

The Basics of Medicaid *What You Can and Cannot Keep*

In order to understand Medicaid qualification, you first need to know how Medicaid treats your assets. Basically, Medicaid breaks your assets down into two separate categories. The first are those assets which are “exempt” and second are those assets which are “non-exempt” or countable.

Exempt assets are those which Medicaid will not take into account (at least for the time being). While the laws in Michigan differ in some respects from other states, in general the following assets are **exempt**:

- The home, no matter its value. The home must be the principal residence. The nursing home resident may be required to show some “intent to return home,” even if this never actually takes place.
- Household and personal belongings, such as furniture, appliances, jewelry and clothing.
- One vehicle- there may be some limitation on value.
- Prepaid funeral plans and burial plots.
- Cash value of life insurance policies, as long as the value of all policies added together does not exceed \$1500. If it exceeds \$1500 in total amount, then the cash value in these policies is countable. Also, term life insurance is exempt.
- Cash (e.g. a small checking or savings account), not to exceed \$2,000 in Michigan.

These are basically the assets which Medicaid will ignore, at least for now. Keep in mind, however, that the estate recovery unit may seek to recoup payments made to a Medicaid recipient after his/her death or from the recipient’s spouse.

All assets which are non-exempt (i.e. those not listed earlier) are “countable”. These include checking accounts, savings accounts, certificates-of-deposit, money market accounts, stocks, mutual funds, bonds, IRAs, 401(k)s, pensions, and additional cars. While there are some minor exceptions to these rules, for the most part, all money, property, or any item that can be valued and turned into cash, is a countable asset and is not “exempt”.

While the Medicaid rules themselves are complicated and somewhat tricky, in general, a single person will most likely qualify for Medicaid so long as you have only exempt assets plus a small amount of cash (i.e. \$2,000 in Michigan).

For a married couple, the community spouse (i.e. the one not needing nursing home care) can keep one-half of the assets up to a maximum of just under \$99,600. Of course, there are several things which can be done to protect assets beyond these levels, which we’ll talk about in future issues. Contact Elder Law Solutions should you have an immediate concern.

Elder Law Solutions offers expertise to individuals and eldercare providers on the following topics:

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