SPEND-DOWN

The process of reducing assets to state-imposed limits is called Spend-Down. Some ways that Spend-Down can be accomplished include purchasing personal supplies, hearing aids, adaptive equipment, eye glasses, furniture, funeral plans and clothing. In addition, the couple may make home improvements or purchase a more reliable vehicle. Legal fees can also be part of spend-down. Purchasing a Medicaid-compliant annuity can also help.

ABOUT US

Shepherd Elder Law Group is an Elder Law, Estate, & Special Needs Planning firm. Our legal team works with clients and their families as they travel the roads of aging and disability. We aspire to ensure the care and well-being of our clients and to assist them in leaving a legacy for their loved ones.

The information noted here is a lot...we know. Our experts can assist you through this process and help you to ensure care for your loved one and peace for yourself.

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WHAT MARRIED COUPLES SHOULD KNOW ABOUT MEDICAID ELIGIBILITY AND SPOUSAL RESPONSIBILITY

BACKGROUND

Medicaid is a needs-based program. It is typically a program for the indigent (KS: assets less than $2000, MO: assets less than $5726), except in the case of married couples. In lieu of impoverishment or divorce, married couples of moderate means may turn to Medicaid when one spouse requires nursing home care. Two parts of the Medicaid application process that are important to know are ***Spousal Impoverishment Rules*** & ***Division of Assets***. The theory behind the Division of Assets process and the Spousal Impoverishment Rules is to prevent divorce and to protect the financial well-being of the spouse in the community (i.e. the spouse who does not need long-term care).

SPOUSAL IMPOVERISHMENT RULES

As married couples progress through their retirement years, it is vital to become acquainted with the basics of Medicaid in the context of long-term care. Specifically, all married couples should have a working knowledge of the Medicaid laws preventing spousal impoverishment.

Minimum Monthly Maintenance Needs Allowance (MMMNA)

The Minimum Monthly Maintenance Needs Allowance (MMMNA) is one Spousal Impoverishment Rule. It allows a married Medicaid nursing home applicant or HCBS Medicaid Waiver applicant to transfer a portion, or in some cases, all of their monthly income, to their non-applicant spouse. The MMMNA protects non-applicant spouses who have little to no monthly income from becoming impoverished so that their applicant spouse can meet Medicaid's income limit; it is the minimum amount of monthly income to which the non-applicant spouse is entitled.

Community Spouse Resource Allowance (CSRA)

The Community Spouse Resource Allowance (CSRA) is the second of the Spousal Impoverishment Rules. To be Medicaid-eligible, there is an asset limit. When an applicant is married, the assets of both spouses are considered jointly owned regardless of whose name an asset is in. Again, the applicant asset limit for a senior in KS is $2,000 & in MO is $5726. Medicaid, however, allows a greater portion of the couple's assets to be protected for the non-applicant spouse. This dollar amount, the CSRA, is set by the Centers for Medicare and Medicaid Services and is updated annually.

DIVISION OF ASSETS

While much regarding the Spousal Impoverishment Rules can sound confusing, all is not lost. The spouse of the nursing home resident, called the community spouse, can complete a process called a Division of Assets to prevent impoverishment. Division of Assets describes the process of splitting the couple's assets when one of the two spouses needs nursing home care. First, all assets of both spouses are considered in the Medicaid eligibility equation, regardless of how the assets are titled. Certain assets are considered exempt such as one's primary residence . This means that the community spouse can keep these assets, and the assets are not part of the eligibility equation. For example, the primary residence is exempt, and the community spouse may remain living in the family home. The family car is exempt. Non-exempt assets include cash, CDs, bank accounts, stocks, bonds, annuities, jewelry and gun collections, boats and trusts. Of Note: In Kansas, the retirement assets (IRA, Pension, 401K) of the community spouse are exempt. This is ***not*** the case in many states including Missouri.