

Today's Business: Medicaid— Will the state take my house?

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Sep. 2, 2023



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The diagnosis of a progressive, degenerative disease is frightening — difficult both for the individual and his/her family. Cascading questions: What is the prognosis? What are the treatments? How will this diagnosis affect my family, job, and career? It can become overwhelming and disorienting.

And at some point, the question will be, “How are we going to pay for the medical and personal care?” Will the state take my house? Will I lose all I’ve saved my entire life? How will my spouse maintain his/her standard of living?

These are natural and understandable questions. For the answers, a family will first turn to the medical professionals for guidance. Questions regarding finances

can best be addressed by reviewing government regulations in place where and when care is needed.

Most people do not have long-term care insurance as it is expensive, particularly when trying to buy it in later years. Without long-term care insurance, it is important to know that Medicare and Medigap policies as well as Medicare Advantage programs and most private insurances will not pay for long-term care. The family may then have to turn to Medicaid.

Medicaid is a state and federally funded program that will pay for nursing home care as well as long-term custodial care in the home. It is a “means” tested program, meaning that there are asset and income eligibility limits. The federal government resets the limits every year, so it is best to determine current limits if assistance is needed.

If your spouse needs long-term care, you are the “community spouse” so your house and car are exempt assets. The state will not “take your house” or place a lien against the house while you are alive. You can continue to live in the house with no restrictions and even leave it to your family upon your passing.

Currently the asset limit eligibility is \$148,620 for the community spouse and \$1,600 for the ill spouse. The laws regarding Medicaid eligibility are directed by federal statute but the implementation is state-specific. As a result, planning for preservation of a community spouse’s assets are not generic and should be discussed with a professional in your state.

Most of us have heard about the five-year look-back period for Medicaid eligibility. But what does it mean?

Medicaid regulations require that the applicant (and spouse) not make any gifts during the five years immediately preceding the application for Medicaid in an attempt to shelter assets – or for any other reason. The caseworker will discover those gifts when reviewing the required submission of 60 months of all financial statements, including bank accounts, retirement and 401(k) accounts, life insurance, annuities and certain trusts. For every dollar given away during those five years, the Department of Social Services will impose a penalty.

As of today, Connecticut does not recognize the Medicaid Trusts to protect assets that other states allow. Assets held in a revocable trust are deemed to be fully accessible for Medicaid asset eligibility determination.

Did you know that if you have a disabled child as defined by Social Security criteria, you might be able to transfer your house and maybe even your assets to that child without penalty? You even might be able to get paid for caring for your loved one.

If you or a loved one are diagnosed with a disease, do not panic. Seek medical advice from multiple sources to allay your fears and seek professional guidance for financial options to create a plan to protect yourself and loved ones.

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