

CAN I GIVE AWAY ASSETS TO QUALIFY FOR MEDICAID IN ARIZONA?

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ESTATE PLANNING...IT'S WHAT WE DO!

Most people are going to qualify for Medicare coverage when they reach the age of 65. You are probably aware of the fact that Medicare is a health insurance program that you invest into when you are paying taxes on your income.



You should be aware of the lay of the land, when it comes to long-term care costs, if you want to be comprehensively prepared for the future. The majority of senior citizens are someday going to need help with their day-to-day needs, so, this is an issue that is relevant to all of us.

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A lot of people think that Medicare will cover all of their health-related expenses when they reach the age of eligibility. In fact, there are some significant out-of-pocket expenses to contend with, and there is an enormous gap: Medicare will not pay the majority of all for long-term care.

If long-term care was affordable, this may not be a big issue, but it is anything but affordable. We practice law in the state of Arizona, and in our state, the median annual cost for a private room in a nursing home is almost \$85,000 according to Genworth Financial.

People often spend multiple years in these facilities. The average length of stay is around two years and three months, while around 10 percent of people in nursing homes receive the care for at least five years.



Medicaid Solution



For many, the solution to cover such a costly need is to join in on the Medicaid System. Medicaid. This is also a government run health insurance program. It is jointly administered by each respective state government along with the federal government. This program will pay for long-term care, for all applicants who are considered eligible

Medicaid is only available to people who can meet the eligibility requirements with regard to health, income and assets. It is a needs-based program, so these limits are very modest. For an individual, the limit on countable assets is just \$2,000 in the majority of the states.

Everything that you own is not considered to be countable. You can maintain possession of your place of residence, but there is an equity limit. In 2014, the equity limit in Arizona is \$543,000. These figures are adjusted annually to account for inflation, so the number may be somewhat higher in 2015.

We should point out the fact that there is no equity limit at all if a healthy spouse is remaining in the home while his or her spouse enters a long-term care facility.

You can also retain ownership of your wedding and engagement rings, your heirloom



jewelry, and one vehicle that is used for transportation. Your personal effects and household goods would not be countable either, and you can maintain ownership of term life insurance policies.

If you have a whole life insurance policy, the limit is \$1500. You can also retain

this amount for funerary expenses.

Medicaid Spend Down

When you understand the facts, you may decide that you will just give assets to your family members if you find out that you need long-term care at some point in time.

However, you can't find out that you need long-term care on Monday, give away your assets on Tuesday, and qualify for Medicaid on Wednesday; there is a five-year look-back. You have to complete your divestitures at least five years before you apply for



coverage, or your application will be denied.

If you give away assets within five years of applying, you are penalized.

The length of the penalty is determined based on the cost of long-term care in Arizona as it compares to the amount of the divestitures.

To provide an example, if the average cost of long-term care is \$85,000 per year, and you give away \$170,000, your eligibility would be delayed by two years.

Because of this five year look-back, you have to act well in advance in an intelligent and informed manner.

Summary

Medicaid is important to many seniors, because Medicare will not pay for long-term care. Medicaid will assist with these costs, but it is a needs-based program. There are income and asset limits that you must stay within to obtain eligibility for coverage.

You can give away assets so that you can qualify for Medicaid, but you must complete your divestitures at least five years before you apply.

The process to apply for Medicaid can be a long and frustrating process. We offer free consultations to assist those learn the steps that are needed to begin the application process and offer assistance, if needed. To learn more about Medicaid planning, schedule a Free consultation with Attorney Shawn Garner.

References

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About the Authors



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Larry Deason and his staff have been providing quality legal services for clients since 1971. Their mission is to assist people who are concerned about protecting their families from the devastating legal and financial impacts of disability, death, and taxes.

Because he believes in the importance of an informed public, Deason spends considerable time educating consumers about Estate Planning issues. He writes a monthly Estate Planning column in The Sun, and the firm he regularly conducts Free monthly seminars on various Estate Planning topics.

Deason and Garner, along with their staff, that in many instances, Living Trusts offer clients a proven and powerful tool for protecting their families from the expense and delay of probate, as well as a strategy for eliminating or minimizing federal taxes.

Deason's firm is staffed with paralegals and consultants who are experienced and trained in a variety of Estate Planning areas. The aim of each member of the firm is to help clients accomplish their Estate Planning goals while taking the mystery out of the whole process. We take pride in knowing that our clients feel "peace of mind" once the planning process is completed.

The firm is always available for both Arizona residents and visitors alike to offer additional information about options with available with estate planning.

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