey a person who qualifies for Medicaid must only have $2,000 of countable resources. Many people can spend down their assets to ensure that their family gets the benefit of the family nest egg. Spending down a person's assets is known as to "spend down." There are several ways a person might spend down his assets and they are as follows:

a. Pay Off Debts

A person could repay off his debts. The payment of debts is not considered to be a Medicaid transfer. Thus it is advisable for a person to pay off his credit card debts, car loans, and mortgage off before he goes into a nursing home.

b. Payment for Services

A person should also pay off all of his medical or legal bills before applying for Medicaid.

c. Prepayment of Real Estate Taxes

In a Medicaid application wherein the home is occupied by an at-home spouse, then the family should prepay a year's worth of taxes. The home is considered an exempt asset and non-countable. The prepayment of real estate is considered to be a valid spend down tactic.

d. Buy Household Goods or Personal Effects

A person can purchase brand new furniture before going into the nursing home. This is a valid spend down expense.

e. Make Home Improvements

A person can make home improvements to convert countable assets into an exempt asset(s). Why blow all of the family’s money when you can put the money into the family home and fix it up.

f. Prepay the Funeral

New Jersey does not count funds in an irrevocable funeral trust as a countable asset. Therefore, one of the most popular Medicaid planning devices is to prepay for the families’ funeral expenses.

g. Purchase a New Car

Another excellent Medicaid planning tip is for the family to buy a new car. Frequently, when one spouse enters a nursing home, the other spouse is driving an old car and it has high miles. Therefore, an advisable game plan is to have the at-home spouse buy a new car. Additionally, a child can also use a newly purchased car if it is used for medical transportation or transportation of the parent.