



# MEDICAID MYTHS AND TRUTHS

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Osher Lifelong Learning Institute, Cincinnati, OH  
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## What is Medicaid?

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- Medicaid is a federal program that assists those requiring financial assistance with health insurance and long-term care expenses.
  - Each State is charged with administering Medicaid.
  - States delegate to their counties and the Department of Jobs and Family Services handle Medicaid applications and determinations.
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## Myth #1 - Only poor people can receive Medicaid.

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- Many Americans of middle class means use Medicaid to pay for long term care.
  - I have worked with couples who have houses, IRAs, and other financial assets who cannot afford a \$10-14,000.00 per month nursing home bill.
  - With married couples, the law recognizes a need for the community spouse to be able to afford to live in the community while their spouse is receiving long-term care.
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## **Myth #2 - We have to spend all of our money before my spouse can qualify. I will have to live in poverty!**

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- A community spouse can retain the house, car, retirement plan (if in pay status), and anywhere between \$29,724.00 to \$148,620.00 in countable assets. **PLUS all of their income** plus some of their spouse's income (maybe).
  - In addition to the above, we can utilize certain rules to save EVEN MORE for the community spouse.
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## **Myth #3 - If I am single, I have to spend my money at the nursing home before I can qualify.**

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- A single individual can only have \$2,000.00 or less in countable assets to receive LTC Medicaid. HOWEVER, there are techniques we can utilize prior to spending all of your money to protect some of it and set aside some for you to use to supplement your needs.
  - We can employ asset protection techniques even when you are already in the nursing home to protect some of your assets.
  - You can put money in a pooled special needs trust.
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## **Myth #4 - I have to give my assets to the nursing home or the government.**

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- State/nursing home do not take your actual assets to qualify for Medicaid.
  - Liquidation/spenddown is required to become financially qualified.
  - After death, the State can place a lien on property held in your name, but they do not actually receive the house or car, etc.
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## **Myth #5 - My dad/mom will receive a lower quality of care at the nursing home if s/he is on Medicaid.**

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- A nursing home does not distinguish between Medicaid beds and private pay beds (except for private rooms).
  - Same rooms, same nurses, same obligation to provide Medicaid care.
  - The difference in care really comes down to the nursing home you choose and the staff they employ.
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## Myth #6 - The nursing home is there to help me with my Medicaid application for free!

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- While nursing homes can help with Medicaid applications, if you have assets it is not recommended to do this.
  - Nursing homes have a conflict of interest in helping you with your Medicaid application.
  - Many nursing homes don't fully understand the rules and options available to you.
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## Myth #7 - I can give away \$17,000.00 per year and not be penalized by Medicaid.

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- This is not correct. You can gift this much per year per person up to a lifetime exemption amount; however, this relates to the IRS rules and NOT Medicaid.
  - Medicaid technically has no de minimis gifting amount that is allowed.
  - My experience is that Jobs and Family Services is most concerned with transfers over \$500.00 but have had questions about lesser transfers.
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## Myth #8 - Gifting is illegal and I will go to jail.

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- Gifting is not illegal. Instead, Medicaid will simply penalize you for the total dollar amount of the asset you transfer.
  - For 2023, the penalty divisor is \$7,453.00. This means the gift amount is divided by the divisor to figure out how many months of penalty (i.e. no Medicaid).
  - This means you will be without Medicaid for a certain number of months depending on how much you gift within the 60 month window.
  - Sometimes we even gift on purpose to trigger this penalty.
  - What is illegal is hiding money or a gift from Medicaid. **You might go to jail then!**
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## TIPS FOR PROTECTING YOU AND YOUR LOVED ONES

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- Complete your Estate Plan
  - Have a good power of attorney in place
  - Explore long-term insurance while you are healthy
  - If a loved one is in a nursing home, don't spend all your money first and then talk to a lawyer
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# Contact Information

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