Medicaid Rules About Transferring Assets

Giving away income, countable assets or a home can cause problems. A patient whose countable assets are transferred can be kept off Medicaid for awhile, if:

1. The transfer is made during the 5 years before she applies for Medicaid (3 years if the transfer was done before February 8, 2006) and if
2. She got less than fair market value and if
3. She can’t prove that getting Medicaid was NOT the reason for the transfer.

Penalties: The period of time the patient will not qualify for Medicaid is called the “penalty period.” The penalty period is determined by a formula that takes the value of the asset that was transferred minus any amount the patient got for the asset divided by $3,874.

The answer is the number of months the patient is not eligible for Medicaid.

Note: This pamphlet cannot take the place of legal advice.

This is an informational brochure.

It is not a substitute for legal advice and is not intended to cover all circumstances.

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Medicaid is a public program. It pays for medical services, including nursing services, for the people who qualify.
Medicaid for People Who Need Nursing Home Care

To have Medicaid pay for nursing home care a person must:

- Live in a nursing home that takes Medicaid
- Have had or expect to get medical care for 30 days in a row, and
- Meet Medicaid’s medical guidelines, and
- Meet Medicaid’s financial guidelines.

Appeal

If you are turned down on either the medical or financial application, you can appeal. You have 40 days to appeal the decision.

Medical Application for Medicaid

Medicaid pays for nursing home care only for patients who need daily nursing services.

Eligibility is determined by a form called a PAE (Pre-Admission Evaluation) that is completed by the patient’s doctor.

The form is reviewed by the Tennessee Department of Health to determine whether the patient’s medical condition meets the guidelines.

How much income does the patient receive each month? Some types of income do NOT count:

- The first $20 a month of unearned income, such as social security.
- Tax refunds
- Veteran’s benefits for someone in the household other than the patient.

To qualify for Medicaid, the patient’s income must be less than $2163.00 (2014 guidelines). If the patient’s income is too high to qualify for Medicaid, the patient be able to get Medicaid anyway. Some or all of the patient’s income must go into a special trust, called a Qualifying Income Trust.

What Happens to the Patient’s Income?

- A nursing home patient on Medicaid gets to keep $50 per month for personal expenses.
- Part of the income may go to patient’s spouse or dependent family members.
- Part of it goes to pay patient’s Medicare and health insurance premiums.
- The rest is paid to the nursing home as the “patient liability”

Asset Part of Application

Tell DHS about ALL of your assets. How much can the patient have in assets?

- Unmarried nursing home patients can have no more than $2,000 in countable assets.
- Married patient can have $2,000 in countable assets. The patient’s spouse can have many more assets.

Assets Medicaid does NOT count when you apply:

- Home: does not count if the equity is under $543,000 (2014) and the patient wishes to go home or a spouse, dependent child, or disabled child lives there.
- Non-liquid, income-producing property: such as rental property, does not count as an asset.
- Property that cannot be sold:
  - Car
  - Burial funds and spaces
  - Household goods and personal items